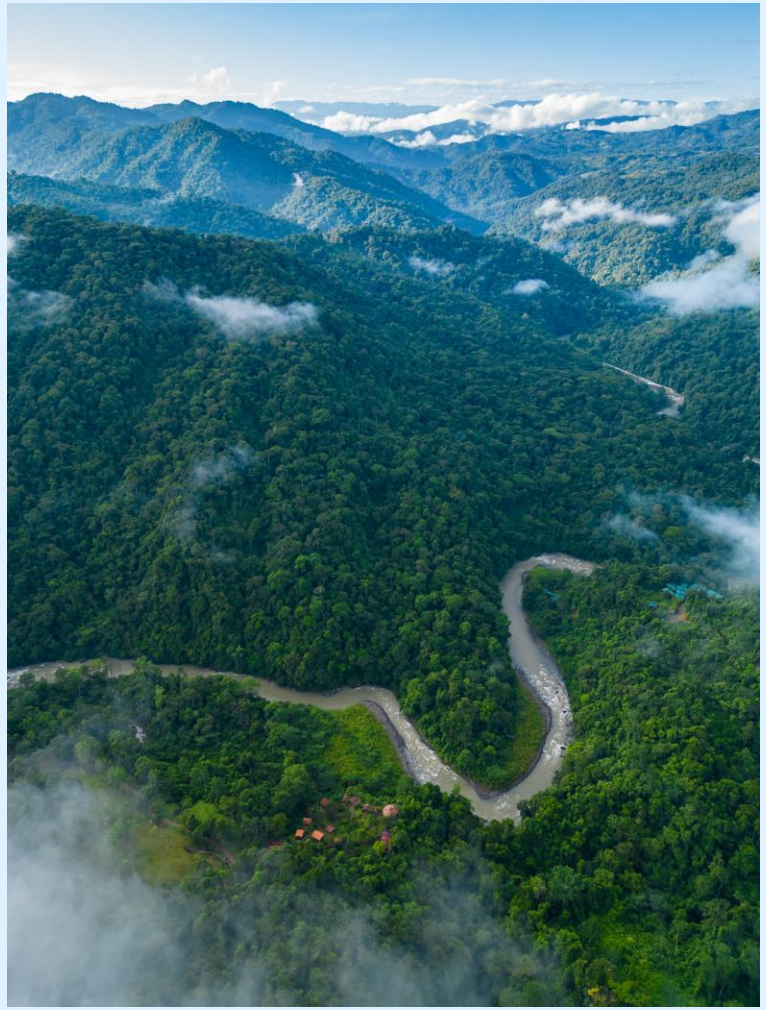
Enhancing policies for competitive, resilient and sustainable rural areas through integrated national rural strategies



Jose Enrique Garcilazo – Head of Rural Development Policy and Natural Resources Unit at the CFE Center / OECD



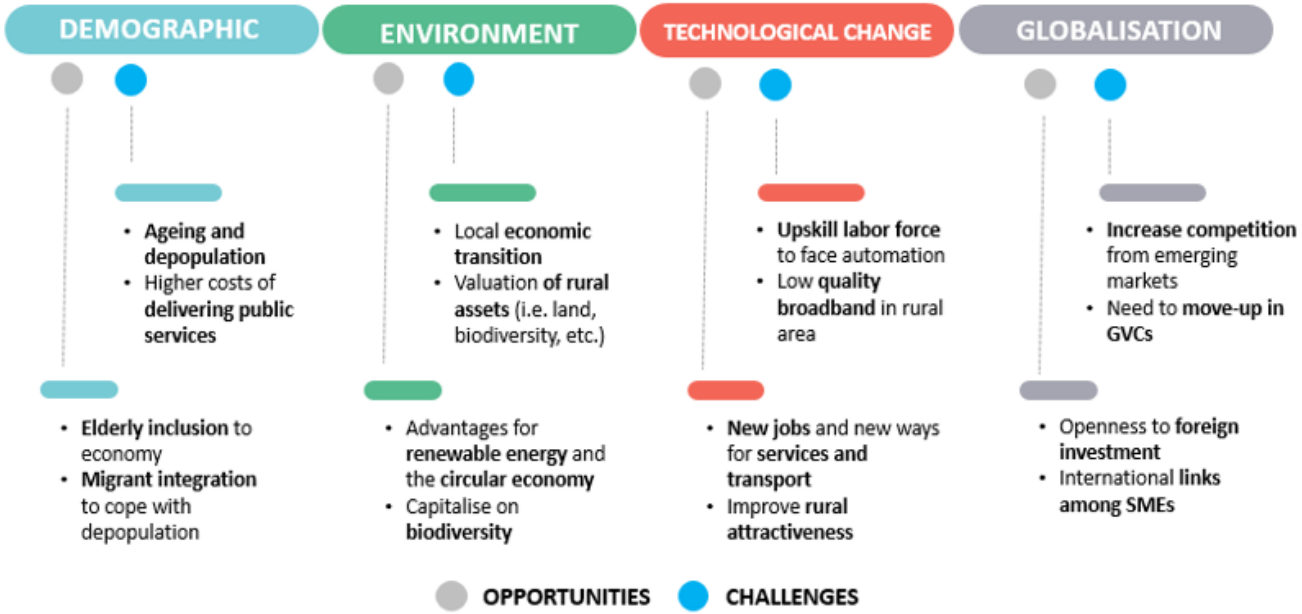
High-level rural policy forum

"Europe's Rural Future – Responding to rural priorities through integrated national and regional strategies and LEADER"

Jose Enrique Garcilazo | OECD Centre for Entrepreneurship, SMEs, Regions and Cities

Naas (Ireland)| **3 November 2026**

A people-centered approach to address opportunities and challenges ….

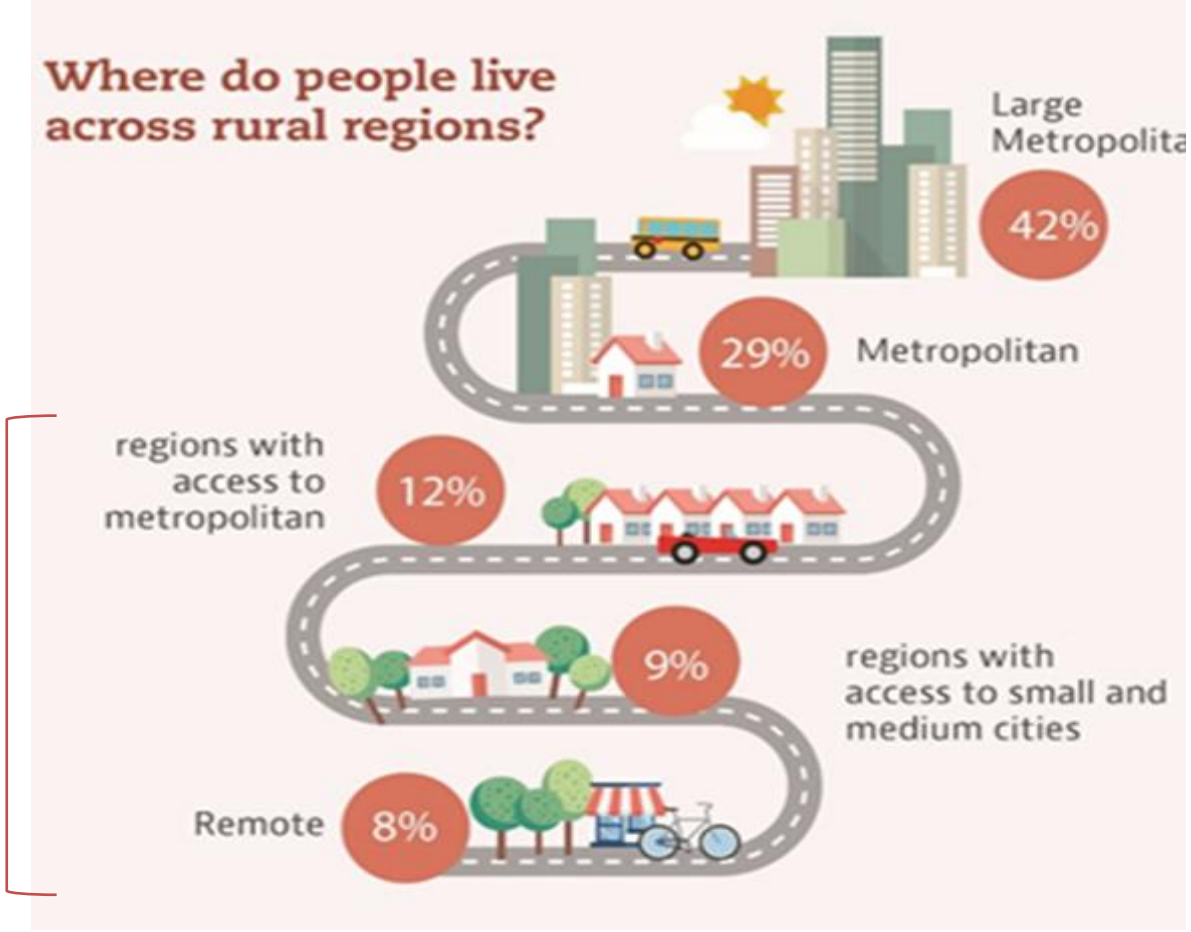


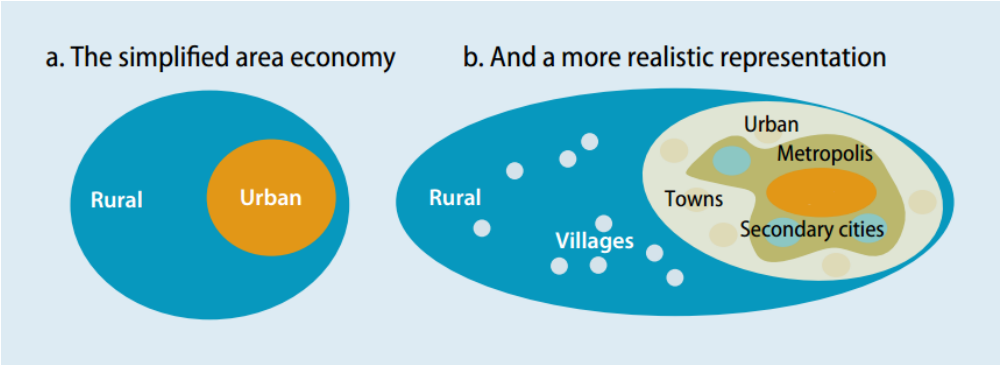


Megatrends are transforming rural economies and societies

The rural well-being framework aims to increase well-being standards of rural citizens

Recognising and measuring different types of rural places…



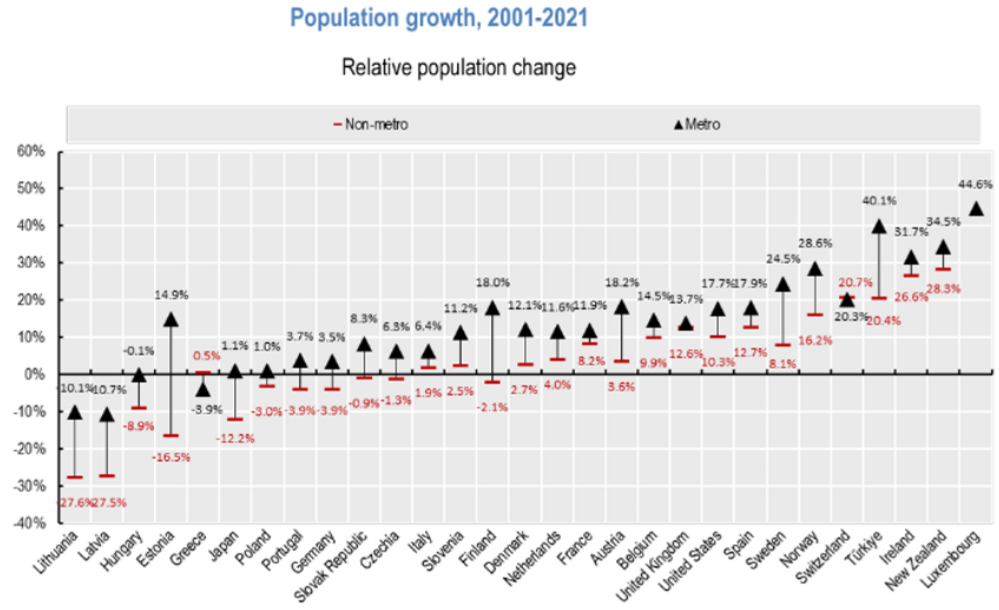


Challenges by type of rural region

Type	Challenges	Opportunities
Rural inside a functional urban area (FUA)	• loss of control over the future • activities concentrate in the urban core • loss of rural identity	• more stable future • potential to capture benefits of urban areas while avoiding the negatives
Rural outside, but in close proximity to a FUA	• conflicts between new residents and locals • may be too far away for some firms, but too close for others	• 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
Rural remote	• highly specialised economies subject to booms and busts • limited connectivity and large distances between settlements • high per capita costs of services	• absolute advantage in production of natural resource-based outputs • attractive for firms that need access to an urban area, but not on a daily basis • can offer unique environments that can be attractive to firms and individuals

Functionality and scale shape different types of rural places

Stylized facts – rural demography and performance



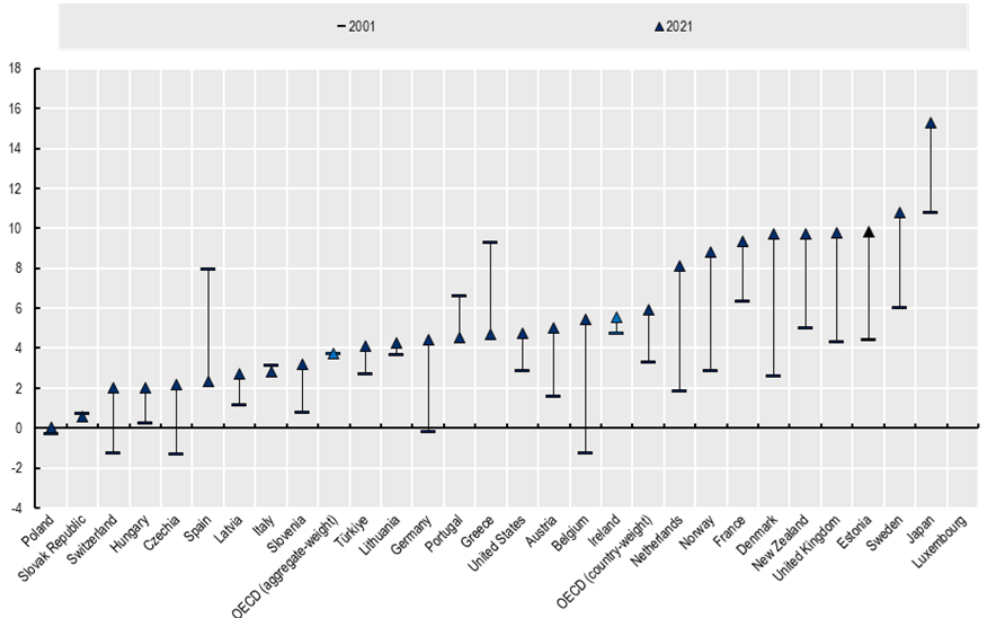
Note: The average figure inside countries is population weighted averages.
Source: Own calculations based on the OECD Regional Database

Population decline is stronger in rural

- In 11 OECD countries rural regions are shrinking
- 40% of remote regions in the OECD are shrinking
- 47% of rural close to medium and small metro are shrinking

Higher elderly dependency rates and a growing gap

- Higher elderly dependency ratios in rural regions (except Poland)
- The gap has increased in all but three countries
- For every 100 people aged 20-64 there were 6 more people in rural



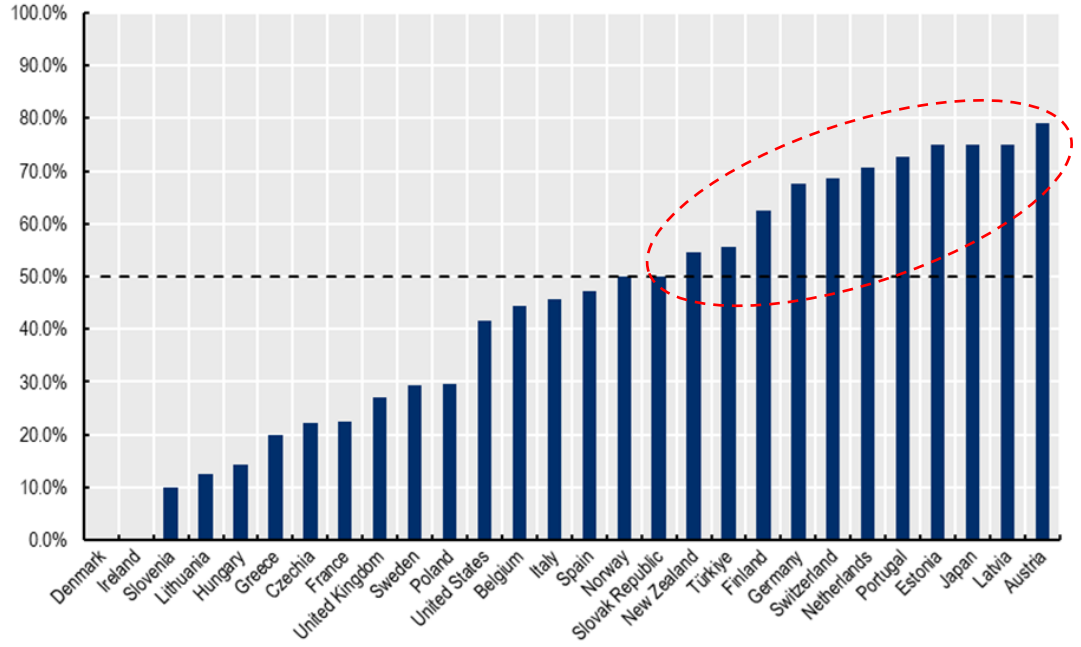
Stylized facts – rural performance and productivity growth

There are pockets of growth in rural regions

- in 11 OECD countries, more than half of rural regions outperformed the national average
- in 6 countries more than 70% of rural outperformed the national average

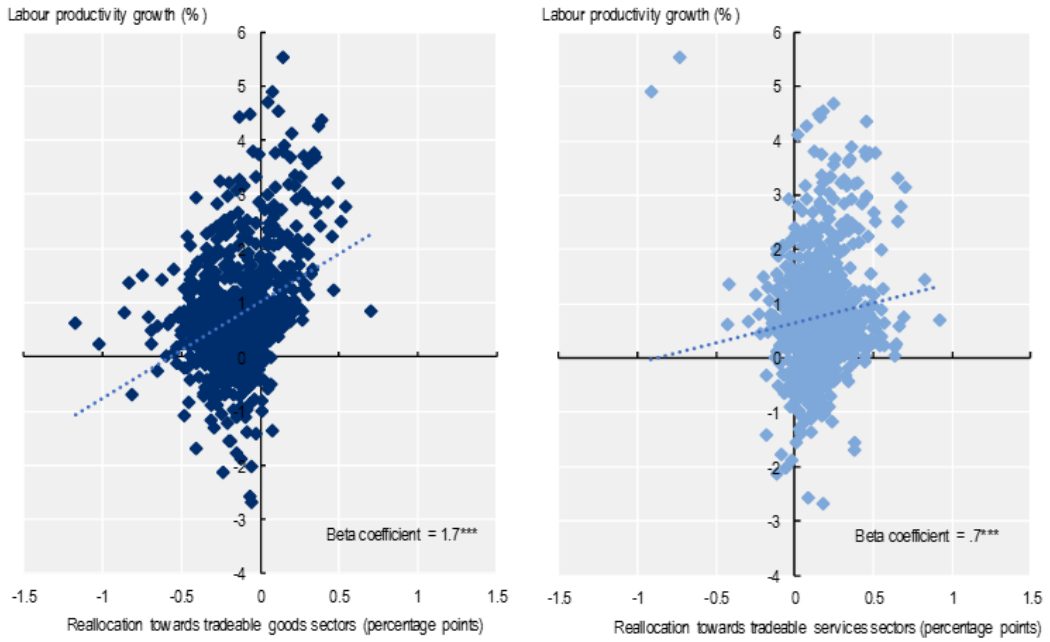
Share of rural regions above their respective national average for GDP per capita

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



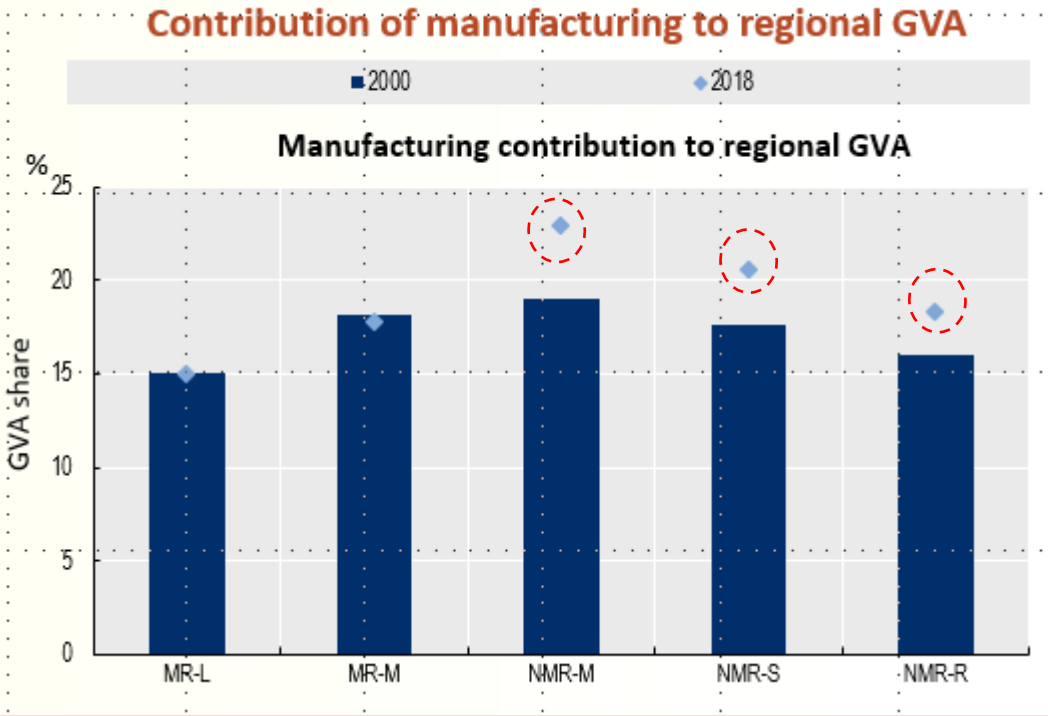
Overall productivity growth is higher in regions reallocating jobs towards tradeable

TL3-level yearly change in the employment share of tradeable sectors and overall productivity growth between 2001 and 2019



The tradable sector is key for rural productivity growth

Stylized facts – rural manufacturing and opportunities from the green transition



Manufacturing's contribution to rural GVA has increased

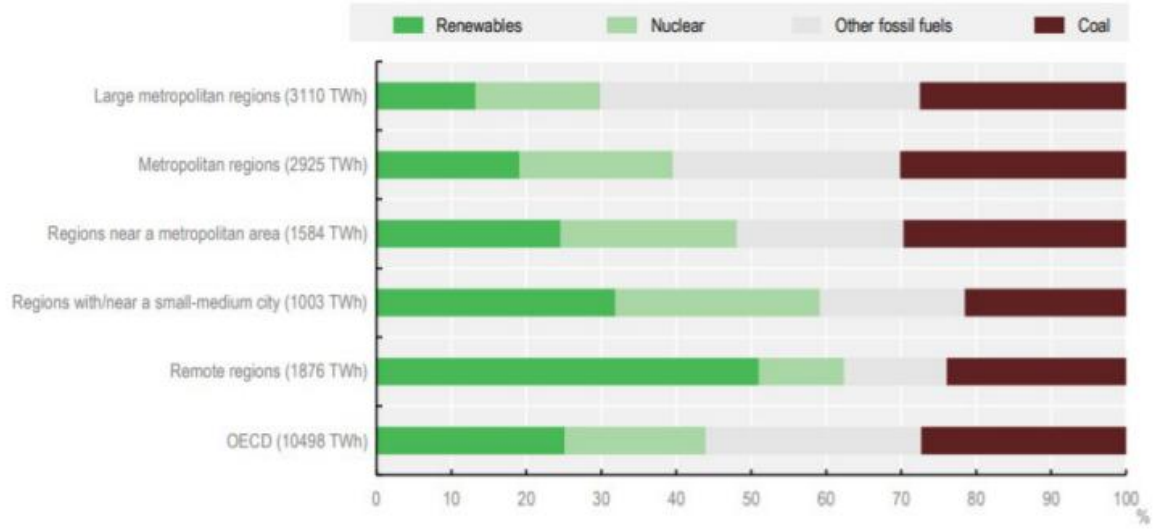
- Despite falls in manufacturing employment in rural areas, it's GVA contribution increased from 18.5% to 21.1%
- Rural regions are home to 30% of population but 45% of rural manufacturing

Rural regions, are leading in renewable electricity production.

- Rural regions contribute more **than 50% of total** renewable energy production in OECD countries.

Rural regions, especially remote ones, are leading in renewable electricity production

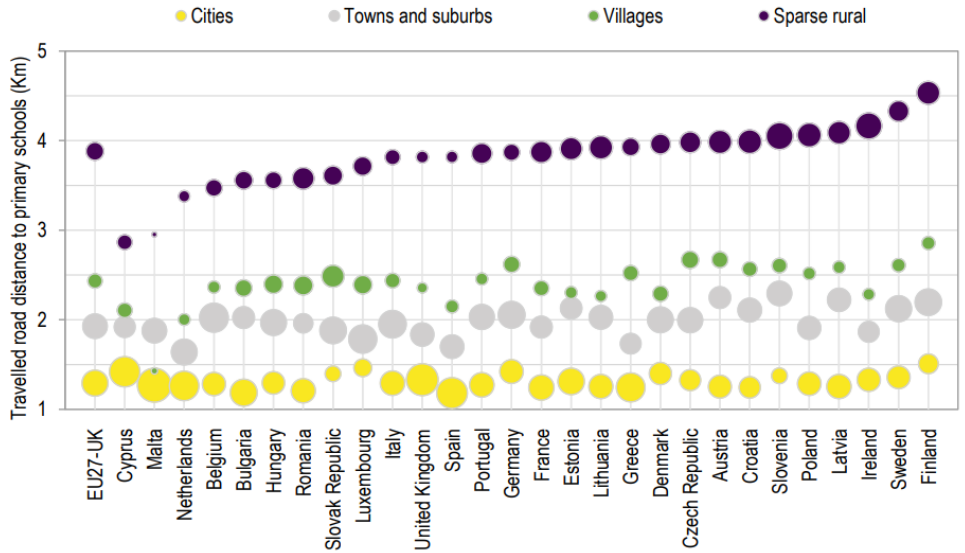
Sources of electricity production, 2017



Source: Adapted from OECD Regions and Cities at a Glance 2020

Stylized facts – access to services and broadband

Distance travelled to primary schools per student by country and degree of urbanisation



Note: Bubble areas represent the share of national population.

Rural areas face the steepest trade-offs: longer journeys to school and higher per-student costs.

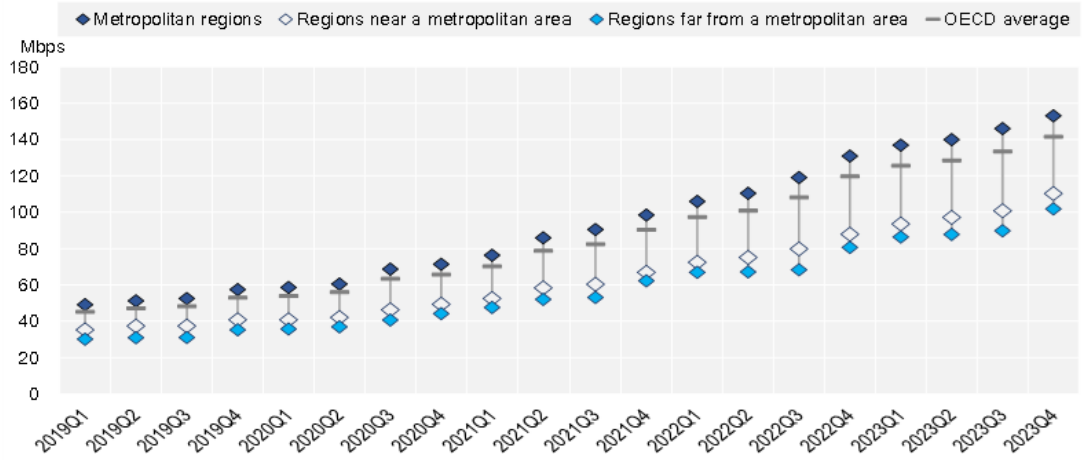
- Rural students travel 4 to 5 times further to primary school than city peers.
- Costs per student are up to 20% higher in sparse areas.
- Rural-urban gaps in PISA scores largely driven by socio-economic conditions, not school quality.

There are still important gaps in broadband coverage.

- On average, a third of rural households do not have access to high-speed broadband.
- Only 7 out of 26 OECD countries have secured access to a high-speed connection for at least 80% of rural households.
- Gaps remain in training and advisory services to strengthen rural digital and AI skills.

Median fixed broadband download speeds in the OECD

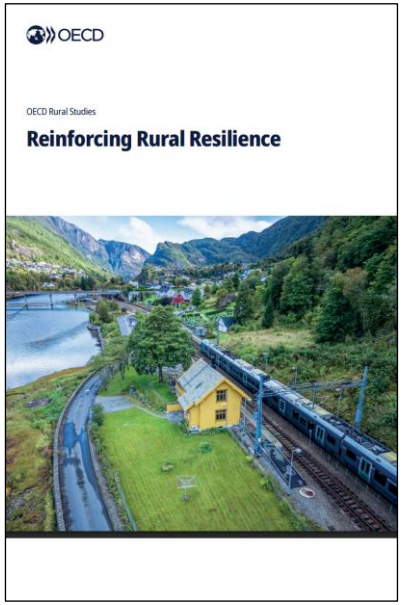
Q1 2019 to Q4 2023, small regions (TL3) classification by type of region, small regions (TL3), 2022

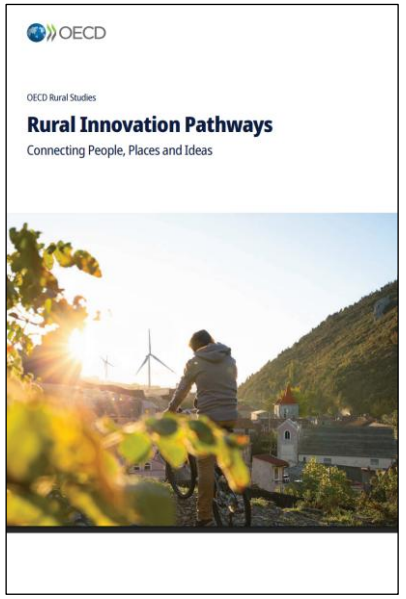


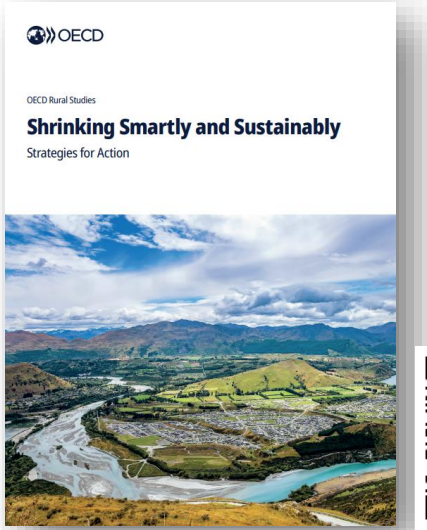
Summary of trends

- Most rural have strong linkages to urban
- Demographic challenges are structural
- Transformations in labour markets
- Pockets of growth: GDP and per capita GDP
- Significant gaps in enabling factors
  - Digital gaps
  - Digital skills
  - Education
  - Health
- Transformations for new opportunities
  - Remote working
  - Digitalisation
  - Transition to the green economy

What are the policy responses?

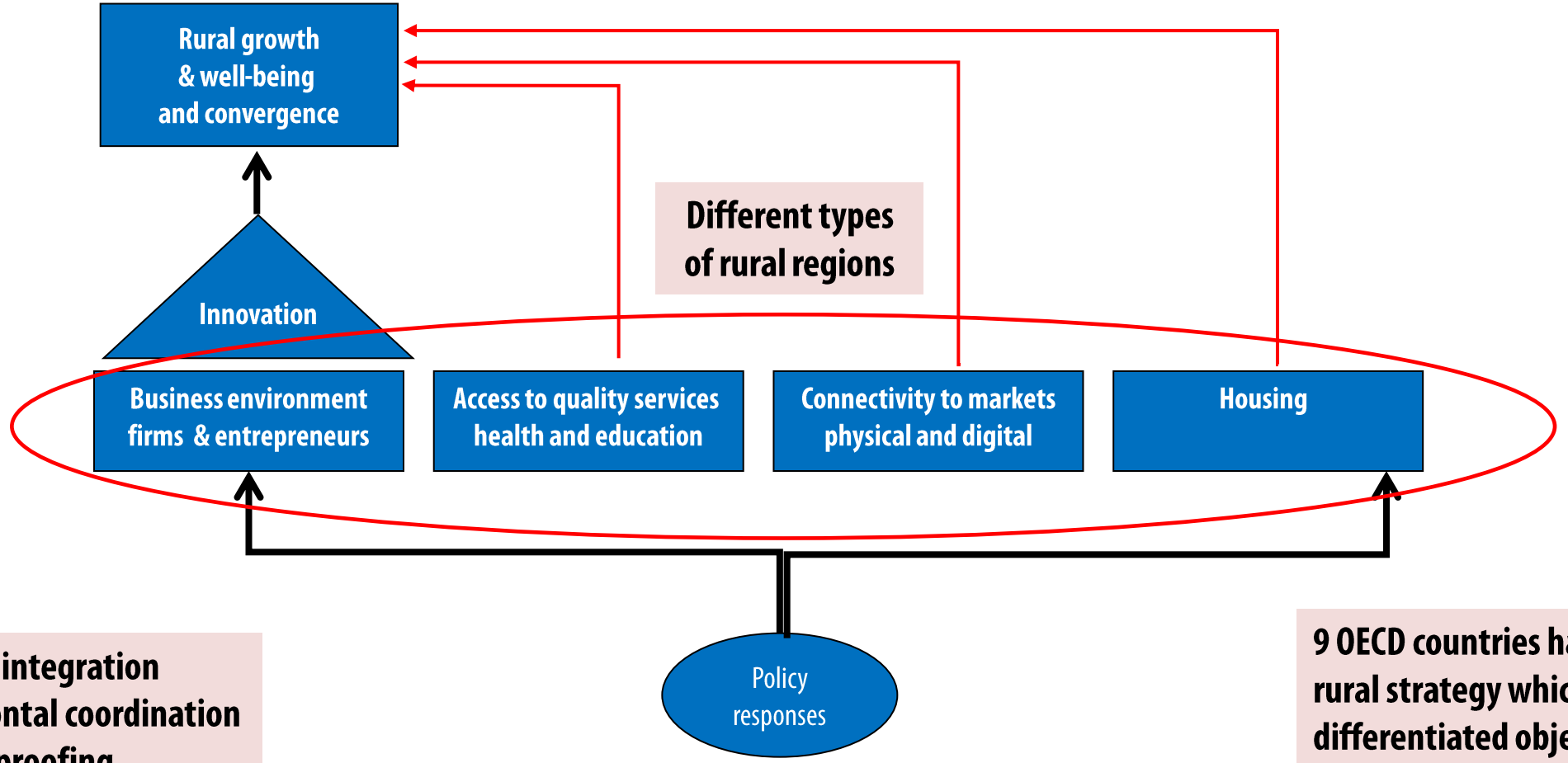








Rural policies need to a holistic approach that invests in enabling factors



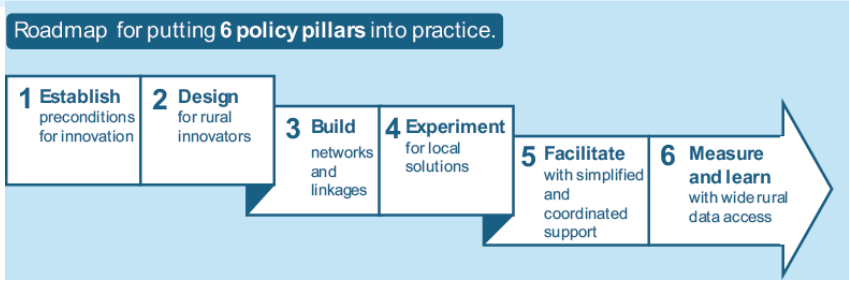
Policy integration
Horizontal coordination
Rural proofing

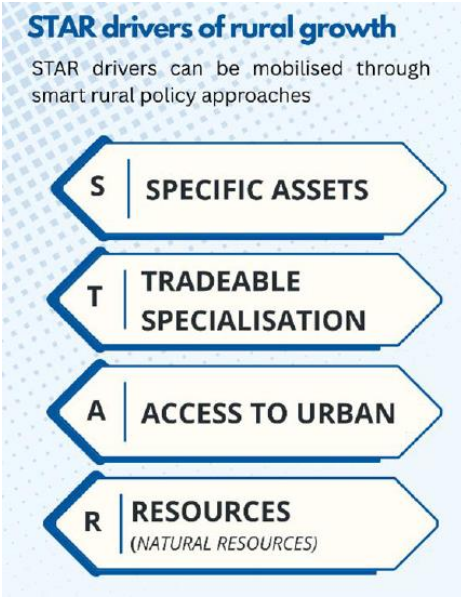
9 OECD countries have a national rural strategy which includes differentiated objectives by places

Rural policies need to build on rural competitive advantages

Rural policy connects territorial assets with capabilities to create new productivity pathways and support productive transformation

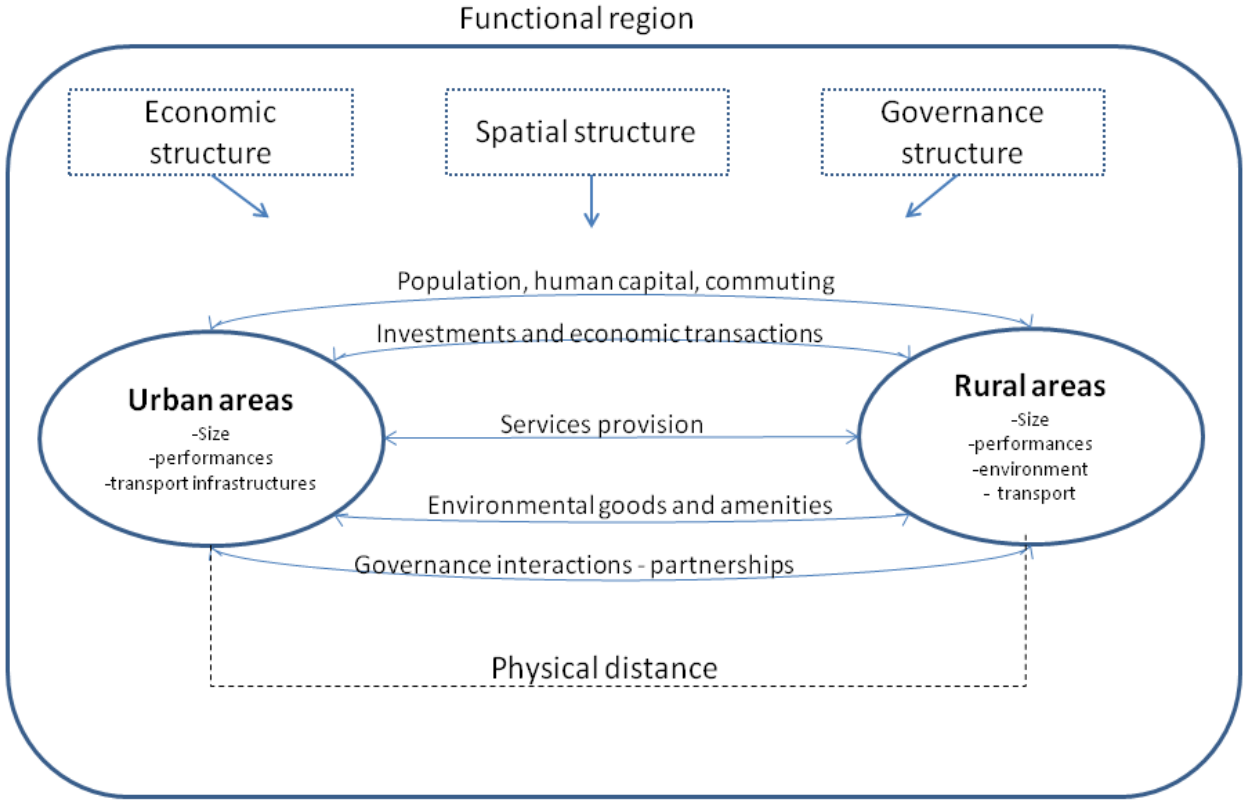






Rural policies need to capitalise on rural-urban linkages

- Labour market flows are key, but there are other crucial rural-urban interactions



Integrating rural and urban policies should occur at different scales

- National level
- Regional level

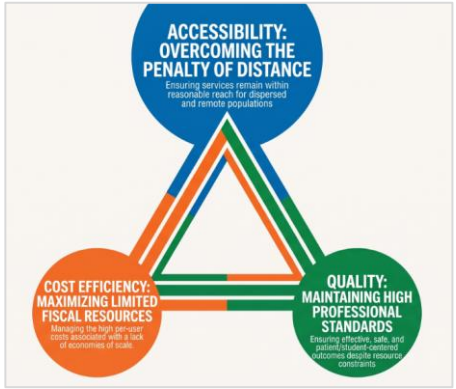
Access to services: taking into account the rural dimension

The challenge

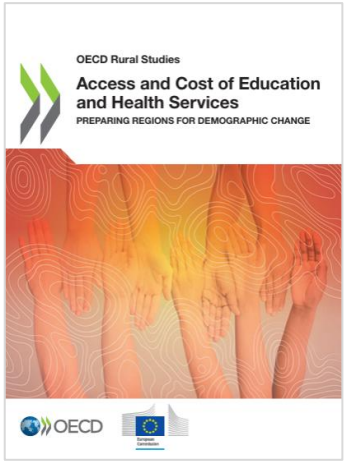
- Distance and low density imply higher per-unit costs in rural.
- There is a need to maximise economies of scale of scope and digital solutions
- The central challenge is to balance three objectives simultaneously: accessibility, quality and cost efficiency.

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, including AI-enabled solution where appropriate







Building capacity and achieve greater scale across rural jurisdictions

Administrative capacity and lack of qualified staff

- Provide tailored capacity building support
- Encourage a functional approach that builds scale
- Rural partnerships: public authorities, business, civil society, academia, citizens

Funding and financing

- Funding consistent with functional responsibilities
- Strengthen local fiscal capacity
- Strengthen funding frameworks (EU, national, private) to leverage financing

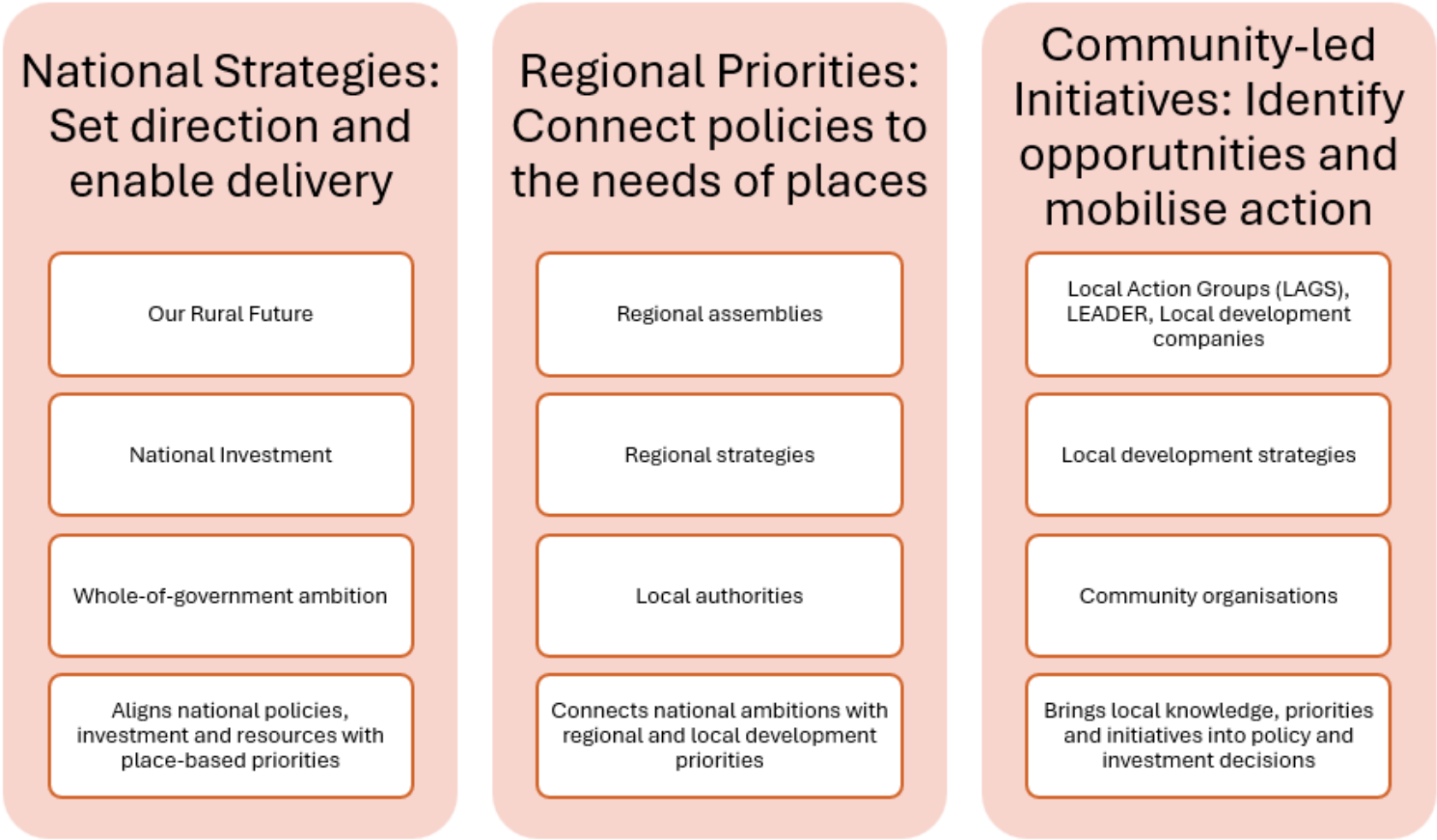
Regulatory challenges

- Administrative simplification
- Joint procurement
- Addressing regulatory/land permitting constraints

Externalities and limited economies of scale

- Inter-municipal cooperation
- Strengthen rural-urban partnerships and role of regional actors
- Integrate rural and regional policies

Ireland connecting national ambition with regional priorities and community-led action



From rural policy design to effective implementation

A CLEAR INTERVENTION LOGIC CONNECTS TERRITORIAL NEEDS, POLICY CHOICES AND RESULTS

1. DIAGNOSE
WHERE ARE WE ?

Use rural data and territorial evidence to identify strengths, challenges and priorities

2. DEFINE THE DIRECTION
WHERE DO WE WANT TO GO ?

Agree on a shared long-term vision and translate it into specific policy objectives

3. ACT AND DELIVER
HOW DO WE GET THERE ?

Select policy measures and delivery mechanisms (including LEADER), allocate resources and define expected results

ENABLING CONDITIONS THROUGHOUT THE PROCESS

Stakeholder and community engagement
Cross-departmental and multilevel co-ordination
Adequate and sustained funding

Forthcoming project:
Supporting the Delivery of Rural Development Outcomes under EU National and Regional Partnership Plans (NRPPs), 2028–2034

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Thank you!

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