



Key Challenges and Opportunities ahead for the Future of Rural Areas: Debunking Rural Myths

**Rural Pact Conference: “From Vision to Action: Empowering Rural Areas for the Future”
Courtrai, Belgium
16-17 September 2025**

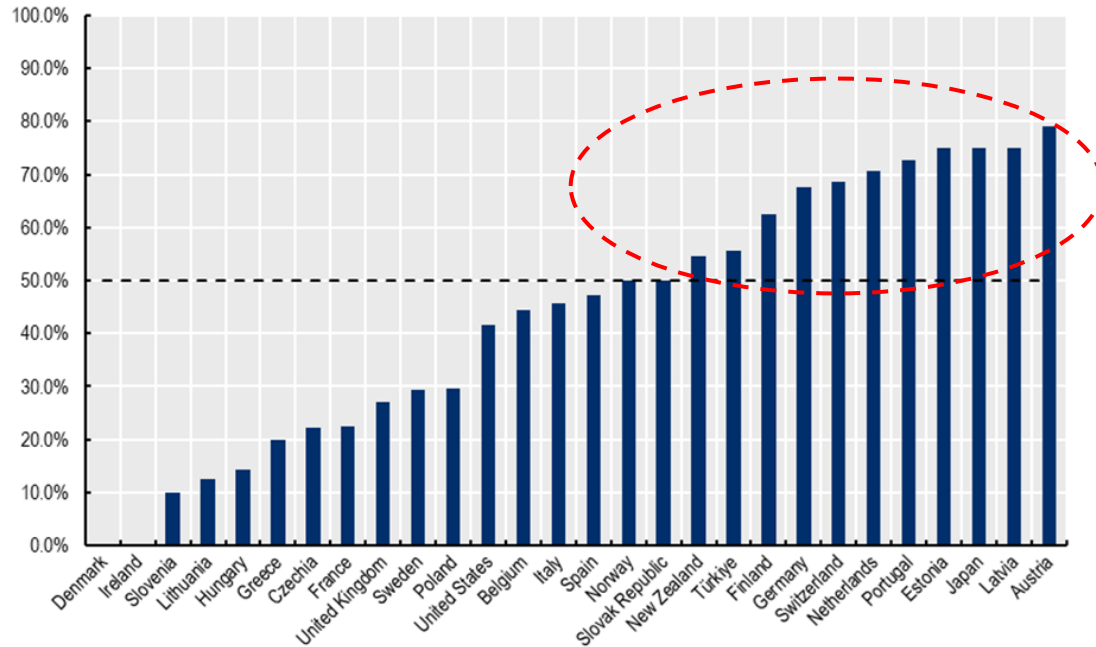
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Myth n°1 | Rural regions are uniformly declining in OECD countries

Share of rural regions above their respective national average for GDP per capita

Share of rural regions that increased above national average in GDP per capita, in %, 2001-2021



Source: OECD, [Reinforcing Rural Resilience](#) (2025)

Metropolitan regions have, on average, grown faster— 2.2% a year compared to 1.7% in rural areas between 2001 and 2021

Different kinds of rural regions show very different trends

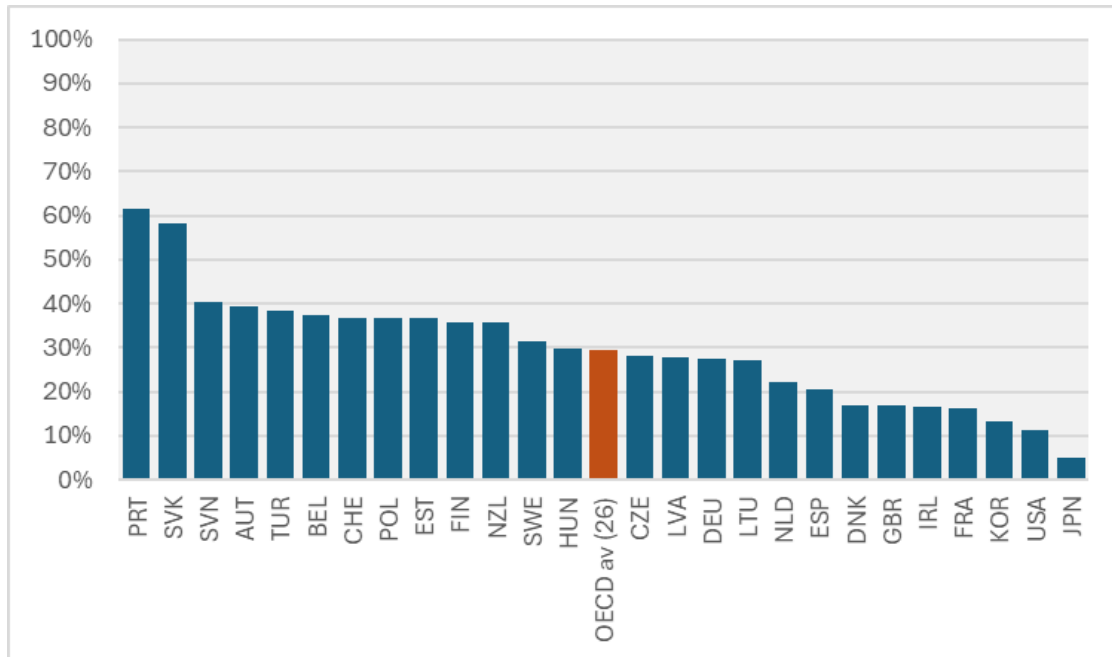
*In **11 OECD countries** (out of 28) over half of rural regions outperformed the national average in per capita income growth*

*In **6 countries** (5 in the EU), **70% of rural regions outperformed the national average** in per capita income growth*



Myth n°2 | Large cities are the sole engines of national and aggregate growth

GDP growth contribution by non-metropolitan regions, 2000-2021



Source: 2025 calculations from OECD Regional Database

Over the last two decades regions with below average GDP per capita accounted for **half of all growth** across the OECD

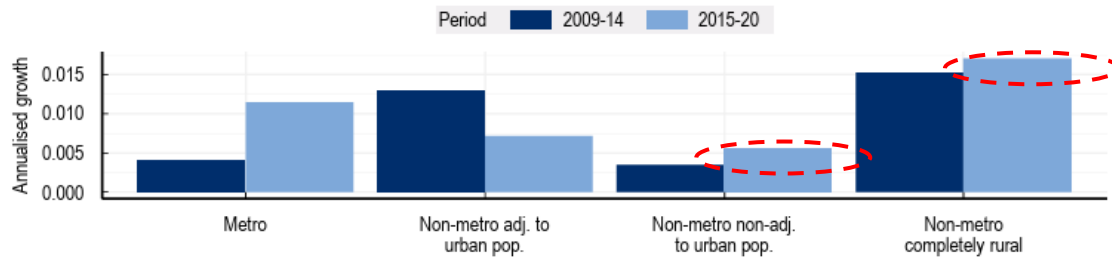
In 12 **countries**, rural regions contributed more than **30% of national growth**

Between 2000 and 2021, **43.1% of the total GDP growth contribution** in the OECD came from outside large cities (above 1.5 million inhabitants)



Myth n°3 | Rural economies lack innovation

Labour productivity, annualized growth in the US, 2009-2020



Source OECD, [Enhancing Rural Innovation in the United States](#) (2023)

Adopting existing technologies is a main driver of rural productivity.

United States: *two-thirds of all productivity growth in US rural counties from 2010 to 2020 was associated with innovation absorption.*

*In **EU countries**, high-tech innovation is associated with a five times higher increase in jobs when regions have larger shares of people living in rural regions*

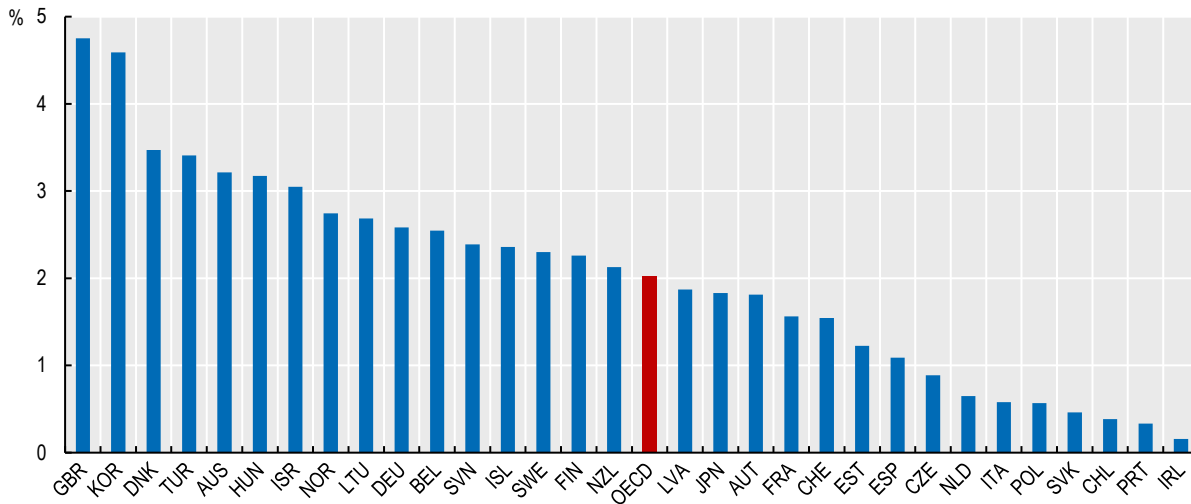
Rural innovation often takes non-technological forms (social, organisational, service-based)

Source OECD, [Unlocking Rural Innovation](#) (2022)



Myth n°4 | Rural regions are uniformly shrinking and are all being hollowed out

Flows across TL3 regions within a country,
% of the total population, , 2016-2023 average



Source: OECD, [Reinforcing Rural Resilience](#) (2025) OECD, [Place-Based Policies for the Future](#) (2025)

40 % of remote rural regions will shrink by 2040

High heterogeneity across rural regions

In 15 OECD countries (out of 35), the populations of rural areas **near large cities** increased (2001-2021)

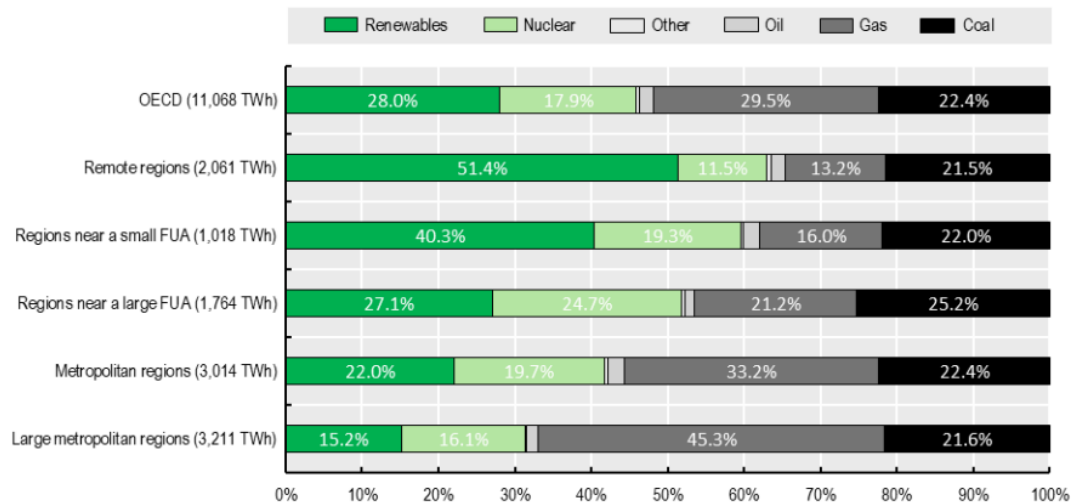
2% of the OECD population moves between regions each year (2016-2023 average)

Need to **adapt** to demographic change



Myth n°5 | Rural regions are lagging in the green transition

Rural leading in renewables



Note: The data cover 36 OECD countries, excluding only Israel and Costa Rica, as these two are not yet classified in the OECD regional rural typology. Renewables include geothermal, hydro, solar, and wind energy sources.

Source: OECD, [Reinforcing Rural Resilience](#) (2025)

While rural regions have higher per capita emissions due to structural factors, they produce **63% of all renewable electricity** across the OECD

Rural regions hold **significant untapped potential** for renewable energy production

Almost 80% of renewable energy potential is still unused (EC/JRC, 2025).



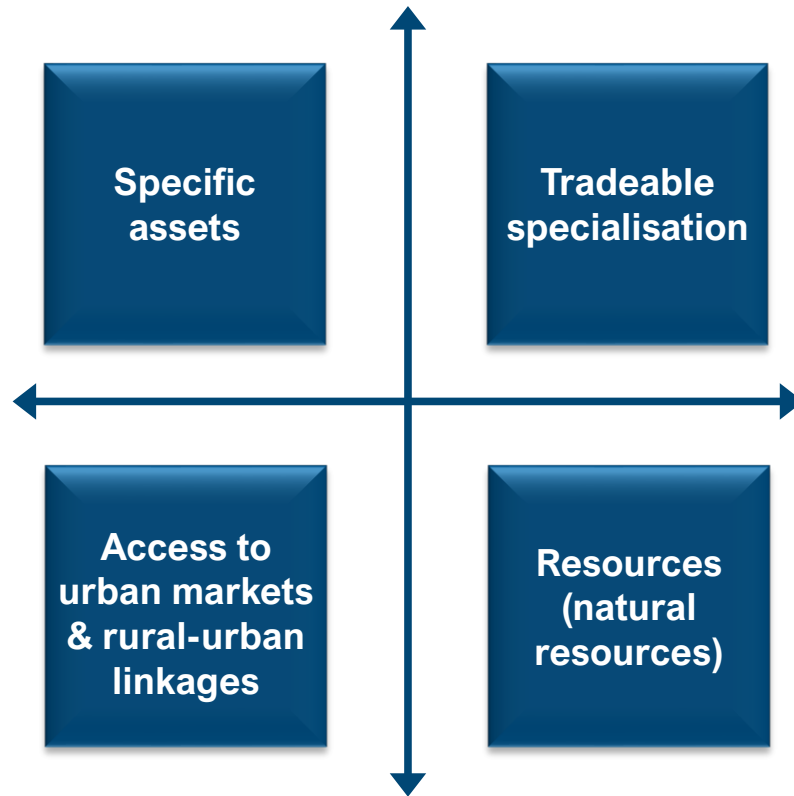
Unlocking Rural Economic Potential : Key Pathways





Pathway n°1 | Building on rural comparative advantages

STAR drivers of rural growth:



Tradeable specialisation

Employment in tradeable sectors is associated with higher productivity growth

1 out of 5 rural jobs are in manufacturing and the share of manufacturing in rural gross value-added rose from 18.5% in 2000 to 21% in 2019

Resources (natural resources)

OECD mining regions exhibit **GDP per capita levels 18% higher** than their national economies

Rural close to cities

Leverage **rural-urban opportunities** and building new partnerships

Specific assets

Strategic industries that require space, security, or controlled environments (space, defense, high-tech)

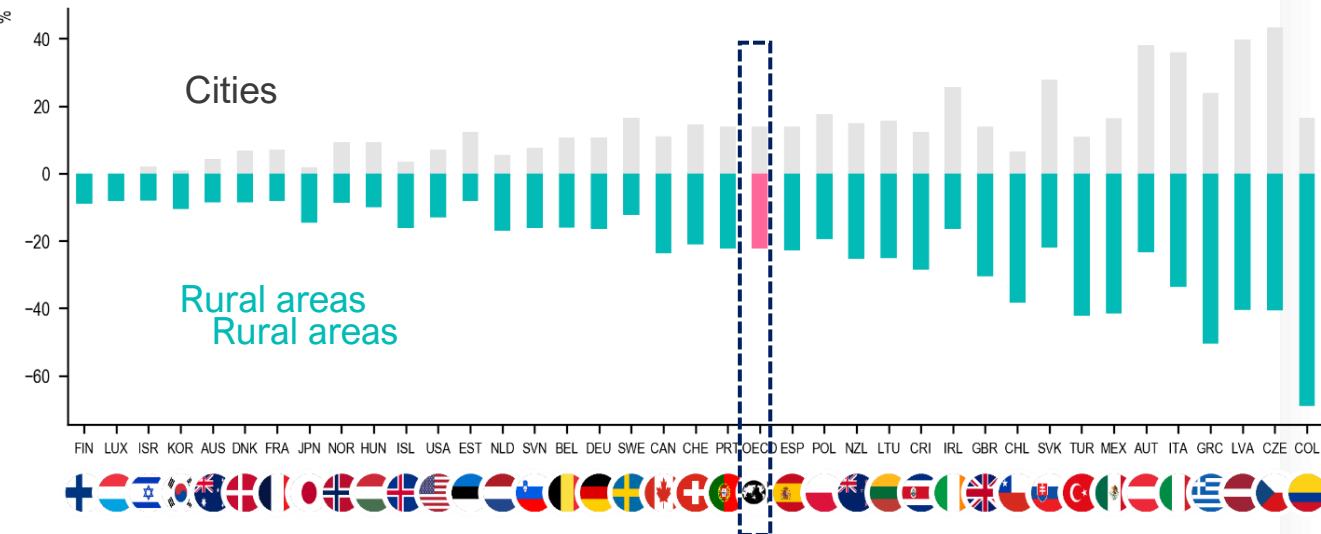
Nature-based and **cultural tourism**



Pathway n°2 | Investing in key enablers: digital transition

Gap in internet speeds, Q4-2024:

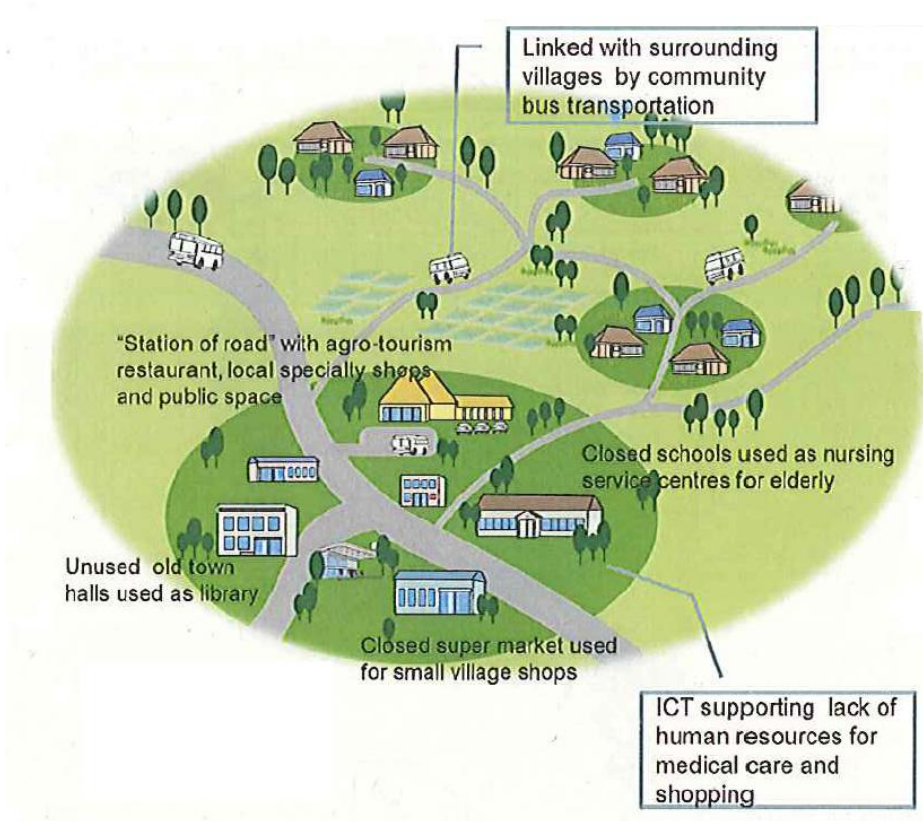
Fixed internet speed, % deviation from country average,
cities and rural areas, OECD countries



The average Internet speed remains
on average 30% slower in rural areas
across OECD countries



Pathway n°3 | Access to services as a key attractiveness factor



Distance/low density → **Higher cost of service provision**

In Europe, delivery of primary education in sparse rural settings costs 20% more per student than in cities; secondary education 11% more

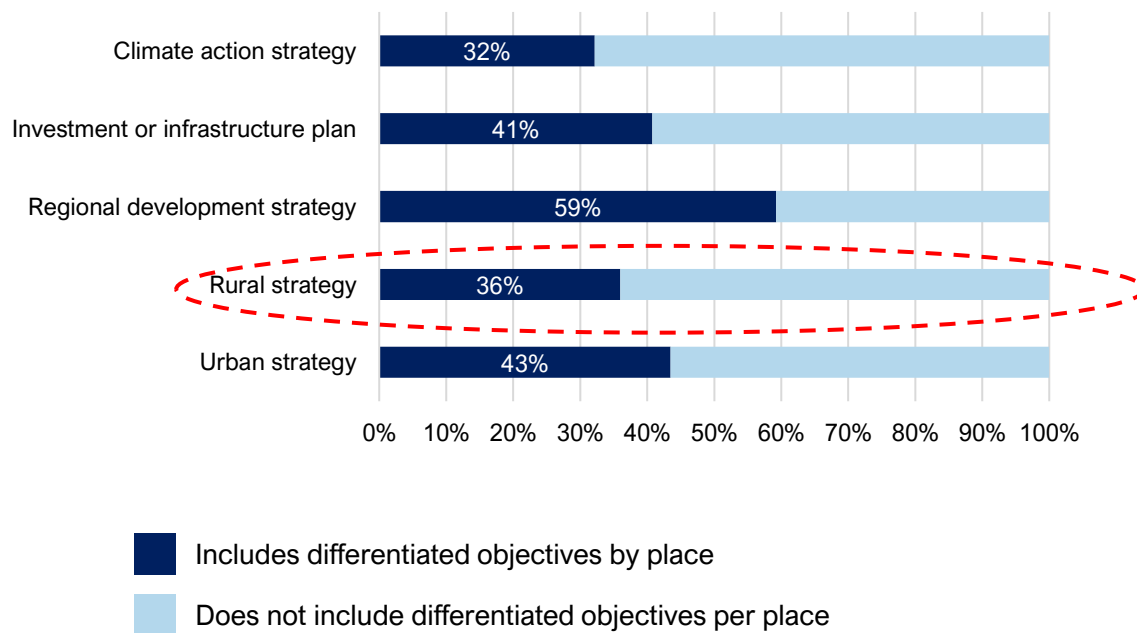
Policy levers:

- Improving transport links to hubs and reducing travel times
- Mutualise service delivery, investment and procurement
- Strengthen inter-municipal cooperation
- Co-location of local services (shared spaces), Clustering of specialised services in regional hubs
- Mobile or digital service delivery where feasible/AI



Pathway n°4 | Mainstreaming Rural Policy and adapting to local realities

Share of national strategies that include place-specific objectives, Survey of 32 OECD countries



Source: OECD (2025) Implementation Report of the Recommendation on Effective Public Investment across Levels of Government

Cooperation across sectors, holistic rural approach

People centered approach to rural development

9 countries have a national rural strategy which includes **differentiated objectives by places**

Rural proofing - increasingly used by OECD countries



Pathway n°5 | Strengthening capacities of rural jurisdictions

ASSESSMENT

**Administrative capacity issues
and lack of qualified staff**



Regulatory challenges



Funding and financing



Externalities and lack of scale economies



RECOMMENDATIONS

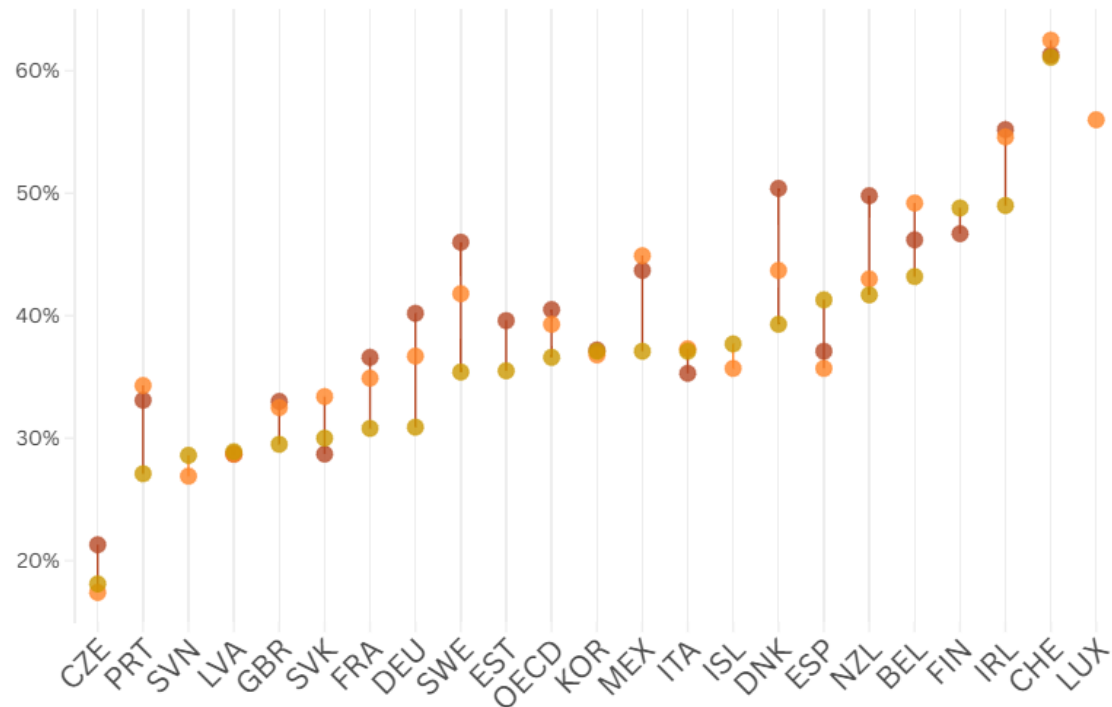
- Provide tailored capacity building support for large national/federal/EU public investment supporting territorial development
 - Encourage a functional approach that builds scale
 - Rural partnerships among public authorities, business, civil society, academia, citizens
- Administrative simplification
 - Joint procurement
 - Addressing regulatory/land permitting constraints
- Funding consistent with functional responsibilities
 - Strengthen local fiscal capacity
 - Strengthen funding frameworks to leverage financing
- Inter-municipal cooperation
 - Rural-urban partnerships → Role of regional actors



Pathway n°6 | Engaging, communicating, addressing rural perceptions

Trust in government: territorial divides

Region ● Urban ● Intermediate ● Rural



Source: OECD (2025) Reinforcing Rural Resilience; OECD 2023 Trust Survey

Taking a **people first approach** to rural development

Improving rural evidence: to inform policy and foresight
Need for more **sophisticated rural intelligence** to better understand the diversity of the rural territories

Meaningful consultation and rural engagement

Rural communication channels: Participatory communication, tailored messages, trusted local messengers, rural brokers

Preventing the widening 'geography of discontent' across OECD countries requires a stronger focus on rural development.



Contact

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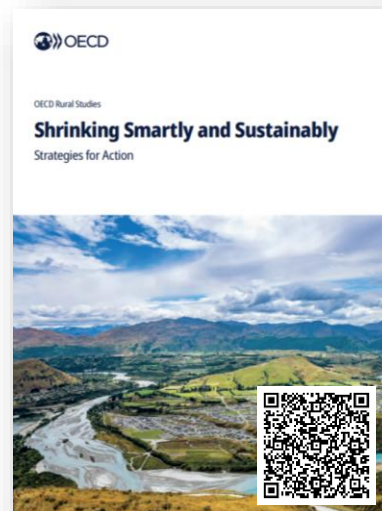
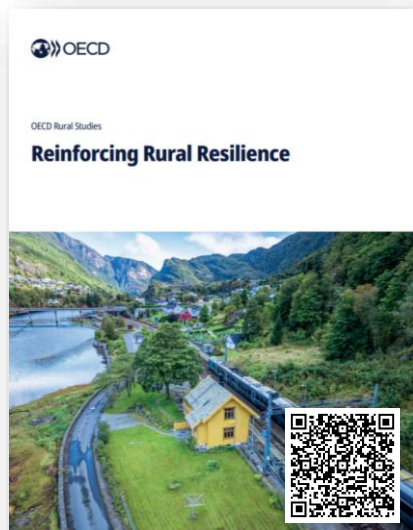
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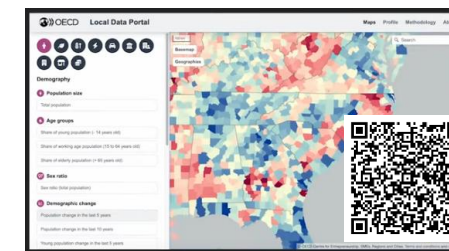
OECD work on Rural Development

All publications available at: [Rural development | OECD](#)



OECD Rural Policy Principles
[OECD Principles on Rural Policy](#)

OECD Local Data Portal



OECD Latin American Rural Development Conference
Rural-Urban Connections: Pathways to Sustainable Development

25–28 November 2025 | Rio de Janeiro, Brazil