

# OECD Rural Development Conference

28-30 September 2022 | Cavan, Ireland

Building sustainable,  
resilient and thriving rural places



The Cavan-OECD Roadmap on  
Strengthening Rural Resilience  
for Global Challenges



OECD



Riailtas na hÉireann  
Government of Ireland



The 13<sup>th</sup> OECD Rural Development Conference hosted by the Government of Ireland, emphasised the critical role of rural places in driving sustainable and inclusive growth and reinforced the need to strengthen place-based and place-led opportunities and resilience against global shocks.

As OECD countries advance in the recovery from the COVID-19 pandemic, Russia's large-scale aggression against Ukraine has sent new shock waves around the world, creating significant inflationary pressures and disruptions, most notably to energy and food markets. These shocks are on top of, and compound, many ongoing structural and societal transformations, such as digitalisation, climate change, ageing, migration, population decline, the production revolution, globalisation, and urbanisation. These shocks and transformations present significant challenges for rural areas because they are generally economically less diversified, partly as a result of their role serving urban markets, are more exposed to trade disruptions, and have a large digital divide. Rural communities have, for example, a critical role to play in tackling food insecurity and in developing resilient, secure and sustainable food supply chains. In addition, the potential – especially for remote rural areas – afforded by remote working, the creation of new digitalised service providers and investment in renewable energy sources and industries, is accelerating.

Participants recognised the significant potential to better leverage the unique assets and comparative advantages of rural areas to address these challenges and drive sustainable growth and well-being. They also identified the need for governments to put in place ambitious and whole-of-government policies, including support for enabling factors, such as: improved accessibility (digital and physical), innovation, skills (including lifelong learning), and quality public services, to support diversification, resilience, and well-being. Participants emphasised that effective rural development policy requires cross-fertilisation between sectoral policies, including economy, environment, trade, agriculture, infrastructure, health and education among others. Finally, participants acknowledged the value of multilateral co-operation for cross-border areas, islands and rural regions.

To drive this agenda, participants recognised the important role of the OECD Regional Development Policy Committee and its Working Party on Rural Policy, to support countries in implementing the actions, and tackling the challenges identified in the following Roadmap.

### Unlocking innovation-based opportunities in rural areas

Boosting innovation, particularly for SMEs and social enterprises, including cooperatives, is key to unlocking opportunities emerging from the twin green and digital transitions and in building resilience in rural regions, as well as in attracting investment, delivering improved essential services (including education, housing and healthcare), and in boosting growth and job creation. Innovation is also key for a thriving private sector that can help foster local SMEs and create positive links between SMEs and larger firms and multinationals. However, a narrow focus on traditional science and technology innovations may be holding rural areas back from accessing support needed to fully exploit the benefits of innovation in its broadest sense.

**Moving forward:** Participants emphasised the importance of broadening the view of innovation for rural areas to include social innovation and entrepreneurship and welcomed the recommendation in the OECD's report on *Unlocking Rural Innovation*. They noted in particular the importance of addressing barriers facing rural entrepreneurs (including limited access to skills and government resources and infrastructure challenges) and to promote rural-urban linkages to strengthen innovation. In addition, increased uptake of innovation and digital technologies can accelerate transformations and boost productivity and resilience in agriculture and food systems. There was support to continue the OECD work on Enhancing Rural Innovation and to advance on implementing



the [OECD Recommendations on SME and Entrepreneurship Policy](#) and the [OECD Recommendation on the Social and Solidarity Economy and Social Innovation](#).

### Leveraging the green transition in rural areas

Rural policies have an important role to play in reaching net-zero GHG emission targets, but too often their role is not sufficiently recognised in national policy approaches.

Many rural regions are home to large energy-intensive industries upon which many urban centres rely. The green transition presents significant challenges not just for these firms but also their workers, the eco-systems they support, the populations they serve, and the communities that host them. At the same time, rural areas are also places of opportunity. Many are leaders in renewable electricity production and the bio-circular economy and are home to ecosystem services. Accelerating climate change mitigation and adaptation measures in rural regions should also encourage the diversification of rural economies dependent on carbon-intensive activities, improve energy security and create economic opportunities to address persistent inequalities, including urban-rural gaps.

**Moving forward:** Participants underlined the importance of meaningfully engaging rural communities in the green transition, to ensure a just transition, and empowering them to develop local-level climate actions, and encouraged policy makers to implement the *OECD Rural Agenda for Climate Action*, which advocates a place-based approach to climate policies that takes into account the diversity of rural regions. They also recognised the importance of ensuring sustainability in agriculture and food systems and their contribution to climate change mitigation.

### Seizing the opportunities of digitalisation

Despite advancements in broadband coverage, there are still important gaps in connectivity and download speeds between rural and urban regions in OECD countries. Without direct access to high-speed internet, rural communities face challenges in acquiring knowledge and skills, accessing e-services (like telehealth initiatives), participating in democracy, communicating digitally, working remotely, and creating, or indeed, offering their skills to digitally intensive firms. The digital divide also stifles innovation, business development and the potential for existing firms to grow.

Bridging digital divides in access to broadband and in digital skills will be paramount for rural regions to fully leverage the benefits of digitalisation. For instance, on average, there is a 50-percentage point difference between cities and rural areas in fixed broadband speeds across 38 OECD countries. Investment in digital infrastructure and skills will also help rural areas exploit the benefits of the digitalisation of work and social interactions and in particular, remote working. Although the uptake of remote working in rural areas increased significantly (by 70%) at the height of the pandemic, it remains significantly below urban areas.

**Moving forward:** Participants welcomed the current work on closing digital divides undertaken by the OECD and urged the need to advance further in closing existing gaps. Progress in this area is crucial for accessing essential services, boosting well-being, driving entrepreneurship, innovation and growth. In addition it can help leverage the opportunities presented by remote working, including reduced transport-related emissions, greater flexibility of working, improved attractiveness for skilled workers and young people, and productivity for firms. They also recognised the importance of adapting support services to enhance remote working conditions for all population groups, particularly women and youth, and well-coordinated land use, housing, and transportation policies to allow for different living and working patterns. Policies should also consider how to address undesired consequences such as pressures on housing prices and strains on local public services.



### Tackling the energy crisis and boosting the resilience of rural regions

High energy prices and supply chain disruptions have shed light on how vulnerable rural regions are to energy poverty. Rural regions are particularly exposed due to their lower average household income, proportionately higher energy demand and greater sensitivity to industry-specific sectoral shocks. Furthermore, supply-chain disruptions put further pressure on rural regions, especially those with a less-diversified economic base or with a higher import dependency.

Participants recognised the importance of improving energy supply by diversifying energy sources through renewables to help overcome supply-side challenges. They also recognised the importance of measures to mitigate the immediate impacts on communities and firms, including through mitigating the effects of energy poverty in rural regions, tax-reform measures to reduce energy costs, and assistance schemes to vulnerable households, whilst also stressing the importance of actions to boost resilience, including investments in improved energy efficiency of rural housing, and initiatives to accelerate the development of green energy.

**Moving forward:** Participants encouraged future OECD work on boosting the resilience of rural regions, mitigating the impact of the energy crisis and accelerating the transition to net zero in rural regions.

### Adapting rural areas to demographic change

Rural communities are declining and ageing faster than in urban areas in OECD countries, especially in remote rural areas. This is likely to further strain the trade-off between costs and access over the coming decades. An ageing population, in particular, increases demand for labour in health and social care, and in a range of personal services. New markets could emerge, providing opportunities for new investment, but more traditional ones may have to adapt or disappear. There is also significant social capital to be accrued from engaging and empowering ageing populations in rural communities. Attracting young migrants in rural areas, for instance through measures through housing and language support could also help addressing demographic challenges.

**Moving forward:** Participants recognised that demographic changes were changing demand in many ageing and shrinking rural areas, requiring a differentiated approach to ensure sustainable and equitable service provision and access as well on infrastructure investment (for example, balancing maternity and elderly care). In particular, they stressed the importance of policies to reinforce primary and integrated care as well as more extensive use of tele-medicine and strategies for workforce attraction that combine financial incentives, multidisciplinary medical homes and sharing of responsibilities. Participants noted the importance of the systematic application of a rural lens across all aspects of public policy, including education and health services to ensure rural needs, contexts, and opportunities are appropriately considered, and encouraged the OECD to extend work on rural-proofing health and education services in partnership with the WHO.

### Promoting inclusion in rural areas

To create more sustainable, cohesive and inclusive rural communities, we need to engage and empower all sectors of our rural populations in all their diversity. Successful engagement of all rural residents and stakeholders in the labour market, entrepreneurship, public life and society is crucial not only for their own personal well-being and economic prospects, but also for inclusive economic growth and social cohesion in rural regions. Attracting, retaining and empowering young people, women, migrants, and historically disadvantaged groups in rural areas is necessary to enhance the social and economic vitality of these places, help address population decline and enable as many innovators and entrepreneurs as possible. Energy, vision, and innovative thinking can positively impact on the scale and intensity of rural development. Developing services related to maternal health and childcare are



particularly important to allow young women to remain active, or to enter the workforce. In addition, participants recognised the importance of strengthening the enabling environment to empower Indigenous People.

**Moving forward:** Participants stressed the importance of promoting inclusion of all residents and stakeholders in rural places in the world of work, learning, and participation in public life. They recognised the importance of engagement with and empowerment of young people and youth group representatives to discuss strategies to improve opportunities and services for young people in rural places, and welcomed the OECD's efforts to support youth, notably through the new [OECD Recommendation on Creating Better Opportunities for Young People](#) adopted by Ministers in June 2022, and the OECD's Stand By Youth initiative. They also recognised the importance in advancing implementation of the OECD Gender Recommendations in rural areas. These include the [OECD Recommendation on Gender Equality in Education, Employment and Entrepreneurship](#) adopted in 2013, and the [OECD Recommendation on Gender Equality in Public Life](#) adopted in 2015. Participants recognised the importance of agriculture and diversification in the rural setting and look forward to the forthcoming Ministerial Meeting on *Transformative Solutions for Sustainable Agriculture and Food Systems*. Support was also voiced to deepen work on the OECD Initiative on *Linking Indigenous Communities with Regional Development*.

### Further supporting implementation of the Roadmap with 6 cross-cutting action points

Addressing the opportunities and challenges to move forward outlined in the Roadmap cannot be done by rural communities alone and require partnerships with urban areas through strong urban-rural linkages, as well as regional and national governments, private actors and civil society organisations. In addition, to the actions described above, the roadmap also identifies the following 6 cross-cutting action points:

1. Develop an international harmonised definition of Functional Rural Areas that accurately frames the geographic scope of rural regions, whilst recognising their diversity. This approach can help support the development of more targeted and effective rural policies and impact measurement, whilst recognising the need to avoid a one-size-fits all approach. It can also improve analysis and international comparability and contribute to developing indicators to better assess rural policies.
2. Improve data and analysis by creating an analytical framework to assess the resilience of rural regions.
3. Advance the implementation of the *OECD Principles on Rural Policy* through comprehensive monitoring, that promotes a whole-of-government and multisector approach, including rural proofing and capacity building across all levels of government.
4. Facilitate dialogue with rural communities and citizen engagement in the work of the Working Party on Rural Policy as a sounding board and platform for rural voices and to promote bottom-up initiatives to inform policy making at the national level.
5. Continue to strengthen co-operation of the OECD Regional Development Policy Committee with other OECD committees on cross-cutting issues relevant to rural and regional policy, notably on agriculture, innovation, digitalisation, education, health, and SMEs.
6. Deepen international collaboration, including with the G7, G20 and through the implementation of the SDGs, to strengthen the multilateral agenda on rural development, and rural-urban linkages to support an integrated approach to regional development.

29 September 2022