



Rural Policy 3.0

The New Rural Paradigm, endorsed in 2006 by OECD member countries, proposed a conceptual framework that positioned rural policy as an investment strategy to promote competitiveness in rural territories. This approach represented a radical departure from the typical subsidy programmes of the past aimed at specific sectors. The magnitude of this shift was not fully appreciated at the time and is de-facto being implemented among member countries in the current context of low growth and limited resources brought about by ongoing processes of fiscal consolidation.

Where the New Rural Paradigm provided a conceptual framework, the Rural Policy 3.0 focuses on identifying more specific mechanisms for the implementation of effective rural policies and practices

Rural Policy 3.0 is a mechanism to help national governments support rural economic development. It reflects several important changes in rural development. First and foremost is that rural regions have evolved into far more diverse and complex socio-economic systems. Second, in general, all government policies are now less isolated and are held to more rigorous accountability standards. Third, with better data and analysis, it is possible to have a better understanding of rural regions and move away from the presumption that all rural places are alike.

	Old Paradigm	New Rural Paradigm (2006)	Rural Policy 3.0 –Implementing the New Rural Paradigm
Objectives	Equalisation	Competitiveness	Well-being considering multiple dimensions of: i) the economy, ii) society and iii) the environment
Policy focus	Support for a single dominant resource sector	Support for multiple sectors based on their competitiveness	Low-density economies differentiated by type of rural area
Tools	Subsidies for firms	Investments in qualified firms and communities	Integrated rural development approach – spectrum of support to public sector, firms and third sector
Key actors & stakeholders	Farm organisations and national governments	All levels of government and all relevant departments plus local stakeholders	Involvement of: i) public sector – multi-level governance, ii) private sector – for-profit firms and social enterprise, and iii) third sector – non-governmental organisations and civil society
Policy approach	Uniformly applied top down policy	Bottom-up policy, local strategies	Integrated approach with multiple policy domains
Rural definition	Not urban	Rural as a variety of distinct types of place	Three types of rural: i) within a functional urban area, ii) close to a functional urban area, and iii) far from a functional urban area



Rural Policy 3.0

Multi-dimensional objectives for rural policy focused on well-being

This includes: i) economic dimensions, where household income hinges on employment in firms that are productive and competitive; ii) social dimensions where households have access to a broad set of services (that may be delivered in different ways than in urban places) and promoting a local society that is cohesive and supportive; and iii) a local environment that provides a pleasant place to live. The balance among these elements may vary considerably across the spectrum of rural regions.

The number and kind of participants involved in the rural policy process have increased over time.

The critical role of the business and voluntary sector is recognised, including large issue-oriented NGOs and local organisations that provide services where firms and government fail to act.

Building conditions favourable for a low-density economy

In low-density economies, the fundamental economic structure and its growth opportunities follow a considerably different logic than in urbanised regions. Recognition that the rural economy is fundamentally different leads to the need for a new set of policy prescriptions that reflect differences in opportunities for growth and differences in the factors that constrain growth.

Implementation through a new set of policy tools

Investments that offer a positive return to society should be the main instrument for rural development. But, in situations where markets fail, due to incomplete information, insufficient competition or due to the lack of provision of public goods, governments may have to be more directly involved in order to ensure that well-being in rural areas is improved. In particular, support for social enterprise or other aspects of the voluntary sector is increasingly recognised as a useful way to enhance rural communities.

Proximity to urban areas is a key factor in characterising rural regions

While “rural” was initially conceived as being “not urban” in many OECD countries, there is now broad recognition that rural is a complex phenomenon. A useful way to identify types of rural is to look at the degree of physical distance between rural and urban places and the degree of linkages. Using this approach, the OECD has developed a typology that sorts rural territories into those that are embedded in a metropolitan region, those that are outside of a metropolitan region but near to one, and those that are remote from a metropolitan region



Rural policy has evolved to include multiple domains, such as, providing: support for people in the form of better services and skill development; support for local governments through fiscal equalisation and grants for infrastructure; investments and innovation; and protection of the environment.

For more information about the OECD's work on rural policy contact:

JoseEnrique.Garcilazo@OECD.org