



Edinburgh Policy Statement on Enhancing Rural Innovation

Rural areas are places of opportunities and are vital for inclusive growth

The 11th OECD Rural Development Conference confirmed that rural development is essential to achieve inclusive growth. The Conference also stressed the importance of defining rural development beyond agriculture; recognising that rurality is not synonymous with decline; and adopting rural policies that leverage regional assets rather than pursuing a compensatory approach.

Many rural dwellers have expressed discontent with the uneven impacts of globalisation. Low population density, remoteness, and limited diversity in economic structures all expose rural communities to external shocks. Disparities between large urban centres and the countryside remain a concern for countries across the OECD. The promise of the Sustainable Development Goals that “no one is left behind” is at stake. This needs to be acknowledged and addressed.

Countries should seek to adopt strategies to enable rural areas to take advantage of globalisation trends. Trade in food and agriculture, mining and resources, forestry and tourism have driven rural prosperity. However, with increasingly interconnected global value chains, other opportunities are emerging. OECD research has shown that manufactured goods and tradable services are strong drivers of productivity growth in rural areas. Place-based policies relying on multi-sector co-ordination and multi-level governance are necessary to unleash growth potential that is grounded in rural specific assets. The diversity of rural regions calls for the recognition of different types of rural areas, such as: *i*) rural areas inside functional urban areas; *ii*) rural areas adjacent to functional urban areas; and *iii*) remote rural areas. It also calls for supranational, national and subnational policies that better meet the unique needs and aspirations of rural dwellers and businesses.

In this context, technologies that create more deconcentrated and network-based distributive production systems have the potential to reshape the geography of economic activity. The Conference identified several key drivers of change in the 21st century: *i*) additive and distributive manufacturing; *ii*) digital connectivity; *iii*) cloud computing and the internet of things; *iv*) drones; *v*) driverless cars; *vi*) the future of education; *vii*) the future of health; *viii*) shifting values and preferences; *ix*) decentralised energy systems; and *x*) the future of food. Upgrading skills and diffusion of innovation will be paramount for rural dwellers to seize these transformative opportunities.

The Conference also underlined the central role rural areas will play in meeting the major global opportunities and challenges of the 21st century: addressing climate change through new energy sources and the circular and bio economy; guaranteeing food security and nutrition for a growing global population and reducing poverty; and sustainable provision of natural resources that will support the next production revolution.

Rural areas have specific structural challenges to address

Rural communities across the OECD experience a challenging combination of population decline and ageing. Maintaining the quality and scope of public services, creating economic opportunities, raising productivity levels and labour market participation, will be essential to maintain quality of life and attractiveness of rural areas both for people and for businesses.

Rural areas are on the front line of climate change impacts and unpredictable weather. They need to modernise their agricultural and other primary sectors and better integrate food and biomass production. Building a resilient rural economy requires sustainable management of natural resources and the preservation of public goods, such as biodiversity and landscape.

Innovation will be critical for the future competitiveness and sustainability of rural economies.

Innovation will allow rural areas to successfully benefit from the key drivers of change identified at the Conference. Improving connectivity between cities and rural regions will deliver mutual benefits. Investment, including in infrastructure, continues to be important if these benefits are to be sustained. The spread of high-speed internet connects rural dwellers and businesses to new markets, provides educational opportunities, increases social connections and changes the ways that land is managed and services can be delivered. Innovation can also help with efforts to mitigate and adapt to the impacts of climate change. Digital connectivity and new technologies will enable the collection and use of data that increases productivity and the delivery of better public services. Wide-ranging collaboration and partnership among public, private, not-for-profit and educational organisations will also be important for rural innovation.

OECD Rural Policy 3.0 calls for an integrated package of policies

Rural policy should mobilise assets and empower communities in order to enhance the social, economic and environmental well-being of rural areas. Without this focus, rural policies risk recourse to subsidies for lagging regions, which can in the long run, lead to unsustainable dependencies. In this context the Conference confirmed that a robust rural policy should:

- Place well-being at the forefront of rural policy objectives across its multiple dimensions: social, environmental and economic.
- Take a place-based view of rural development that considers the different conditions and needs of communities depending on their geographies/linkages and their local specific assets, such as a “natural capital”. “Place” should also be considered for those policies that are not inherently place-based. Taking a place-based approach implies:
 - Implementing an integrated approach that maximises complementarities across policy sectors ensuring that policies enhance one another. Replacing top-down prescriptive approaches by result-oriented policies with room for local experimentation to favour policy synergies.
 - Designing and implementing policies with a long-term perspective and promoting coherence between rural, sectoral, regional and national policy objectives, through collaboration across levels of government and with the public and private sectors.
- Develop rural-urban linkages to improve regional performance, achieve effective public service delivery and improve quality of life for residents.
- Promote societal approaches based on social innovation with a proactive role for local communities contributing to climate change adaptation and mitigation while ensuring sustainability in rural areas.
- Empower communities to better understand and address the conditions and challenges they face in order to support community-led efforts.
- Incorporate the effect of demographic trends in rural areas on the design of public services, the functioning of rural labour markets, and commuting and migration patterns.

Overall, the Conference calls for policy makers to be forward looking and seize the opportunities brought by innovation in rural areas. It recognises the value of further strengthening OECD comparable data on rural areas, particularly to better capture different types of rural areas and across the three dimensions of wellbeing. The OECD will continue taking stock of best practices and build on a comparative evidence to support the implementation of rural development policies across the OECD and beyond. Finally, the Conference welcomes the current work done at the OECD to establish Principles for a robust rural policy.