OECD Rural Development Policy: Scotland

Betty-Ann Bryce
Administrator
OECD Regional and Rural Unit
Roadmap

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ABOUT THE OECD RURAL WORK
Rural Development Programme work

First phase 1992-93

Second phase 1994-2005

Third phase 2006->

Rural Case Studies
- Turuel (Spain)
- Sumerke (Greece), Siena (Italy)

Policy Analysis
- Micro-Regions (Mexico)
- Extremadura (Spain)
- Basque Country (Spain)
- Tuscany (Italy)
- Lake Balaton (Hungary)
- Crete (Greece)
- Active Regions (Germany)
- Local Strategic Partnerships (UK)
- Community Futures Programme (Canada)

2006 The New Rural Paradigm

2006-2007
- Mexico, Germany
- Finland, Scotland UK, Netherlands

2007-2008
- Spain, Italy, China

2008-2009
- England, UK
- Québec, CA Rural Services

Rural Conferences
- 2002, Siena, Italy
- 2004, Virginia, US
- 2005, Oaxaca, Mexico
- 2006, Edinburgh, Scotland
- 2007 Cáceres, Spain
- 2008 Cologne, Germany
- 2009 Québec Canada

Forthcoming Rural Publications 2011-2013

Renewable Energy
Multi-Level Local Governance: Italy
Rural-Urban links

October 2012
Krasnoyarsk, Russia

“Innovation and Modernising Rural economies”
OECD NEW RURAL PARADIGM
Common trends in rural areas

• rural-urban disparities
• macro or international impacts.
• Devolution
• migration which can be divided into
  1. rural-to-urban,
  2. urban-to-rural, and
  3. changing mobility patterns.
• changing economic profiles of rural economies
Not just one rural…

• There is not just one “rural” there is complexity and rapid change leading to the question:
  • How are governments able to deal with this?
OECD New Rural Paradigm

**Old Approach**
- Equalization or entitlement approach, focused on farm income, farm competitiveness
- Sector based
- Relies on subsidies
- Main actors are national government and farmers

**New Approach**
- Focus on enhancing competitiveness of rural areas using local assets
- Focus is all aspects of the local economy
- Relies on investments
- Actors are firms, all levels of government and NGOs
OECD institutional framework for Rural Policy

- Somewhere between “narrow-niche” policy and “broad-grand plan” policy
COMMON THREADS IN OECD COUNTRIES
Common Threads (1)

- Agriculture may not be the way to achieve major rural development objectives.
- Tourism and other amenity based activities are seen as providing growth opportunities.
- Different use of EU funds “defining” domestic rural policy, and/or “supplement” an indigenous policy.
In aggregate, rural economies are seen as similar to urban regions.

However, below the aggregate level, there are different types of activity, skills utilized, value-added, wage levels and organizational complexity.

In some cases, the difference between rural and urban economies is not considered.
Common policy threads (3)

Need for a focus on intermediate regions and urban-rural linkages

- Focus of most rural policy is on remote rural.

- Very little policy targets peri-urban areas or more intermediate regions, even though the majority of the rural population is found in these places.
Common Threads (4)

National average for rural masks significant pockets of rural deprivation.

- In terms of broad socio-economic indicators the aggregate rural population is near national averages, and in some nations above.
- Service delivery in rural areas is an increasingly important issue.
Most national governments accept that rural development requires devolution of responsibility to local authorities, but are reluctant to provide financial capacity.

Central governments often struggle with overcoming their own sectoral approach in favour of an integrated policy approach to rural development.
Scotland in context…
Scotland - strengths

- **Strengths**: many strengths of Scotland are rural in nature. These include:
  - abundant land area
  - rich natural and cultural resources;
  - higher standards of living and a distinct social capital and cultural traditions;
  - a stable and relatively diversified economy,
  - good employment and entrepreneurship indicators
Scotland - weakness

- **Weaknesses**, specific to some remoter rural areas, include
  - relatively lower and stagnant levels of GDP per capita,
  - higher costs of living
  - car dependency and lower access and quality of services;
  - low labour productivity,
  - a predominance of low-skilled jobs
  - dependency on subsidies for agriculture.
  - Small businesses and low business growth
  - Low availability of land and housing
Scotland - opportunities

- *Opportunities* include higher population growth and positive net migration of “*neo-rurals*”, growing sectors such as tourism and renewable energy and greater urban-rural and international interaction and exchanges.
  - Business development and diversification
  - Forestry and energy sector outlook
  - Growing “silver economy”
  - Growing national and international niche tourist market
  - Greater urban-rural interaction
  - Increased valuation of environment and related activities
  - Increasing accessibility to broadband technology
  - Possible reforms of local authorities
Scotland - threats

- *Threats* are mainly represented by
  - depopulation and ageing, especially in certain fringe areas, cost and closure of key services.
  - The higher demand and low availability of land causing, housing prices to increase forcing locals out of the property market and increasing the number of unoccupied holiday homes.
  - Sparse and declining populations could lead to a decline in traditions and negatively impact natural heritage conservation and tourism.
Scotland Recommendations

– Addressing the shortage of rural housing and the increasing demand for rural space for multiple uses by directly tackling the rigidity of land use regulations

– Service delivery policy and related investment strategies to tackle the challenges linked with quality education, the healthcare needs of an ageing population and the improvements of rural transport infrastructure.

– Opportunities for economic development and diversification: develop niche tourism, build on Scotland’s exceptional natural and cultural heritage, make the most out of forestry and energy resources.

– Overcome the “urban bias”: consider a flexible rural development policy approach to take advantage of urban-rural linkages. This will be crucial, in particular, to realise the potential of the Central Belt as well as the Scottish Border region and Dumfries and Galloway.
COUNTRY RESPONSES...
Policy Responses

- **Sweden - Forestry**: the town of Piteå, a town with 40 000 people, developed the pulpmill bio-refinery cluster Solander Science Park. More than 25 percent of the consumption of kraftliner (for boxes) in Europe comes from Piteå. Solander Science Park supports research, develops new companies and creates an international meeting place for pulpmill bio-refineries. Some examples of companies in the network are Volvo, SCA, Smurfit Kappa, Chemrec, ETC, Sveaskog, Haldor Topsoe, Total three large sawmills and two papermills.
Policy Responses:

- **United States – Local Government and declining resources:** “White House “Place-Based” Policy” call for rural development programs be coordinated with broader regional initiatives. Programs in neighboring zones and within larger regions should complement each other. Federal programs should reflect better the Nation’s economic and social diversity, both in rural and metropolitan areas. To the extent possible, programs should allow for communities to identify distinct needs and address them in appropriate, strategic ways.

- **Italy – Demography:** In Italy, the Ministry of Agriculture has identified and packaged together some key factors to address demographic challenges and boost economic growth in rural Italy. 1. Human capital development (Education and Job matching etc; 2) economic diversification (Multifunctional agriculture); 3) Services sustainability and simplification (The broadband Internet: a “comprehensive” approach to both national and regional level to ensure connection in 99% of rural areas by 2010) and 4) Quality of life (Capitalizing on landscape and biodiversity Innovative use of the natural resources (e.g. renewable energy; water management).
Policy Responses:

- **Canada - Single Industry towns**: The global economic crisis has resulted in new government programs designed to alleviate the unique difficulties facing fishing and other single industry communities. Many communities have taken advantage of government grants to invest in infrastructure projects and employment initiatives. The crisis and government response serves as a catalyst for economic diversification. The fishing industry is responding through better organization, innovation and technological efficiencies.

- **Northern Ireland, UK - rural tourism**: NI Rural Development Programme £500m investment into rural areas; 6 measures including farm diversification, business creation, tourism, basic services, village renewal and rural heritage.