



SOCIAL DISCONTENT IN RELATION TO THE QUALITY OF LIFE IN RURAL AREAS

Dutch residence
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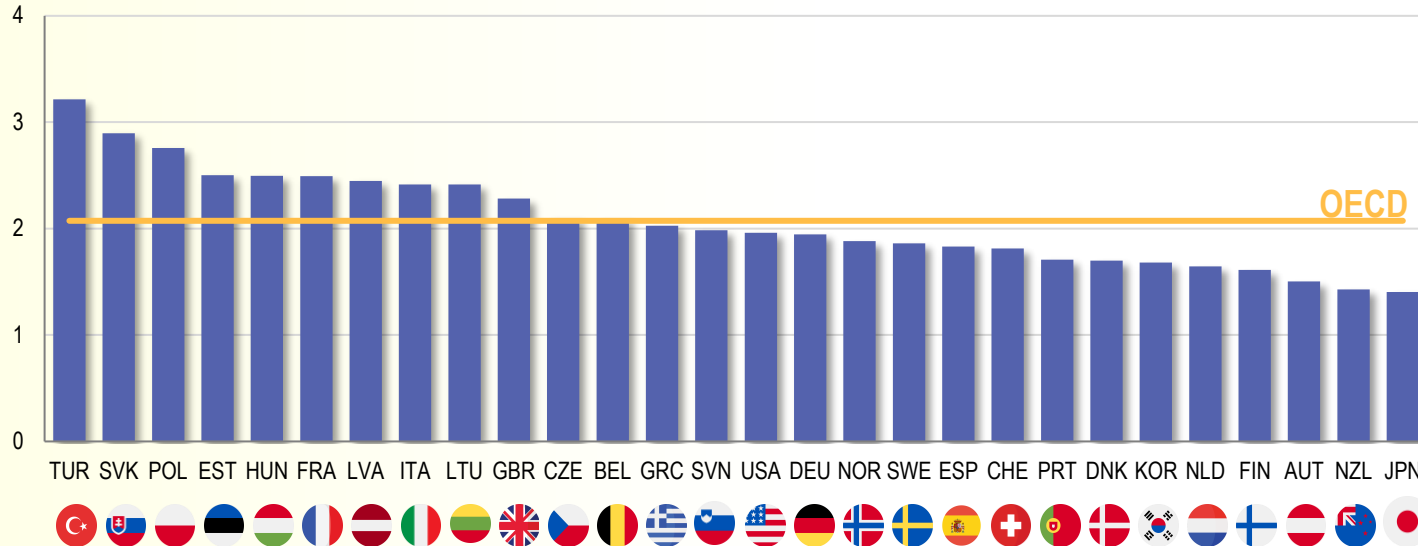
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Regional economic inequalities remain large..



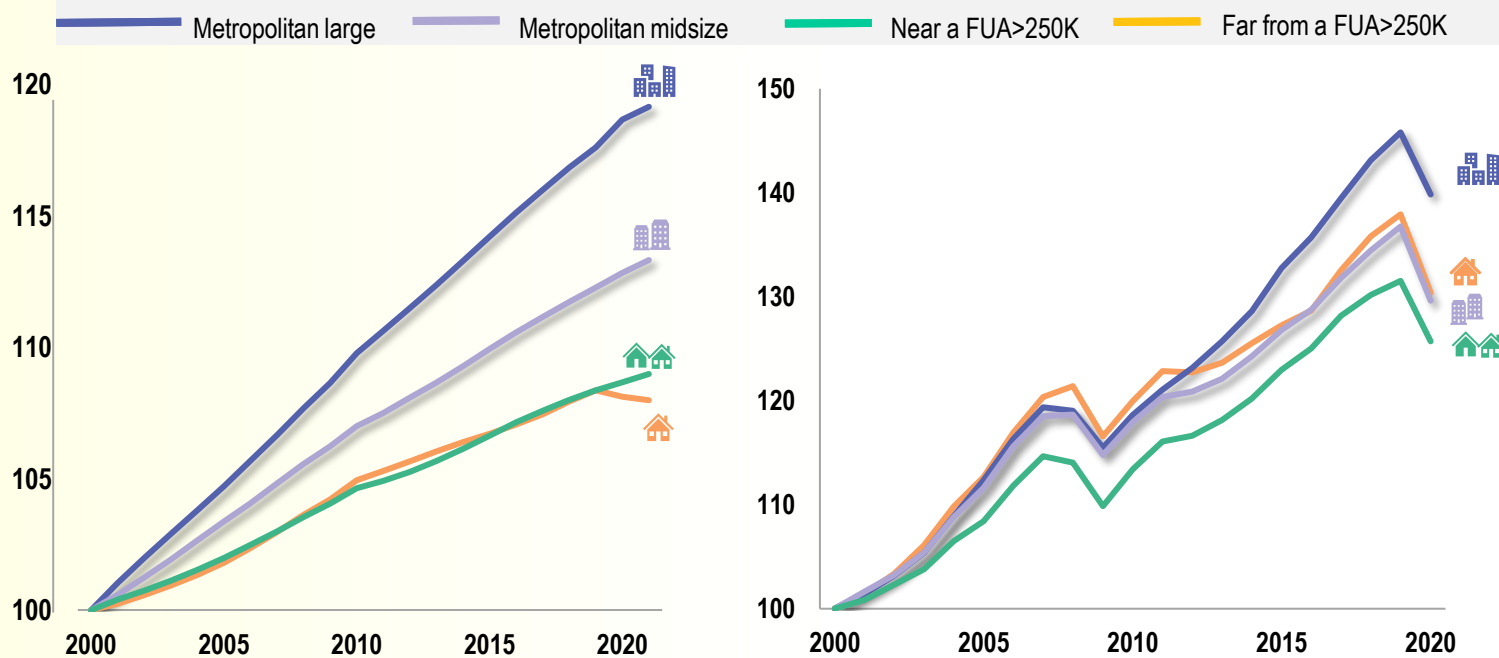
- Convergence across countries
- Large regions do not pick up patterns
- 70% of the OECD population live in a country with regional divergence across small regions.

Regional GDP per capita of top 20% over bottom 20%, TL3 regions (latest available year)

Source: OECD 2023 Regional Outlook



Metropolitan display higher growth rates ...



Population growth by types of TL3 regions, 2000-21

GDP growth by types of TL3 regions, 2000-20

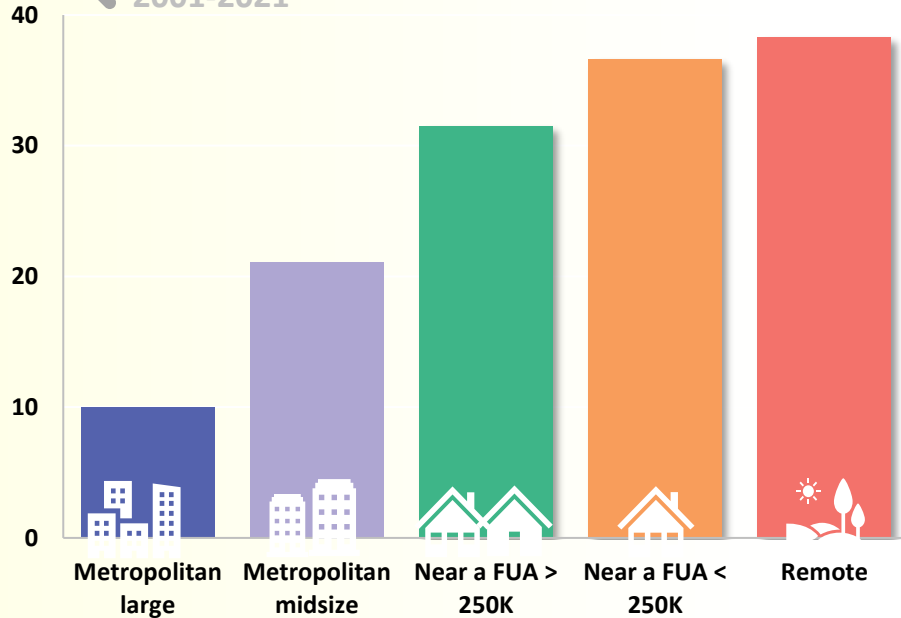
Source: OECD Regional Outlook 2023



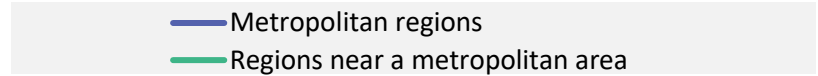
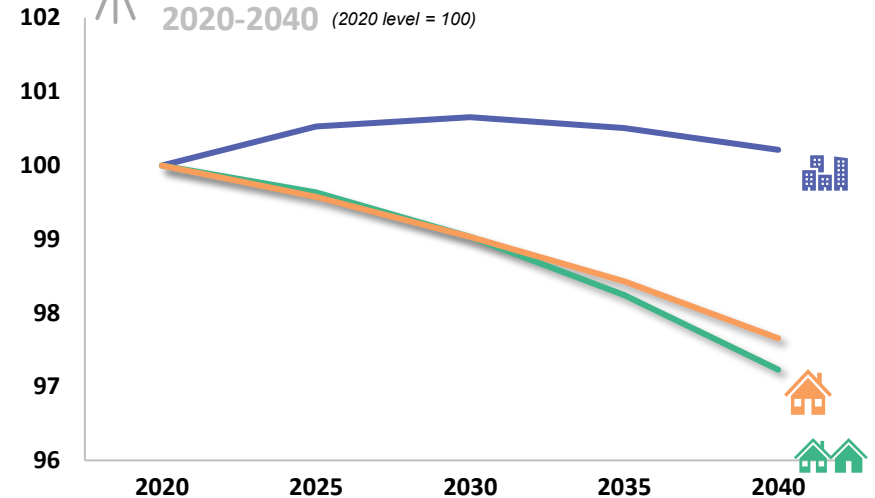
Shrinkage already a reality of many rural places



Share of shrinking regions
(%)
2001-2021



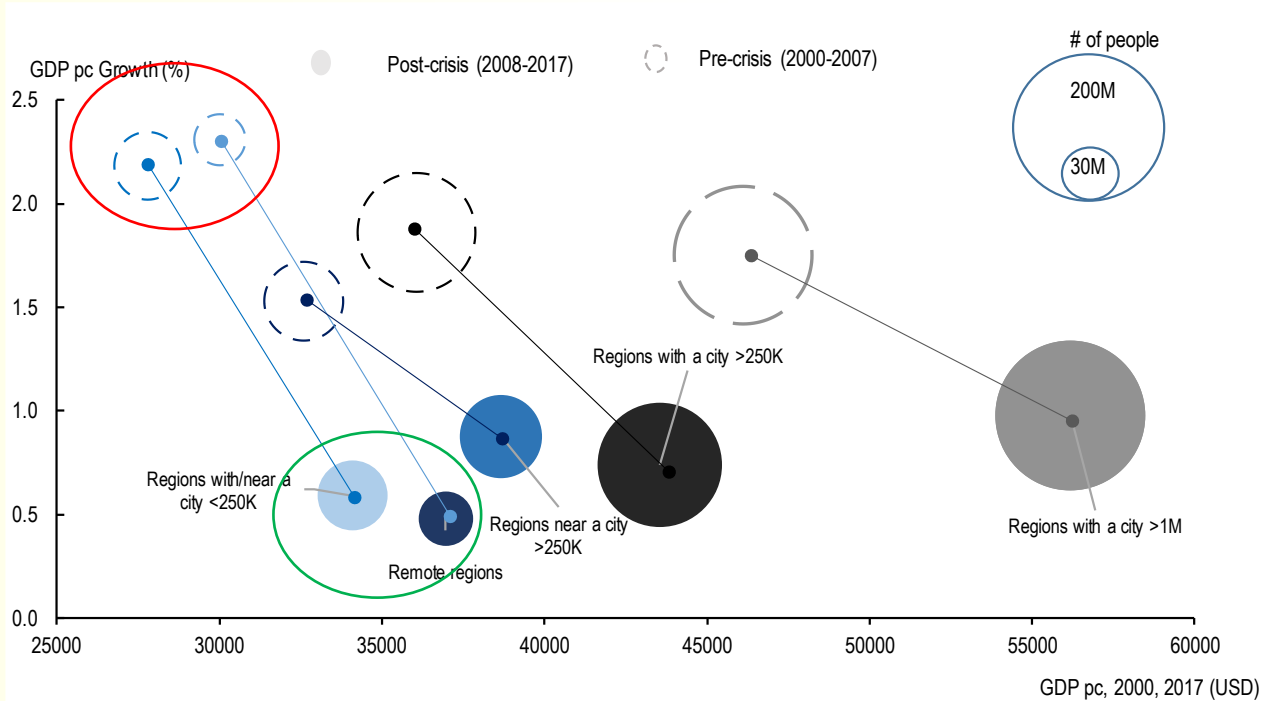
Projection of total population relative to levels in 2020
2020-2040 (2020 level = 100)



Source: OECD 2023 Regional Outlook



Rural-urban divides have grown since the GFC

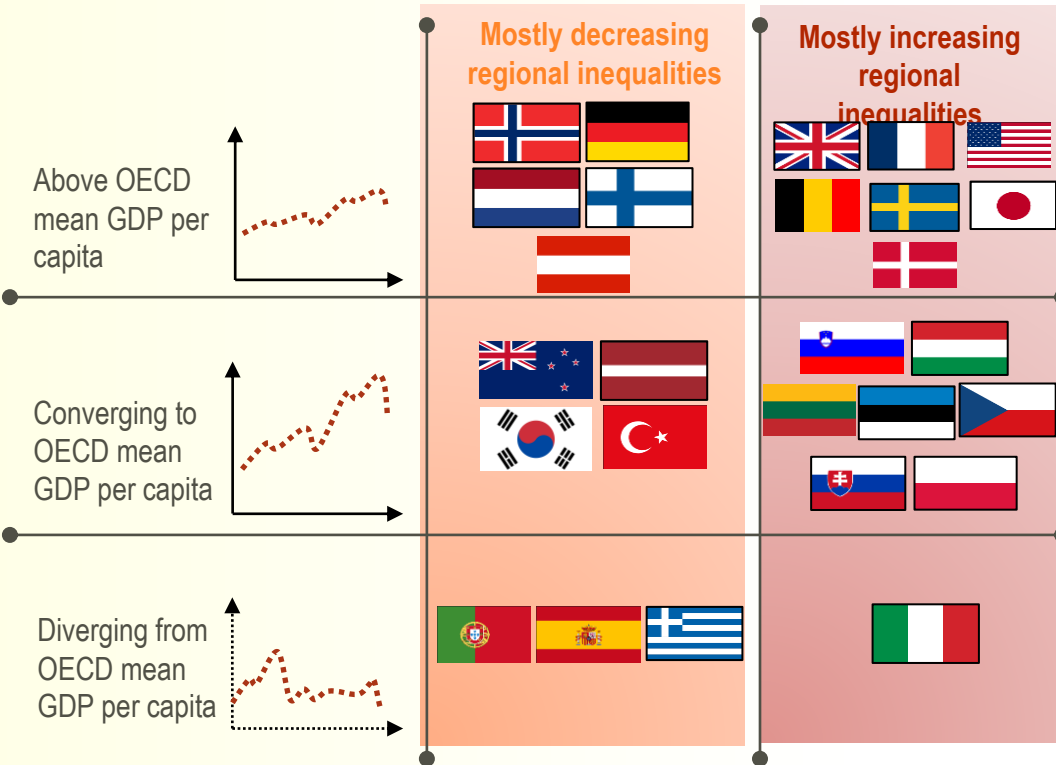


- **Prior to the 2008 crisis**, remote rural regions and those near a smaller city were **growing fastest** and catching up
- **Since the crisis**, their **growth has fallen sharply**, contributing to growing **regional inequities**
- The crisis revealed the **higher vulnerability** of remote rural regions and those near a smaller city to economic shocks

Note: 2017 extrapolated values for France and Japan based on 2001-16 regional growth rates. Based on available data for 1 530 TL3 regions in 28 countries. GDP is in USD PPP with base year 2015.



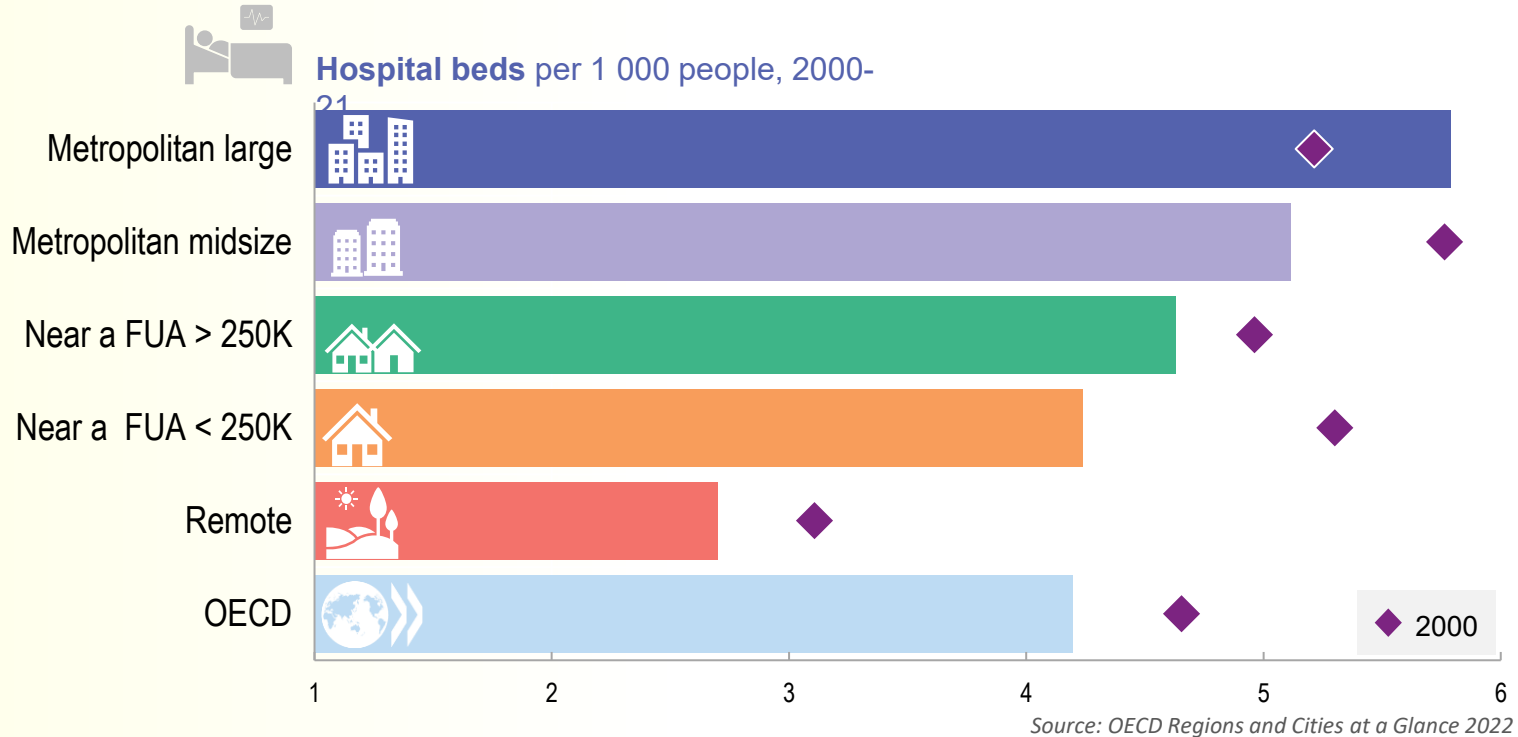
Economic shocks created different income inequality trends across OECD countries



- There is **no single story** of how regional inequalities have evolved across the OECD, but **different trajectories**.
- Countries like **France, the UK, and the US** have high GDP pc levels but saw **regional inequalities increased**.
- Other countries like **Portugal, Spain** and **Greece** saw their regional inequalities decrease in a context of **slow growth performance**.
- Today, **70% of the OECD population** live in a country with regional divergence across TL3 regions.

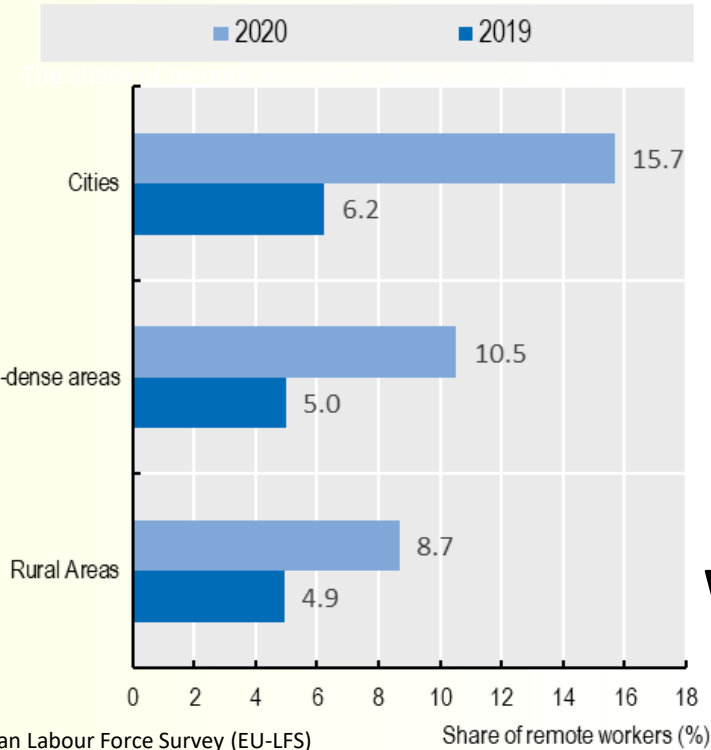


Gaps in hospital beds has been increasing...





Remote working uptake was lower in rural

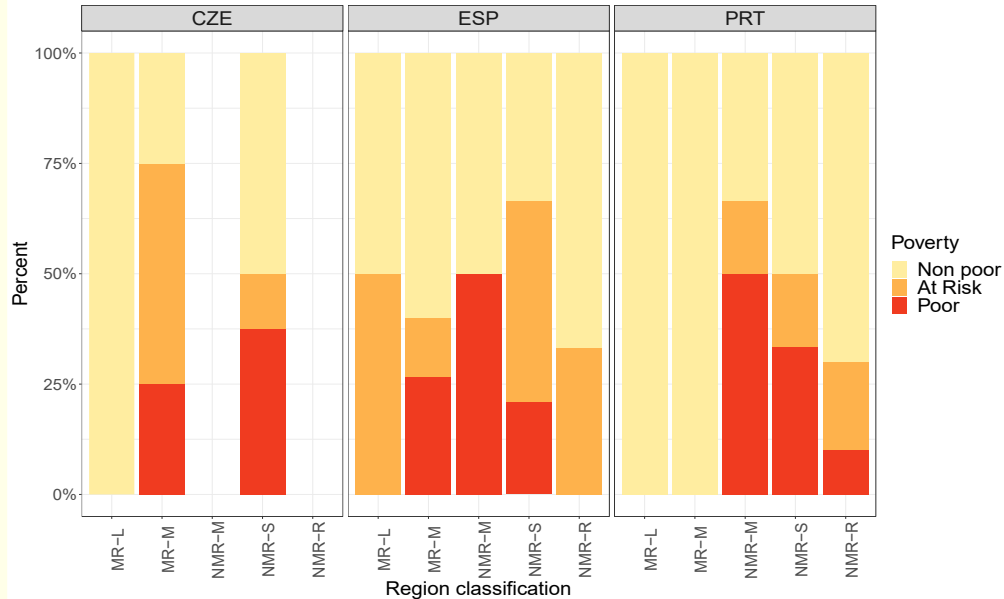


- Prior to pandemic, share of remote workers roughly the same in all types of regions.
- During the pandemic remote work
 - almost **tripled** in cities
 - **doubled** in towns & semi-dense areas
 - increased by **70%** in rural areas

Workforce composition (occupation, industrial sector, education, age, gender) most important driver of level of remote working



Non-metro more vulnerable to energy poverty



Large and medium sized urban regions are the least energy poor

Region poverty shares for small TL3 region by country

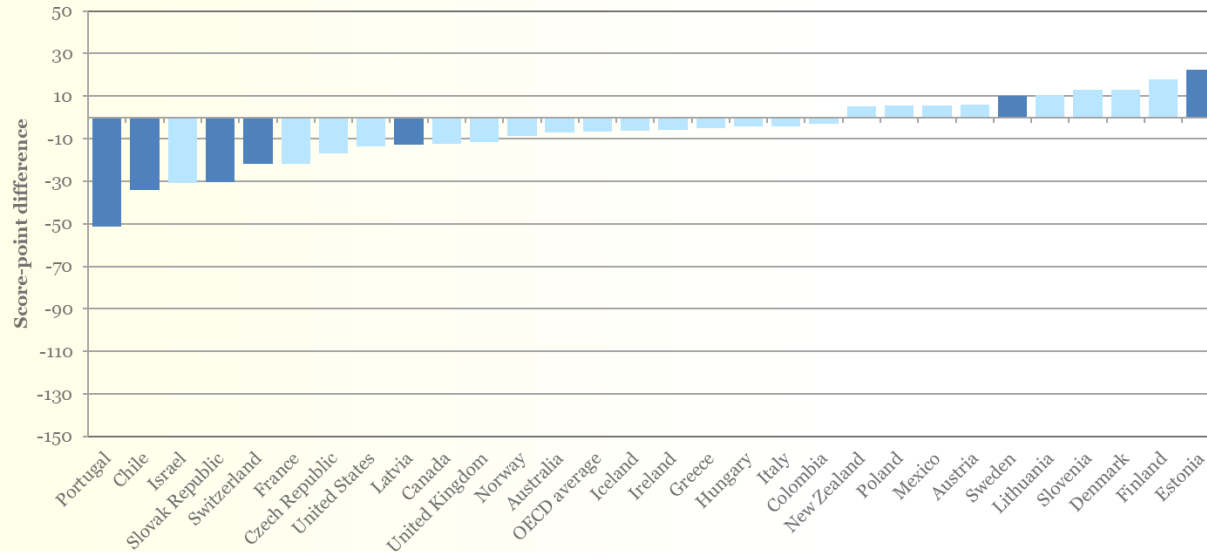
Source: OECD elaboration using OECD Regional Database.

- Across 91 regions from CZ, SP and PRT, 31% of non-metro regions are energy poor (against 5% of metro)
- Living in a non-metro region **increases the chance of energy poverty by 35%.**
- A 20% increase in energy prices increases the percentage of energy poor regions in non-metro regions **from 31% to 53%.**

Skills and human capital in rural regions

The rural-urban gap in reading performance (PISA)

After accounting for students' and schools' socio-economic status



Notes: Results based on linear regression models.

Statistically significant coefficients are marked in a darker tone.

Source: PISA 2018 Database; adapted from Echazarra and Radinger (2019).

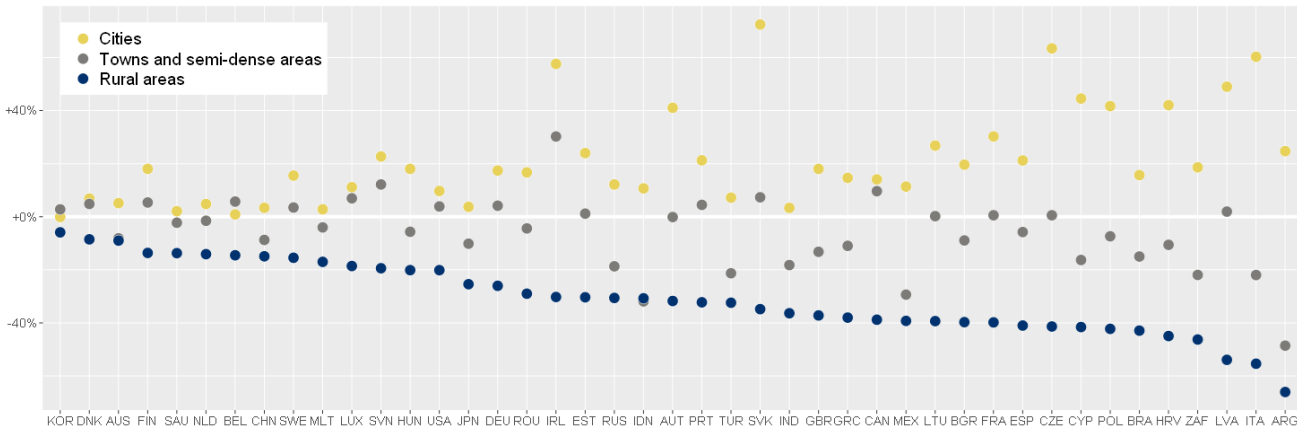
- City school students **higher** scores in reading than peers in schools located elsewhere in all but two G20 countries before controlling for socio-economic factors.
- In some countries, this gap was above **40 percentage points** (p.p.) – more than the equivalent of a year of schooling
- Students in **remote rural areas have to travel on average 5 additional kilometres** to reach a school compared to students in other areas,



Digital divide across territories

Gaps in fixed download peak speeds experienced by users, by degree of urbanisation

Deviation from the national average (in percentage points)



OECD calculations based on Speedtest® by Ookla® Global Fixed and Mobile Network Performance Maps. Based on analysis by Ookla of Speedtest Intelligence® data for 2020Q4. Provided by Ookla and accessed 2021-01-27. Ookla trademarks used under license and reprinted with permission.

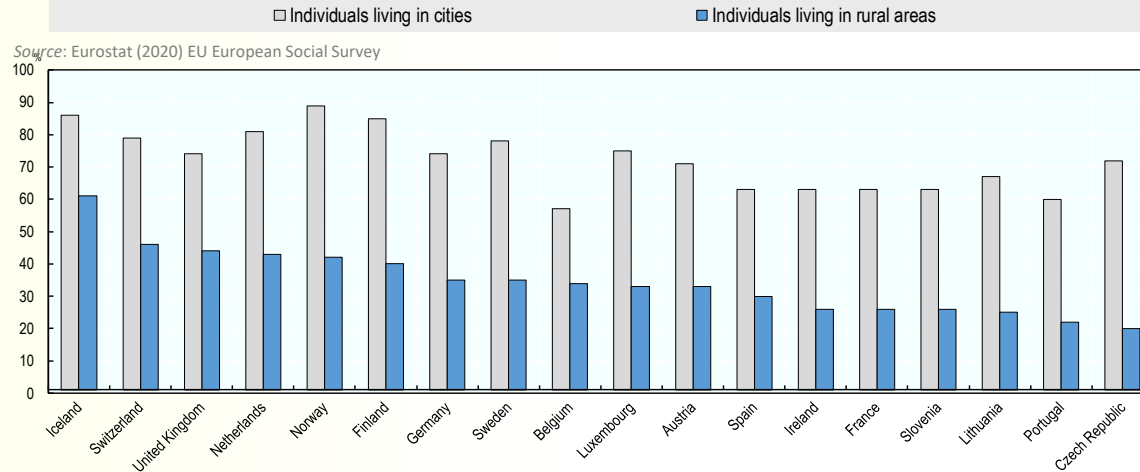
- Based on DEGURBA: On average, there is a **50-percentage point difference** between cities and rural areas in fixed broadband speeds across 38 OECD countries.

- By types of TL3 regions, on average, there is a **36-percentage point difference** between metro and non-metro regions in fixed broadband speeds across 32 OECD countries.



Digital skills are lower in rural places than in cities

Share of individuals living in rural areas and cities in Europe with basis or above digital skills (2019)

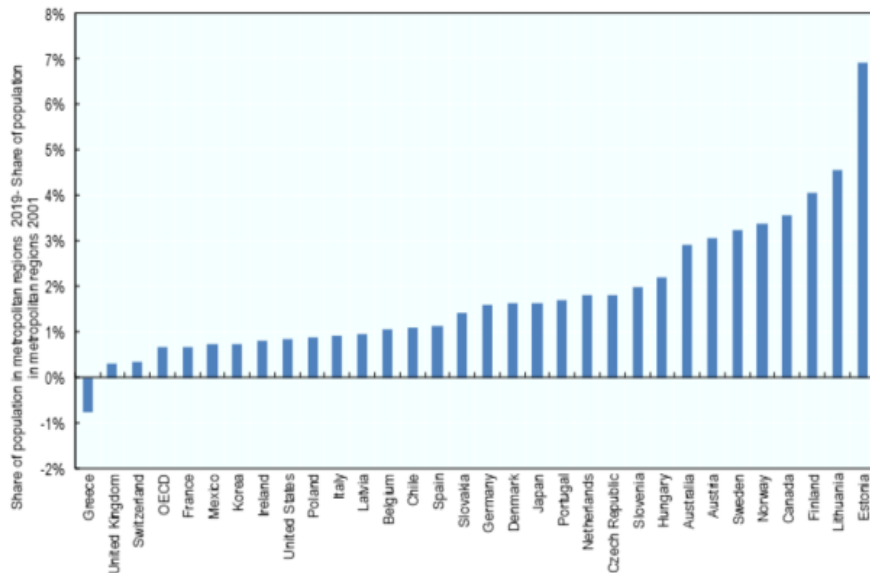


Digital skills are lower in rural places with the highest gap in the Czech Republic standing at 57 pp



Rural places face stronger demographic pressures

The share of population in metropolitan regions increased in the last two decades

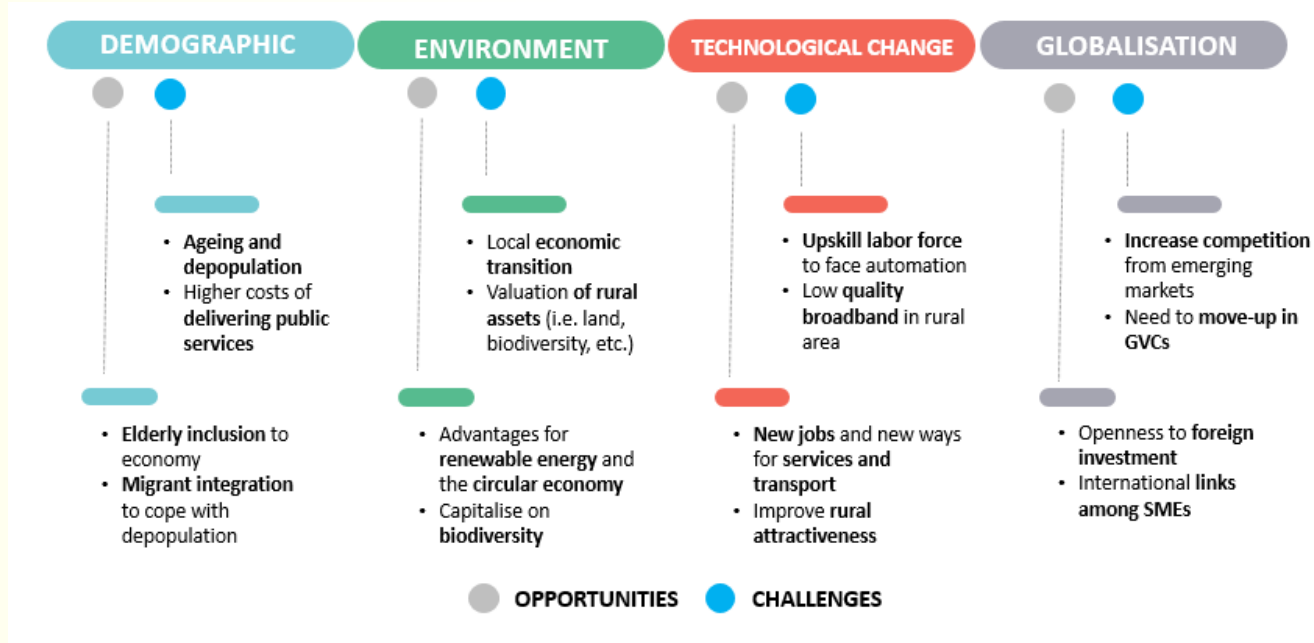


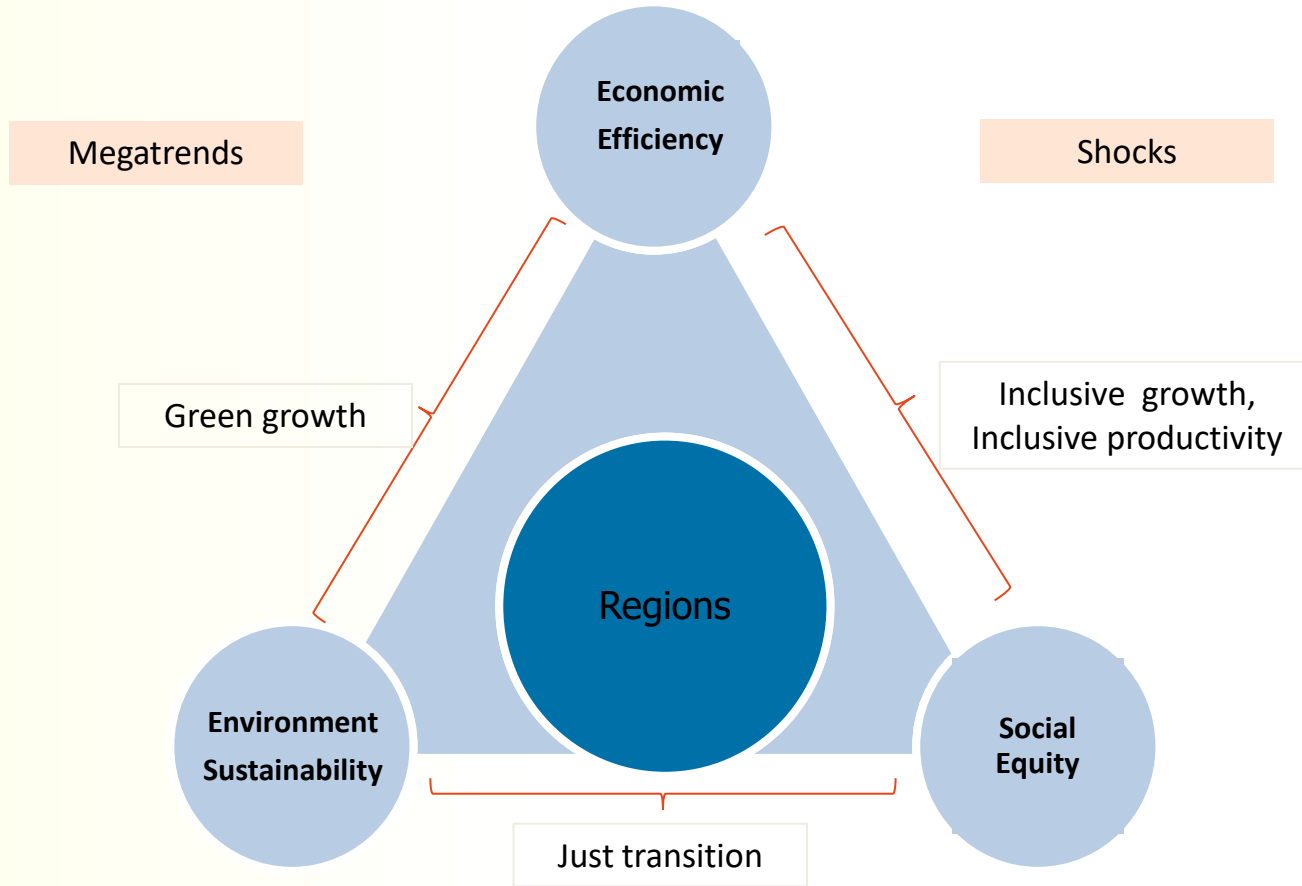
Note: Metropolitan regions includes regions with a city of at least 250 thousand inhabitants. Based on available data for 2 147 TL3 regions.
Source: (OECD, 2019[7]) OECD Regional Statistics (database), <http://dx.doi.org/10.1787/region-data-en>.





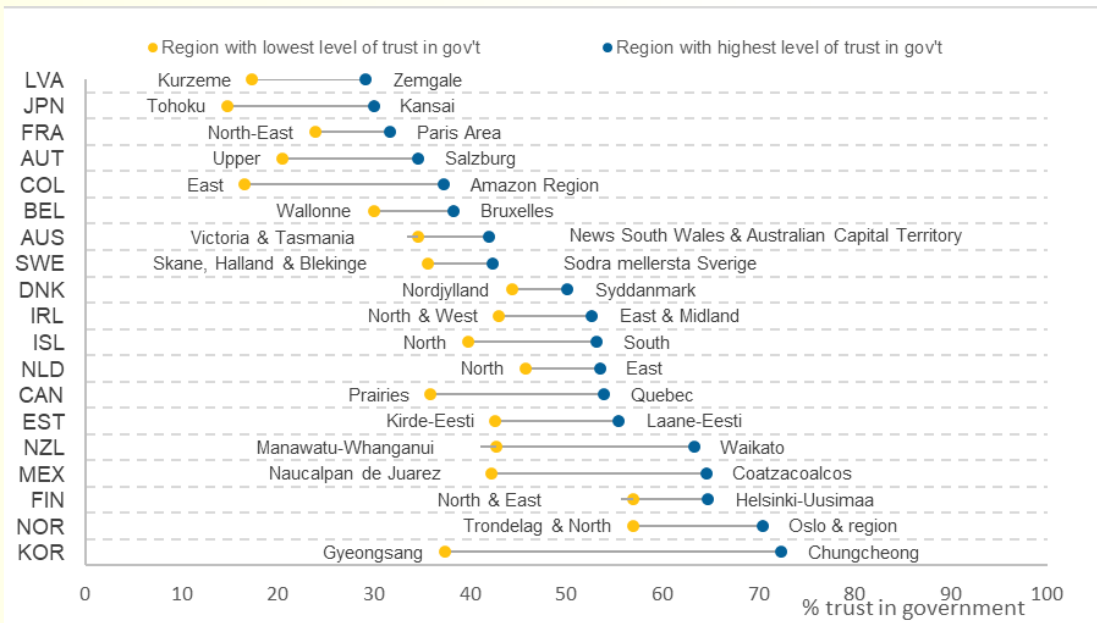
Megatrends are shaping the context for regional/rural development and opportunities







The costs of *not* acting on regional inequalities are becoming too high to ignore



Regional disparities in national government trust, 2021

Source: OECD (2022), Building Trust to Reinforce Democracy: Main Findings from the 2021 OECD Survey

- Wide and sustained regional inequalities can no longer be considered a **“fact of life”** of economic development.
- The failure to tackle inequalities raises **high, intergenerational costs**:
 - **Missed economic opportunities** and a loss of growth potential
 - **Difficulty to deliver key public services** across regions
 - Rise of **discontent** and **erosion of trust and democracy**



What to do ? -- Regional Outlook an evolving paradigm

- 2012: Building Resilient Regions
 - Regional policy is part of structural package
- 2014: Regions and the New Normal
 - Matching policies to the right geographical scale FUA
- 2016: Productive Regions
 - Opportunities in low density economies
- 2019: Leveraging Regions
 - Regional policies and future challenges and opportunities



Taking stock of main policy lessons

Compensating lagging regions does not work:

- Creates dependency, not development
- Richer regions may become reluctant to support lagging regions

OECD promotes ‘place-based’ policies focusing on:

- Use of regional **specific assets** (or create absolute advantages to stimulate competition and experimentation across regions)
- Create **complementarities among sectoral policies** at the regional (or local) level
- Use of **multi-level governance mechanisms** for aligning objectives and implementation.



Moving the OECD Regional Policy Paradigm forward

	Traditional Regional Policies	New OECD Paradigm
Objectives	Balancing economic performances by temporary compensating for disparities	Tapping under-utilised regional potential for competitiveness
Strategies	Sectoral approach	Integrated development projects
Tools	Subsidies and state aid	Soft and hard infrastructures
Actors	Central government	Different levels of government
Unit of analysis	Administrative regions	Functional regions
	Redistributing from leading to lagging regions	Building competitive regions to bring together actors and targeting key local assets



New elements	
Spatially blind	Spatially sensitive
Reactive	Proactive
Interventions on gaps and growth potential	Transformation
Lagging regions	All types of regions



Addressing regional inequalities can build up resilience and preparedness for the future



THE FOREGONE REGION

- Regional authorities have all but disappeared
- National governments (re)centralised all decision- and policymaking powers.
- No place-based approach to manage transitions has led to the acceleration of megatrends, with even-deeper asymmetric impacts within countries
- Untenable territorial disparities between those most and least affected regions.



THE CONNECTED REGION

- Strong coordination and collaboration across national and regional governments, including across borders.
- Transitions are managed in a networked and integrated way.
- Communities and citizens play an active role and engage almost exclusively in the metaverse.
- Inequalities *within* countries are subsiding, but inequalities *between* countries are widening.



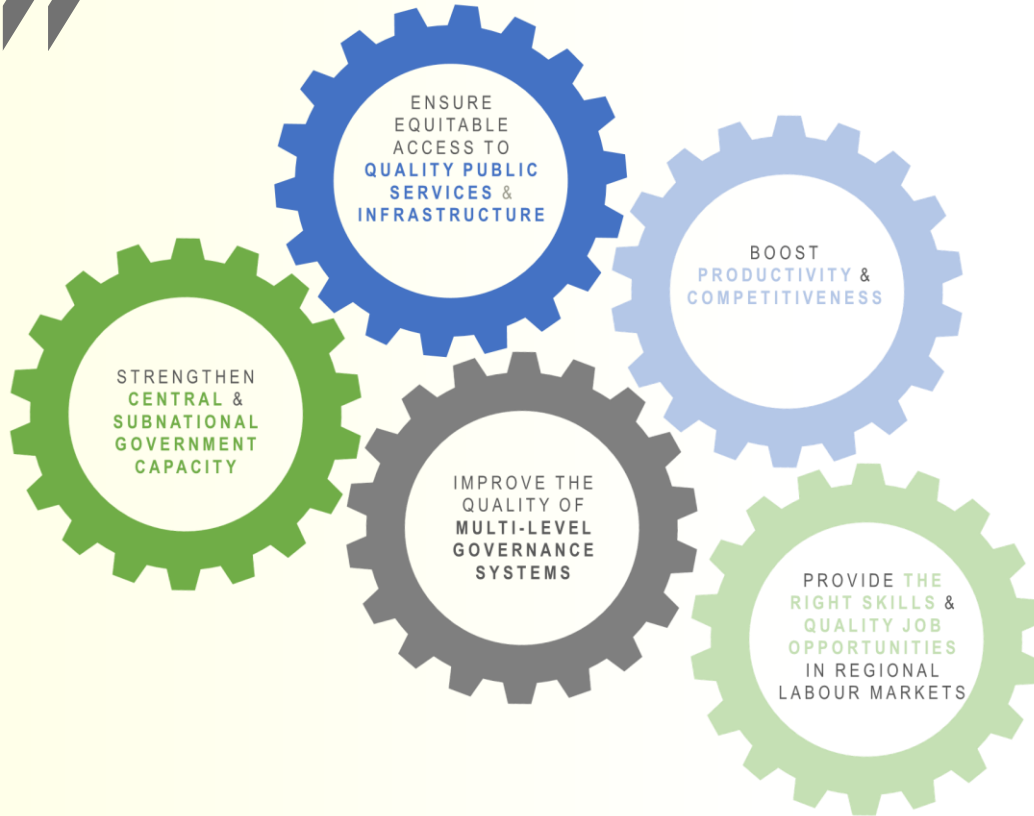
THE REGION-STATE

- Regions have embraced autonomy and widely different economic models and ideas of social value
- Territorial inequalities are running wild
- National governments are relegated to a role of regulator and must mediate rising competition and tensions between regions

- > Megatrends create different **public investment needs, challenges, and opportunities** across regions
- > **Strategic foresight** is a useful approach to explore possible future changes and their implications for decision making today.
- > Future-proofing regional development calls for **building systemic and strategic approaches to fiscal systems and governance structures** and **developing the strategic foresight capacity** at national and subnational levels.



Equalising opportunities across regions: A Policy Roadmap

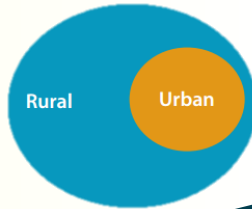


- Addressing inequalities should be about **stimulating catching-up** in lagging/stagnant regions while **sustaining prosperity** in the most dynamic ones.
- It is a **shared responsibility** across levels of government.
- No silver bullet but coordinated actions across **five complementary policy priorities**

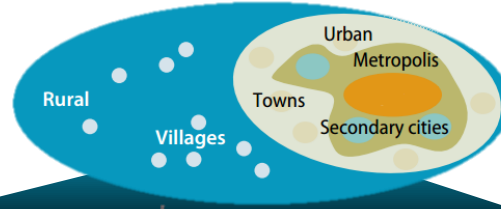


Rural places are diverse and they each require a distinct approach

The simplified area economy



...and a more realistic representation



Challenges

- Loss of control over the future
- Activities concentrate in the urban core
- Managing land value pressures
- Matching of skills

- Conflicts between new residents and locals
- Avoiding sprawl
- Competition for land and landscape

- Highly specialised economies subject to booms and busts
- Limited connectivity and large distances between settlements
- High per capita costs of services

Opportunities

- A more stable future
- Potential to capture urban benefits while avoiding the negatives

- Potential to attract high-income households seeking a high quality of life
- Relatively easy access to advanced services and urban culture
- Good access to transport

- Absolute advantage in production of natural resources-based outputs
- Attractive for firms that need access to an urban areas but not on a daily basis
- Can offer unique environments that can be attractive to firms and individuals



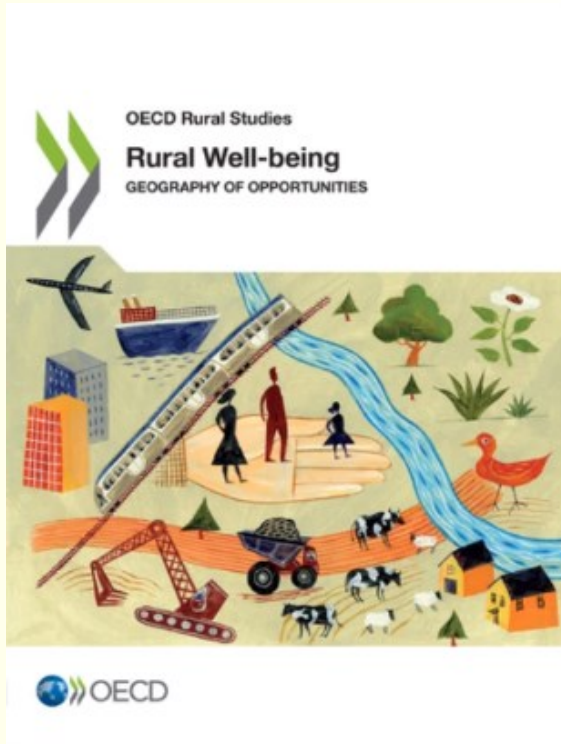
Rural development paradigms over time

Table 3.4. Rural Well-being: Geography of Opportunities

	Old paradigm	New Rural Paradigm (2006)	Rural Well-being: Geography of Opportunities
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 the public sector, firms and third sector
Key actors and 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 (FUA), ii) close to an FUA, and iii) far from an FUA



Rural Well-being: Geography of Opportunities



The **Rural Well-being Policy Framework** provides guidance for:

- Delivering **improved well-being** for rural dwellers
- Understanding the **growth dynamics of low-density economies**
- Deploying a range of **policy instruments**
- Fostering a **multi-sectoral approach** that engages all stakeholders
- Delivering **integrated policies** that match the needs and circumstances of different rural economies
- Understanding the **spectrum of rural regions** ranging from those in an FUA to remote ones



Statement

Persistent differences between metropolitan and non-metropolitan regions have been driving regional income inequalities in most OECD countries. When gaps become too large and persist over time, they bring important negative byproducts that include economic costs, social costs and political costs. Thus, they can no longer be ignored and considered as a natural process of development. Policies responses are thus warranted but they should not revert back to reactionary and short-term solutions. We suggest to focus on a roadmap with five policy priorities based on the recently adopted OECD Recommendations on Regional Development Policy and the OECD Principles on Rural Policy for more effective responses.”

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HERE WE GROW... WHY DO MOST "SCALERS" STAY IN THEIR HOME REGION?



DIGITAL URBAN TWINS: PANACEA TO URBAN PROBLEMS?



BEYOND THE PAYS Lip: HOW REGIONS ARE ATTRACTING PUBLIC SECTOR WORKERS

Thank you

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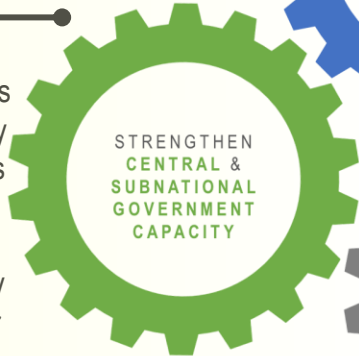
Policy Roadmap: Five priorities in details

- > Enabling integrated, flexible and digital service provision
- > Attracting and retaining skilled public service professionals



- > Promoting the sustainable and inclusive integration of regions in global markets and value chains
- > Investing in transport infrastructure to better connect hubs and hinterland
- > Unlocking innovation
- > Promoting inter-regional & urban-rural partnerships
- > Supporting small and medium-sized towns

- > Assessing capacity challenges
- > Providing institutional capacity building and training for SNGs
- > Using fiscal tools for regional development
- > Strengthening SNGs' capacity to generate and manage their own sources of revenues



- > Clarifying the responsibilities assigned to SNGs
- > Fostering vertical co-ordination among levels of government
- > Facilitating horizontal co-ordination at subnational level to target policies at the relevant scales



- > Aligning employment, skills and economic development policies
- > Providing flexible training, education and employment services
- > Supporting workers with (re)training and skills
- > Building regional entrepreneurial ecosystems
- > Supporting the social economy



THE 10 KEY DRIVERS OF RURAL CHANGE

