

RURAL PACT • KOTKA • 30 SEPTEMBER 2026

Service provision and growth in rural areas

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What do we actually mean by a “rural place”?

We govern by lines on a map. People live across them.

ADMINISTRATIVE VIEW



Tidy, fixed boundaries — but blind to how places connect.

FUNCTIONAL VIEW



Defined by flows — commuting, services, labour markets — overlapping and lived.

- Functional Urban Areas (FUAs) comprise a densely populated city and its surrounding commuting zone.
- Functional Rural Areas (FRAs) consist of a market town and the hinterland it serves.

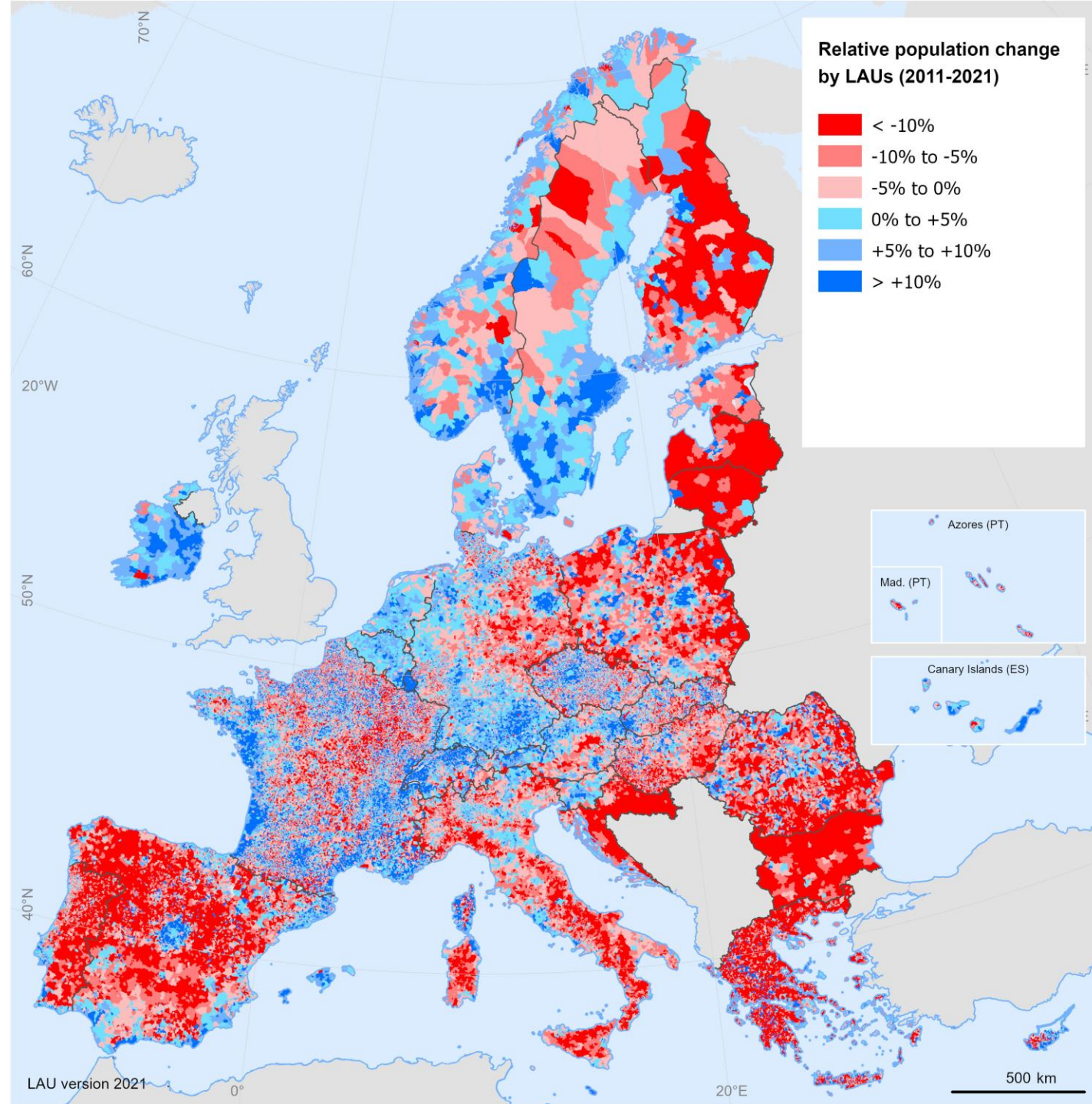


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FRONTIER OF RESEARCH

Functional Approach

- LAU map is noisy and difficult to compare
- FRA-FUA map shows clear patterns



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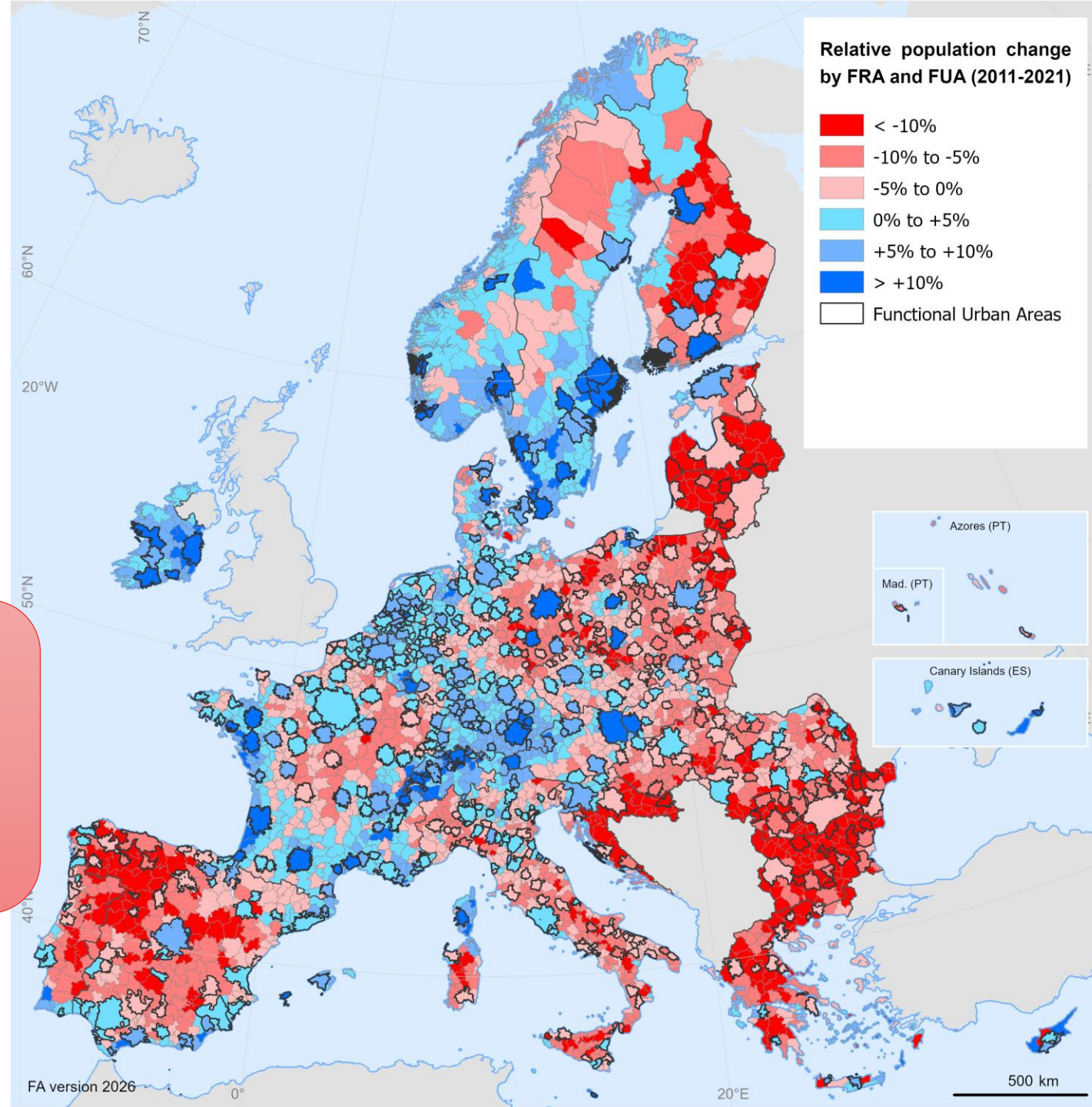
Functional Approach

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Median pop change is -2.4 % (FA)

- FUA grew by 1.3%
- FRA declined by 3.6%

→ Urban–rural gap close to 5 pp



Applying Functionality to answer critical questions for rural development

Question : What correlates with differences in **population change** in rural and urban areas?



Demographics



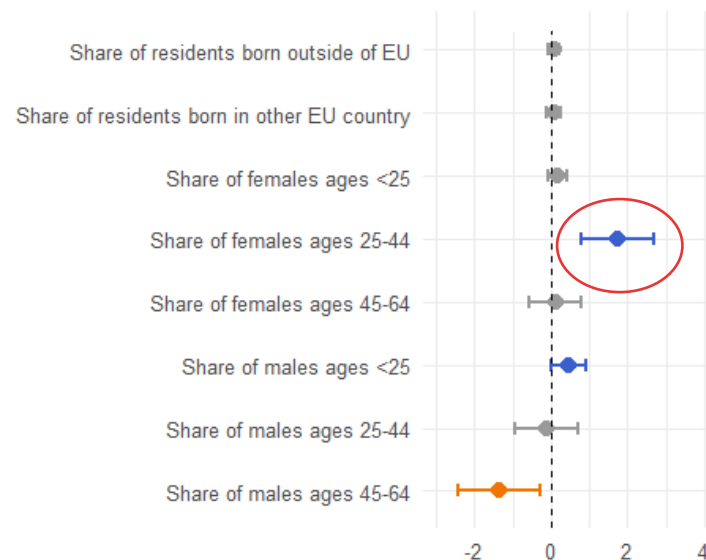
Access to Public and Private Services



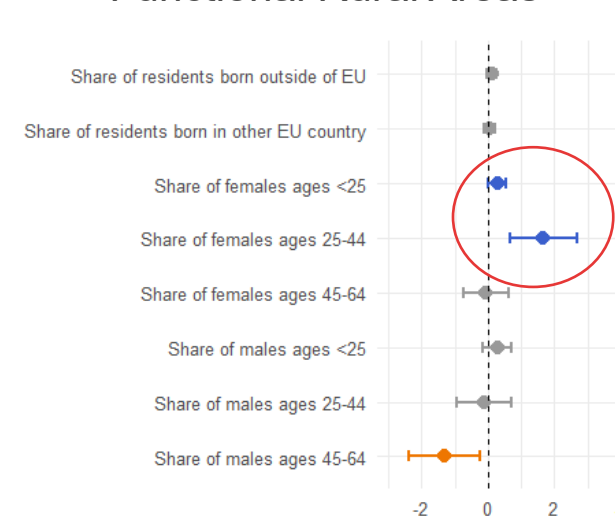
Tourism

Demographic change

All Functional Areas



Functional Rural Areas



Source: Marshalian et al. (forthcoming). What drives population growth in functional rural areas? Demographics, services and population change. JRC Working Paper

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NEW FINDINGS: THE COMPLEXITY OF UNDERSTANDING RURAL PLACES

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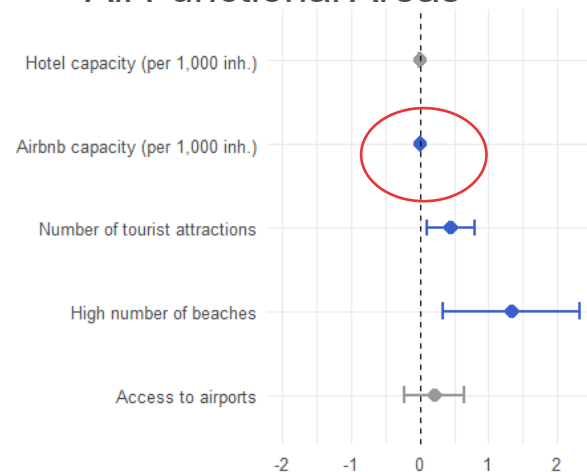
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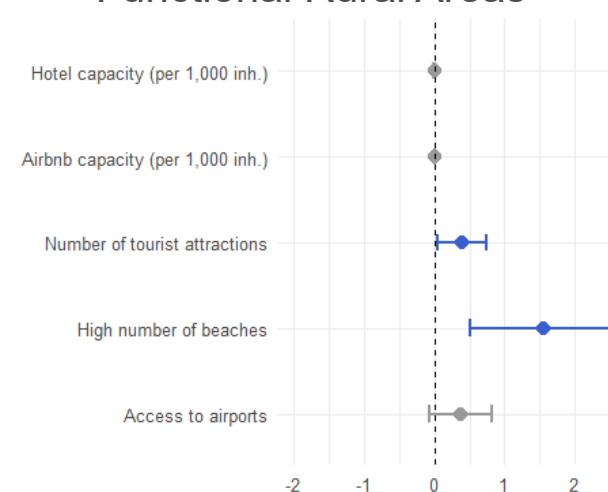
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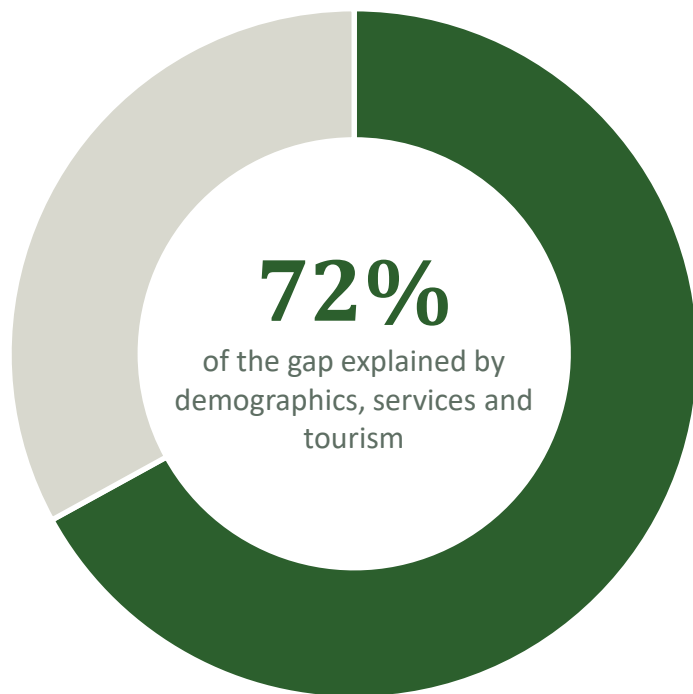


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Most of the gap can be explained — but demographic effects drowns out all other factors



Demographics

Quasi-totality of the gap is explained by demographic differences (Age/Gender/Migrant shares).



Public and Private Services

Current distribution of **public services** is associated with an increase in the gap in population growth between FRAs and FUAs, while the distribution of **private services** reduces it.

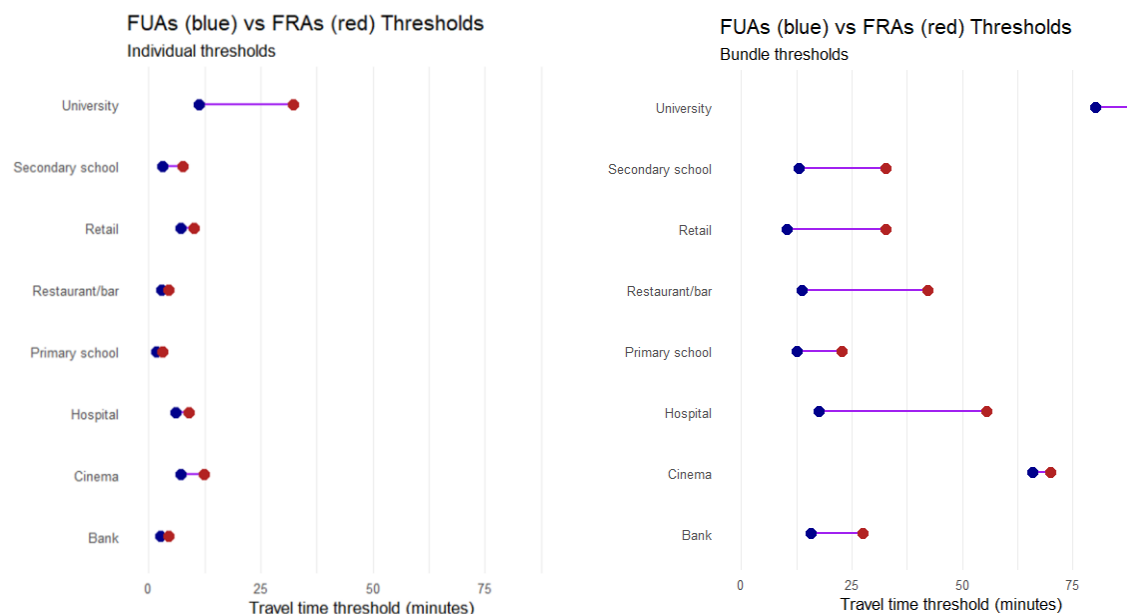


Tourism

No specific contribution to reducing or increasing the gap, even if linear estimates show different trends in FRAs and FUAs.

Services matter — but “how far is too far?”

The distribution of most services increase the gap between rural and urban places.



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Rural areas are more tolerant to distance than urban

In all cases, populations in rural functional areas are less likely to decline with distance than urban functional areas.



Individuals are least tolerant to being far from primary schools

There is low tolerance for distance to schools in all areas, but rural areas have a stronger tolerance once other services are included.



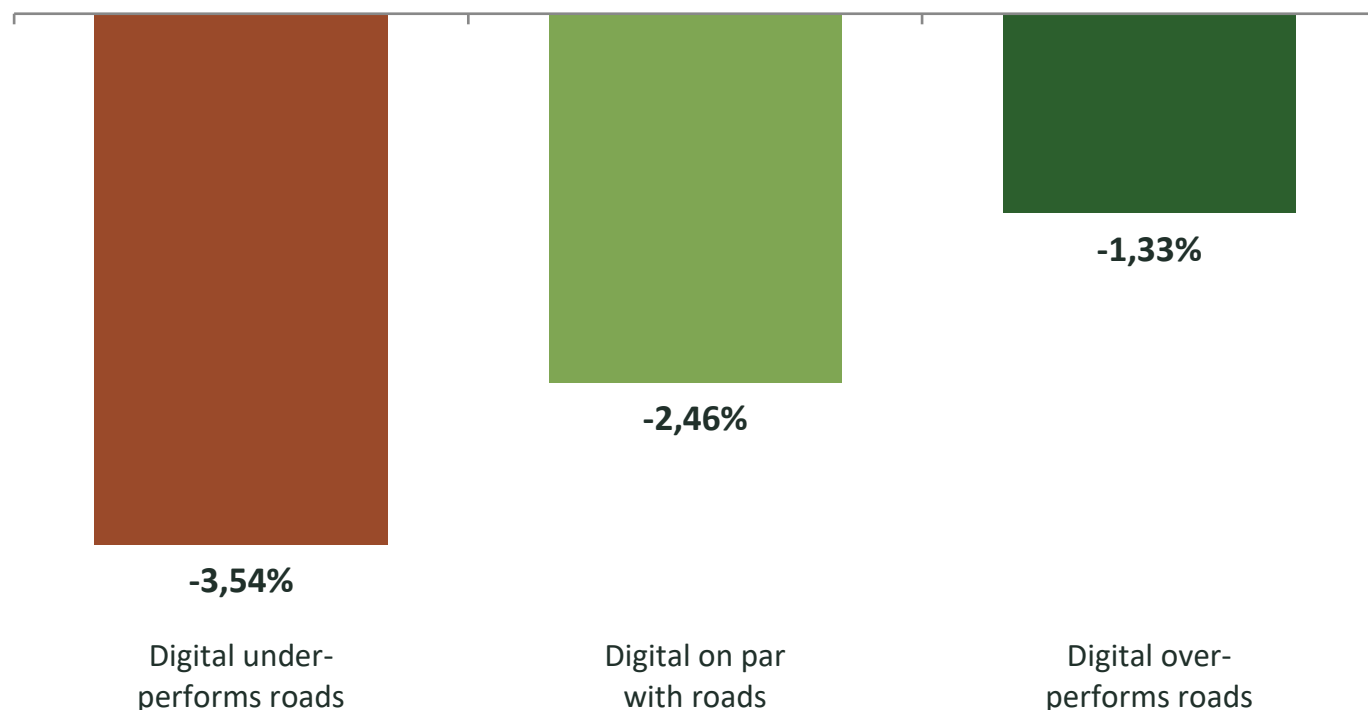
Bundles buy tolerance

Good access to one service compensates for poorer access to another.

Rural areas have the least tolerance for being far from primary schools – beyond 23 minutes and population growth increasingly declines.

Can digital connectivity can partly offset bad physical connectivity?

Average population change for functional areas with mid-range road performance, by how their digital connectivity compares:



+2.2 pp

Moving from digital under-performance to over-performance is linked to growth that is 2.2 points less negative.

Broadband partially offsets weak physical infrastructure.

What next? New, more rural-proofed studies in the future



More years, more certainty

Extend beyond 2011–2021



A minimum-service standard

What level of provision is consistently linked to a place holding its population?



Inside “rural”

Heterogeneity across FRAs by income, by remoteness



New Challenges?

Economic change in rural regions: innovation and productivity in a context of increasing competitiveness of regions.

The destination: The Long-Term Vision for Rural Areas and how our NRPPs can ensure a better distribution of services, including through bundling in functional rural communities.

Thank you!

