Policy Implications of Coronavirus Crisis for Rural Development

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A European Rural Agenda is urgently needed for rural areas after COVID-19 crisis
27 November
Megatrends are shaping the context for rural places and opportunities

**DEMOGRAPHIC**
- Ageing and depopulation
- Higher costs of delivering public services
  - Elderly inclusion to economy
  - Migrant integration to cope with depopulation

**ENVIRONMENT**
- Local economic transition
- Valuation of rural assets (i.e. land, biodiversity, etc.)
  - Advantages for renewable energy and the circular economy
  - Capitalise on biodiversity

**TECHNOLOGICAL CHANGE**
- Upskill labor force to face automation
- Low quality broadband in rural area
  - New jobs and new ways for services and transport
  - Improve rural attractiveness

**GLOBALISATION**
- Increase competition from emerging markets
- Need to move-up in GVCs
  - Openness to foreign investment
  - International links among SMEs
Rural-urban divides have grown since the global financial crisis

Prior to the 2008 crisis, remote rural regions and those near a smaller city were growing fastest and catching up.

Since the crisis, their growth has fallen sharply, contributing to growing regional inequities.

The crisis revealed the higher vulnerability of remote rural regions and those near a smaller city to economic shocks.
The Interim Economic Outlook projects Global GDP to fall by 4.5% this year, before growing by 5% in 2021

Up to 10 times fewer hours were worked in some countries, compared with the first few first months of the 2008 financial crisis.

Real GDP Growth, %, year-on-year

<table>
<thead>
<tr>
<th>Country</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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Note: Forecasts are highlighted by the light grey background.

Cities and capital regions have more jobs amenable to remote working

- The share of jobs amenable to remote working ranges from more than 50% in some capital regions (i.e. Ile de France, London, Stockholm) to less than 25% in some regions in Colombia, Turkey, Slovak Republic, Italy and Spain).

- Rural areas have fewer occupations amenable to remote working (13 pp less than in cities, on average)

Note: Teleworkability estimates following Dingel et al. 2020
Source: OECD
The digital agenda a critical pillar for the future of rural places

- Digital infrastructure is a necessary but not sufficient condition to make the most of digital opportunities.
Digital skills are lower in rural places than in cities

Share of individuals living in rural areas and cities in Europe with basis or above digital skills (2019)

Digital skills are lower in rural places with the highest gap in the Czech Republic standing at 57 pp
COVID Policy Implications of Coronavirus Crisis for Rural Development

A “new normality” and new opportunities in rural places

Although policy responses have focused on addressing rural vulnerabilities in 4 policy areas...

Rural vulnerabilities

- High share of essential workers
- Low share of jobs that can be done remotely.
- Weak availability quality broadband and lower digital skill levels
- An older, poorer, less healthy population
- Limited health service capabilities (i.e. lack of ICU beds and specialised doctors)
- Logistical issues with testing

...there are a number of opportunities emerging for rural places from the COVID-19 crisis

1. Improving health responses & access to medical services
2. Strengthening basic services in rural places
3. Supporting rural workers and businesses
4. Improving digital infrastructure and accessibility

Opportunities

- Higher relevance to enhance quality and use of digital tools/broadband in rural regions
- Remote distributed work might increase linkages between rural and urban
- Shift in consuming habits can favor local products and destinations
- Greater awareness to ensure accessibility to quality services (ehealth, e-education)
- Reshoring of strategic industries that were once delocalised (i.e. raw materials)
- Momentum to accelerate a just transition towards a low-carbon economy for rural communities
- Mobilise and strengthen local networks and co-operative structures to face future shocks

Policy Implications of Coronavirus Crisis for Rural Development, June 2020:
Rural Well-being: Geography of Opportunities

The Rural Well-being Policy Framework provides guidance for:

- Delivering improved well-being for rural dwellers
- Understanding the growth dynamics of low-density economies
- Deploying a range of policy instruments
- Fostering a multi-sectoral approach that engages all stakeholders
- Delivering integrated policies that match the needs and circumstances of different rural economies
- Understanding the spectrum of rural regions ranging from those in an FUA to remote ones

Our full report, now available!
Read our report at: https://oe.cd/3fi
11 OECD Principle on Rural Policy

- Maximize the potential of all rural areas
- Deliver policies at the right geographic scale
- Support rural-urban linkages
- Set a forward-looking vision
- Leverage the benefits from globalization, trade, and digitalization
- Support entrepreneurship and job creations
- Align strategies to deliver public services
- Strengthen social, economic, ecological, and cultural resilience
- Adopt whole-of-government approach
- Promote inclusive development
- Monitor policy outcomes