

33rd SESSION

Report
CG33(2017)16final
19 October 2017

A better future for Europe's rural areas

Governance Committee

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Summary

Rural areas across Council of Europe member States are characterised by their social, economic, and environmental diversity. Some rural areas represent the most prosperous and well performing areas in their countries, while others are experiencing depopulation, demographic ageing, high levels of poverty and land abandonment. These disparities have become more marked since the 2008 financial crisis.

This report discusses the key opportunities and challenges facing Europe's rural areas, such as territorial cohesion, social sustainability, employment opportunities, and infrastructure development.

In its resolution, the Congress invites local and regional authorities in rural areas to raise public and policy makers' awareness on the diversity of rural areas, their potential and assets and their importance as part of Europe's heritage. It calls upon them to devise local rural strategies in partnership with all development actors; to set minimum service standards in order to guarantee continuity in the provision of essential services; to improve education and training; and to support entrepreneurship and innovation in order to diversify the local economy. In its recommendation, it asks the Committee of Ministers to call upon governments to devise new rural development policies, which are both adapted to the specific features of rural areas and grounded in a territorial and multi-sectoral investment approach, and to promote greater equity and well-being in these areas.

1 L: Chamber of Local Authorities / R: Chamber of Regions
EPP/CCE: European People's Party Group in the Congress
SOC: Socialist Group
ILDG: Independent and Liberal Democrat Group
ECR: European Conservatives and Reformists Group
NR: Members not belonging to a political group of the Congress

RESOLUTION 422 (2017)²

1. Across Europe, rural areas are characterised by their social, economic and environmental diversity. Some rural areas are performing well in socio-economic terms, even out-performing their neighbouring urban areas, with prosperous populations working in well paid jobs. Others are experiencing depopulation, demographic ageing, high levels of poverty, land abandonment, a heavy reliance on small-scale agricultural production, limited basic service provision and severe infrastructure challenges.
2. The disparities between rural regions have become more marked since the 2008 financial crisis. Whereas many rural areas close to cities have become more dynamic and resilient, the more remote rural areas have not been able to bounce back in terms of employment and productivity. The long-term developments of globalisation, information technology and climate change are also contributing to making the differences within and between rural areas even more pronounced.
3. Some rural areas are experiencing a shift to a “new rural economy”, with a reduced dependence on land-based activities and the emergence of a more diversified economy, including a range of manufacturing and service sector activities, helped by advances in information and communities technologies and more flexible working practices.
4. Against this backdrop, new approaches to rural policy need to be developed, supporting the exploitation and valorisation of local assets, the local identification of needs and opportunities, and improving the competitiveness of rural areas through identifying new economic functions beyond agricultural production. These policies deserve to be pursued and taken forwards.
5. In the light of the above, the Congress:
 - a. Bearing in mind:
 - i. Congress Resolution 128 and Recommendation 107 (2002) on “The problems of Europe’s countryside”;
 - ii. Congress Resolution 252 (2008) and Recommendation 235 (2008) on “Services of general interest in rural areas, a key factor in territorial cohesion policies”;
 - iii. Recommendation CM/Rec(2007)4 of the Committee of Ministers to member States on local and regional public services;
 - iv. The 2016 Cork 2.0 Declaration, “A better life in rural areas”;
 - b. Aware of the social, economic and environmental diversity that characterises Europe’s rural areas and localities;
 - c. Aware of the importance of rural areas in the preservation of Europe’s natural and cultural heritage;
 - d. Convinced that improved interrelations and partnerships among urban centres and rural areas are important preconditions for economic viability, environmental performance, territorial cohesion and social sustainability in the countries of the Council of Europe;
 - e. Convinced of the value of rural resources capable of delivering sustainable solutions to current and future societal challenges, such as assuring a safe provision of quality food, developing the circular economy and combating climate change;
 - f. Concerned about rural depopulation and youth out-migration and the need to ensure that rural areas and communities remain attractive places to live and work;
 - g. Determined to secure the sustainability of Europe’s rural areas and guarantee a high quality of life and well-being for those living in them;

² Debated and adopted by the Congress on 19 October 2017, 2nd sitting, (see Document CG33(2017)16final, rapporteur: Philippe LEUBA, Switzerland (R, ILDG)).

6. Calls upon local and regional authorities in rural areas of the Council of Europe member States to:
- a.* raise public and policy-makers' awareness on the diversity of rural areas and localities, of their potential and assets, and on the importance of rural areas in Europe's heritage;
 - b.* devise a rural strategy for their area in partnership with all rural development actors and stakeholders, especially by encouraging broad stakeholder participation in evaluating service needs and implementation of the strategy;
 - c.* set minimum service standards in order to guarantee continuity in the provision of essential services in rural areas, including the provision of access to reliable and affordable broadband and mobile coverage;
 - d.* enhance the resilience of rural communities, through community engagement, knowledge exchange, capacity support and capacity-building;
 - e.* improve education and training, by developing policies targeted at low-skilled workers as well as expanding higher education;
 - f.* support entrepreneurship and innovation to diversify the local economy, including through mentoring and peer support, grant and/or loan funding from the public and private sectors, or providing help and advice on the different aspects of running a business, such as marketing, and networking;
 - g.* decentralise regional administrative services from regional capitals in order to provide qualified workplaces in rural zones and remote areas;
 - h.* disseminate information among the local stakeholders of national and international support programmes to support rural development projects, such as the European Union LEADER programme;
 - i.* encourage and develop the collection of quantitative and qualitative data, to gather accurate and up-to-date evidence about all aspects of rural areas and actors, with a view to ensuring more effective rural policies across Council of Europe member States.

RECOMMENDATION 406(2017)³

1. A striking feature of Europe's rural areas is their social, economic and environmental diversity. While some rural areas are performing well in socio-economic terms, out-performing their neighbouring urban areas with prosperous populations working in well paid jobs, others are experiencing depopulation, demographic ageing, high levels of poverty, land abandonment, a heavy reliance on small-scale agricultural production, a limited level of basic service provision and infrastructure challenges.

2. Disparities between rural areas have become more marked since the 2008 financial crisis. While rural areas close to cities have demonstrated increasing dynamism and resilience, remote rural areas have been unable to return to their former levels of employment and productivity. Other long-term trends such as globalisation, technological change, and climate change are contributing to making the differences within and between rural areas even more pronounced.

3. Many rural areas are witnessing a shift to a “new rural economy”, with reduced dependence on land-based activities and the emergence of a more diversified economy, including a range of manufacturing and service sector activities, facilitated by advances in information and communication technologies and more flexible working practices.

4. Against this backdrop, new approaches to rural policy are required, to support the exploitation and valorisation of local assets, the local identification of needs and opportunities, and to improve the competitiveness of rural areas through identifying new economic functions beyond agricultural production.

5. In the light of the above, the Congress:

a. Bearing in mind:

i. Congress Resolution 128 and Recommendation 107 (2002) on “The problems of Europe’s countryside”;

ii. Congress Resolution 252 (2008) and Recommendation 235 (2008) on “Services of general interest in rural areas, a key factor in territorial cohesion policies”;

iii. Recommendation CM/Rec(2007)4 of the Committee of Ministers to member States on local and regional public services;

iv. The 2016 Cork 2.0 Declaration, “A better life in rural areas”;

b. Aware of the social, economic and environmental diversity that characterises Europe’s rural areas and localities;

c. Aware of the importance of rural areas in the preservation of Europe’s natural and cultural heritage;

d. Convinced that improved interrelations and partnerships among urban centres and rural areas are important preconditions for economic viability, environmental performance, territorial cohesion and social sustainability in the countries of the Council of Europe;

e. Convinced of the value of rural resources capable of delivering sustainable solutions to current and future societal challenges such as assuring a safe provision of quality food, developing the circular economy and combating climate change;

f. Concerned about rural depopulation and youth out-migration and the need to ensure that rural areas and communities remain attractive places to live and work;

g. Determined to secure the sustainability of Europe’s rural areas and guarantee a high quality of life and well-being for those living in them;

³ See footnote 2

6. Recommends that the Committee of Ministers call upon the governments of its member States to:
- a. recognise the diversity of regions and the special qualities and assets of rural areas and communities;
 - b. devise new policies to support rural development, adapted to the specific features of rural areas, and grounded in a territorial and multi-sectoral investment approach by:
 - i. building on rural-urban interdependencies, in particular by being more aware of the linkages and inter-relationships between rural and urban areas and how to maximise them for mutual benefit;
 - ii. working strategically and holistically across policy portfolios on a territorial basis, focusing on places rather than supporting sectors;
 - iii. developing an integrated approach to rural development policies, involving all levels of government and various local stakeholders operating across all sectors, and encouraging initiatives and innovations from local private actors, associations or companies, in particular by providing them with a greater access to skills and know-how;
 - iv. placing emphasis on supporting the exploitation and valorisation of local assets of rural areas, rather than highlighting their needs and deficiencies;
 - v. promoting rural prosperity and the rural potential to deliver innovative, inclusive and sustainable solutions for current and future societal challenges, such as economic prosperity, food security, climate change, resource management, social inclusion, and integration of migrants;
 - vi. boosting knowledge and innovation, ensuring that rural businesses have access to appropriate technology, state-of-the-art connectivity and new management tools to deliver economic, social and environmental benefits;
 - c. promote greater equity and maximise well-being in rural areas by:
 - i. guaranteeing continuity and equity of access to quality services through appropriate legislation;
 - ii. paying particular attention to overcoming the digital divide and developing the potential offered by the connectivity and digitisation of rural areas;
 - iii. decentralising regional administrative services from regional capitals in order to provide qualified workplaces in rural zones and remote areas;
 - d. encourage and develop the collection of quantitative and qualitative data to gather accurate and up-to-date evidence about all aspects of rural areas and actors, with a view to ensuring more effective rural policies across Council of Europe member States;
 - e. guarantee, within the limit of financial and budgetary constraints, continuity in the provision of those local and regional public services which are considered to be essential for the population.

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Executive summary

1. Rural areas across Council of Europe member States are hugely diverse. Some rural areas represent the most prosperous and well performing areas in their countries, while others are experiencing depopulation, demographic ageing and high levels of poverty and land abandonment is a very real risk. The 2008 economic crisis has increased the disparities between rural areas.

2. There are different rationales for intervening in rural regions, including the need to support the living conditions and wellbeing of rural citizens, and to promote equity in terms of service and infrastructure provision. Other rationales relate to the need to support businesses in the accumulation of capital and the need to ensure that rural land and resources are properly maintained and wisely used. There may also be benefits from state investment in underdeveloped regions to reduce the potential for out-migration and associated instability, including in public service provision, and to increase economic and social cohesion across national and regional territories.

⁴ The report has been prepared with the help of Dr Jane Atterton (Rural Policy Centre Manager and Researcher) and Professor Sarah Skerratt (Rural Policy Centre Director and Professor of Rural Society and Policy). For more information on the Rural Policy Centre, please see: www.sruc.ac.uk/ruralpolicycentre. The experts would like to acknowledge the contributions of several colleagues who provided case study material for us to include in the report. Their names are provided with the relevant case studies.

3. Reviewing the OECD, EU and Eastern Partnership work on rural development in recent decades demonstrates a shift from an emphasis on large-scale, sectoral and exogenously-generated development projects to smaller endogenously-generated, holistic regeneration projects where multiple organisations work collaboratively in partnership.

4. For these new approaches, the capacity of communities to engage is critical, especially at a time when public sector budgets are being tightened.

5. Importantly, there is also an increasing emphasis on building positively on the assets of rural places, rather than highlighting their needs and deficiencies. This approach recognises the potential of all rural areas to contribute to regional and national food security or to be at the forefront of innovative approaches to demographic ageing, delivering services, or valuing natural resource-based amenities.

6. The diversity of rural areas means that policy responses may need to be different in different places. For example, it may be appropriate for some regions to maintain a focus on targeted investments, for example in infrastructure, including digital technologies, or in skills improvement and training. In rural areas where agriculture is still a dominant employing sector it is important to ensure that it is considered as a key part of a broader rural development strategy. Recognising and building on rural-urban linkages is also important, as is encouraging entrepreneurship and innovation.

7. Whatever the focus of different policy approaches, key underlying principles include:

- Taking a holistic, territorial place-based approach, not one which is sectoral;
- Engaging communities from the outset as key, if not lead, partners;
- Partnership-working across agencies;
- Taking an assets-based approach rather than a needs-based approach.

8. The importance of community capacity building cannot be emphasised enough; all community members need to be given the skills, resources, knowledge, space, trust and time to engage fully in development processes.

9. Critical to ensuring informed place-based approaches is having a thorough, up-to-date and accurate evidence base on the characteristics of rural places. Investment is needed in existing and new quantitative and qualitative data collection approaches to ensure better rural coverage across Council of Europe member States. Despite the considerable rural diversity, there is much that members can learn from one another through the exchange of information and best practice examples.

1 Introduction

10. Across Europe, there is great diversity in the characteristics of rural areas, both within and between countries. Some rural areas are performing well in socio-economic terms, often out-performing their neighbouring urban areas with prosperous populations working in well paid jobs. Others perform poorly, with many local people living in poverty, reliant on small-scale agricultural production and experiencing basic service provision, and an outflow of people who are economically active in search of better education and employment opportunities elsewhere.

11. The OECD has undertaken detailed work exploring the varying performance of rural and urban areas across its member States. This has found that the success or otherwise of rural areas is considerably more affected by change in economic conditions than in urban areas. Remote rural areas are particularly vulnerable to global shocks. Moreover, economic performance varies more across rural areas than it does across intermediate and urban areas. The OECD presents evidence of growing disparities between rural areas, whereby those close to (and usually well connected with) cities have become more dynamic and resilient since the 2008 crisis. In contrast, remote rural areas have not been able to bounce back in terms of employment and productivity so the gap in performance between remote and accessible rural areas is growing.⁵ In addition to the impacts of the global financial crisis, a range of other long-standing and new processes including globalisation, technological change, climate change and demographic ageing, are contributing to making the

⁵ OECD (2016) *OECD Regional Outlook 2016, Productive Regions for Inclusive Societies*, OECD Publications, Paris.

differences within and between rural areas even more pronounced. These processes are bringing both opportunities and challenges for rural areas.

12. As well as being particularly vulnerable to changing economic conditions, rural areas are also vulnerable to two false assumptions that are often held by policy-makers. The first is that cities are the only engines of national growth with rural areas simply dependent on them, unable to generate their own 'endogenous' growth or, worse still, synonymous with decline. This has resulted in an emphasis in policy on encouraging the agglomeration of economic activities in urban centres, which merely serves to reinforce this assumption. However, the evidence is clear to challenge this picture of lagging rural areas dependent on exogenous resources. In fact, as the OECD has demonstrated, some predominantly rural areas have, on average, shown faster growth than intermediate or even predominantly urban areas.^{6,7} Other researchers have also presented evidence of innovation and entrepreneurship in even the most remote rural areas.⁸

13. A second dominant but incorrect policy assumption is one which equates rural economies with agriculture or land-based activities. It is true that agricultural activities still make up substantial proportions of employment in remote rural areas of some northern and western EU member States. In Scotland, for example, agriculture, forestry and fishing activities made up 36% of enterprises in remote rural areas in 2014 and 16% of employment.⁹ However, in many accessible rural areas across OECD countries, economies are increasingly diversified, outward-looking and interdependent, not just with nearby city regions but with other rural and urban areas across the globe.¹⁰ Again in Scotland, for example, 17% of all enterprises operating in the professional, scientific and technical activities sector are in accessible rural areas.¹¹ This reduced dependence on land-based activities and emergence of a more diversified economy, including a range of manufacturing and service sector activities, helped by advances in information and communities technologies and more flexible working practices, is often termed the shift to a 'new rural economy'.¹²

14. The 'new rural economy' is more usually evident in accessible rural areas, but remote rural areas in EU countries, and many rural areas in other Council of Europe member States, still experience serious and ongoing challenges which require policy intervention. These challenges include: the out-migration of people (particularly those of working age) and an ageing demographic; a heavy reliance on small-scale (often subsistence) agriculture on small units of land; a limited number and range of high quality employment options and a dominance of low paid, low skilled labour with few training and career advancement possibilities; a limited (and often decreasing) level of basic service provision; infrastructure challenges, including poor road and rail links and slow and unreliable (or non-existent) broadband and mobile phone services; and high levels of poverty, including fuel poverty (which often go unmeasured due to difficulties in gathering evidence). The knock-on impacts of depopulation can be significant, in terms of: changes to the natural environment and landscape of an area (for example if people move out of agriculture and land is abandoned); reductions in service provision as demand falls; and reduced levels of knowledge, skills and capacity amongst the local population to lead or contribute to local development projects through endogenously-driven development. This reduced capacity is especially concerning today: as public sector budgets become more constrained, activities are being devolved from the public sector to

6 OECD (2012) *Promoting Growth in All Regions*, OECD Publications, Paris. For more information see: <http://www.oecd.org/regional-policy/promotinggrowthinallregions.htm>. There have also been several EU-funded research projects focusing on the extent to which some rural areas are performing better (economically and socially) than others, and why this is the case. See for example: Bryden, J. and Hart, K. (eds.) (2004) *A New Approach to Rural Development in Europe: Germany, Greece, Scotland and Sweden*, Mellen Studies in Geography Volume 9, Lewiston, Queenston and Lampeter; Arnason, A., Shucksmith, M. and Vergunst, J. (eds.) (2009) *Comparing Rural Development: Continuity and Change in the Countryside of Western Europe*, Ashgate, Surrey UK and Burlington, USA.

7 Copus, A. and de Lima, P. (2015) From rural development to rural territorial cohesion, in Copus, A. and de Lima, P. (eds.) *Territorial Cohesion in Rural Europe*, Routledge: London and New York, pp. 3-10.

8 See for example, Freshwater, D. (2016) Economic Transformations: Understanding the Determinants of Rural Growth, Shucksmith, M. and Brown, D. (Eds.) *Routledge International Handbook of Rural Studies*, Routledge: London and New York (pp. 99-107).

9 Scottish Government (2015) *Rural Scotland Key Facts 2015*, Scottish Government: Edinburgh. Available online: <http://www.gov.scot/Publications/2015/03/5411>

10 Copus, A. and de Lima, P. (2015) From rural development to rural territorial cohesion, in Copus, A. and de Lima, P. (eds.) *Territorial Cohesion in Rural Europe*, Routledge: London and New York, pp. 3-10.

11 Data taken from Atterton, J. (2016) Scotland's rural economies – looking beyond the land-based sector, in Skerratt, S. et al. *Rural Scotland in Focus 2016*, Edinburgh, Scotland's Rural College.

12 For more information, see Atterton, J. (2016) Invigorating the New Rural Economy: Entrepreneurship and Innovation, in Shucksmith, M. and Brown, D. (Eds.) *Routledge International Handbook of Rural Studies*, Routledge: London and New York (pp. 165-180).

local people and communities. Local communities need to have the skills, resources and knowledge to respond to these new opportunities.

15. Rural policy responses need to be specific in these rural areas when compared to those where the economy is diversified, the majority of people are wealthy and have a range of employment options, and there is a good level of service provision. The underlying rationales for intervention are also very different. In 'underdeveloped' rural areas, policies may need to be targeted at reducing poverty, up-skilling the population to help them diversify away from agriculture and take advantage of new business opportunities outside agriculture, and ensuring basic service provision. Such interventions will help to improve the socio-economic performance of these regions, increase cohesion and reduce the intra-country disparities, thereby helping to boost the performance of the country as a whole. For better performing rural areas, appropriate interventions may be more focused on the provision of affordable housing in areas where house prices have been artificially raised by the in-migration of wealthy commuters or second home owners, for example.

16. Building on this introduction, this report has three main sections. Section 2 presents summary data relating to some of the challenges facing Europe's rural areas. Section 3 discusses the 'state-of-the-art' in terms of rural policy approaches, reviewing the OECD, EU and Eastern Partnership approaches and how they have evolved over the last two decades. Section 4 of the report discusses a set of key themes and the opportunities and/or challenges they represent for rural areas across the Council of Europe member States, drawing on case study information. Finally, the report concludes with a set of recommendations to tackle the challenges facing rural areas. These recommendations emphasise the key principles of place-based working, including taking a territorial, holistic approach, working in partnership, fully involving local people and being positive, so as to maximise the potential of the range of assets available locally.

2 The challenges facing Europe's rural areas

2.1 Rural population change

17. Statistics gathered by Eurostat show that 51.3% of the EU's land area was classified as predominantly rural, accounting for 22.3% of the population (112.1 million people) in 2012.¹³

18. Population change across the NUTS 3 regions has also been documented. Data collected in 2014 demonstrates that many of the predominantly rural regions experienced population decline of over 4% in this year.¹⁴ This includes rural areas of Spain, Portugal, Italy, Scotland, Finland, the Baltic States, Romania and Greece. This is an ongoing trend for many rural areas. In contrast, many of the intermediate regions experienced population growth, including in parts of the UK, Germany and France. The statistics clearly demonstrate the diversity across Europe's rural areas in terms of population change.

2.2 Rural demographic ageing

19. Data on the proportion of working age population in the total population in NUTS 3 regions¹⁵ shows that many of the areas with the lowest proportions of their populations of working age are predominantly rural, particularly in the UK, France, Sweden and Finland where many areas have less than 57.5% of their population of working age.

20. This data highlights the considerable demographic challenges that are facing many of Europe's rural areas. These demographic challenges have potentially serious knock-on impacts, for example, in terms of land abandonment, decreased employment, reduced service provision at a time of increasing demand, and increased social fragmentation as a result of higher levels of poverty and exclusion.

13 See Map "Urban-rural typology by NUTS 3 regions", 2012, illustrating areas classified as predominantly rural, intermediate and predominantly urban, at http://ec.europa.eu/eurostat/statistics-explained/index.php/Rural_development_statistics_by_urban-rural_typology#Focus_on_the_population_in_predominantly_rural_regions

14 See Map "Population change, 2014 (NUTS 3 regions)", 2014 at http://ec.europa.eu/eurostat/statistics-explained/index.php/Population_statistics_at_regional_level

15 See Map "Share in the total population of the working age population (aged 20-64) by NUTS 3 regions", 2015, at http://ec.europa.eu/eurostat/statistics-explained/index.php/Population_statistics_at_regional_level

21. Yet, at the same time, it is important to remember that demographic ageing can bring opportunities, for example by placing rural areas at the forefront of innovative ways of engaging older people in economic and social development opportunities locally.¹⁶

2.3 Rural living standards, poverty and incomes

22. Alongside depopulation and demographic ageing, rural areas in some Council of Europe member States are facing other challenges. This can be illustrated with reference to evidence from Turkey and the Russian Federation.

23. Recent evidence from 2016 suggests poverty is a particular challenge in rural areas of Turkey. The rural poverty rate in Turkey is 35% compared to the urban poverty rate of 22%. This poverty is leading to a growing problem of hunger in rural Turkey and is also impacting on individuals' and families' access to secure employment, education and healthcare.¹⁷

24. In the Russian Federation, over 27% of inhabitants live in rural areas, amounting to 38 million people. The majority of settlements in rural Russia (72%) are very small with less than 200 inhabitants; only 2% of settlements have more than 2000 inhabitants, making basic service and infrastructure provision costly. The standard of living in the Russian Federation's rural areas is very low and the income gap between rural and urban areas is increasing. In 2011, for example, wages in agriculture were only 52% of the national average wage.

25. The Russian Federation's agricultural sector suffered from a lack of investment during the period of economic transformation in the 1990s, due to its longer capital turnover, low return, outdated infrastructure and specific natural conditions of production. In turn, this led to reduced income for local people, unemployment and out-migration to urban centres. This resulted in a lack of capital and labour in Russian rural areas, leading to the degradation of both agricultural production and rural infrastructure, and giving rise to social tensions.

26. The situation in Stavropol Region in the Russian Federation provides further evidence of the challenges facing many rural areas in the Council's member States. In 2011, agriculture made up almost one quarter of production from the region, with people employed in very many small organisations and enterprises, often at household level. The average per capita income in rural areas of the Stavropol Region was only 68.9% of the Russian average. Workforce productivity in agriculture in the Stavropol Region was also below the national average. Depopulation from rural areas of the Stavropol threatens the existence of many small settlements as well as regional and national food security as people withdraw from working the land. Unemployment in the region is also high as a result of the unattractiveness of the low paid jobs within agriculture and the lack of alternative options, and overall the population is ageing.¹⁸

3 Policies to support rural development

3.1 Introduction

27. This section of the report focuses on underlying rationales for state intervention in rural areas and on explaining how the OECD, EU and Eastern Partnership rural development policies have evolved over the last two decades.

3.2 The rationale for intervention in rural areas

28. It is often assumed that the challenges in rural areas arise when there is market failure, i.e. the private sector does not provide a good or service because it is uneconomic to do so. In these instances the public sector and/or (increasingly) the third or community sector, is required to intervene. However, this intervention may be based on different underlying rationales.¹⁹ One is the welfarist rationale, i.e. the need to support basic levels of social wellbeing and to promote equity

16 See for example: Atterton, J. (2006) Ageing and Coastal Communities, *Centre for Rural Economy Research Report 46, Final Report for the Coastal Action Zone Partnership*. Available online: <http://www.ncl.ac.uk/cre/publications/reports/>; Brown, D. and Glasgow, N. (2008) *Rural Retirement Migration*, Dordrecht, Springer.

17 For more information, see: <https://borgenproject.org/hunger-in-turkey-prevails-in-rural-areas/>

18 Erokhin, V., Heijman, W. and Ivolga, A. (2014) Sustainable Rural Development in Russia through Diversification: The Case of the Stavropol Region, *Visegrad Journal on Bioeconomy and Sustainable Development*, 3 (1), pp. 20-25.

19 The text in this section is adapted from Woods, M. (2005) *Rural Geography*, Sage: London, Thousand Oaks, New Delhi.

between citizens. In this rationale, the state may intervene in order to improve the living conditions of people in rural areas, to invest in infrastructure to provide public services, or to stimulate economic development.

29. Second, there is an economic rationale for intervention, in which the capitalist state operates to support businesses in the accumulation of capital e.g. providing infrastructure allowing businesses to develop in rural areas, providing loans, training etc.

30. Third, there is a stewardship rationale in which state acts in the interests of society as a whole to ensure that rural land and resources are properly maintained and wisely used.

31. Fourth, is a rationale which relates to the spatial control of the population. The reasoning behind this kind of intervention is to reduce the potential for instability and remove the need for the reconfiguration of public services resulting from the large-scale depopulation of rural areas and movement of people into cities (in response to economic downturn, for example). From a managerial perspective, it is better for the state to invest in economic development in underdeveloped regions hence reducing the push-factors for out-migration.

32. As evident from the discussion of the OECD, EU and Eastern Partnership approaches to rural development which follows, there has been an evolution in the type of intervention which is used in rural areas. In general, there has been a shift away from top-down 'development' approaches which involve large-scale, state-led infrastructure projects to 'regeneration' which implies bottom-up, small-scale, community-led rural regeneration, drawing on indigenous resources. These new bottom-up approaches provide a positive opportunity for local people to get involved - i.e. to become empowered - in shaping a tailored solution for the challenge/s they are facing.

33. Since 2008, there has been a new driver of change, namely the need to reduce public sector spending. This has also led to an increased emphasis on involving local community and private sector actors although the underlying rationale for this is very different – it is about efficiency and finding ways of reducing spending (i.e. 'doing more with less'), rather than equity or territorial cohesion, for example.²⁰ However, whatever the rationale or the regional and national context, the capacity of local people to engage in activities is critical. Without this engagement and empowerment, there is a real risk of increasing uneven development trajectories between rural areas.

3.3 The OECD's approach to rural policy – places and investments

34. The OECD's New Rural Paradigm (NRP), endorsed by member countries and published in 2006,²¹ advocated an approach to rural policy based on places and investments.²² The NRP is grounded in a territorial, integrated (or multi-sectoral) investment approach which focuses on places rather than supporting sectors (largely through the provision of subsidies to agriculture), which was the dominant approach at the time. Following the principles of the NRP, the 'job' of rural policy is to identify and better understand how the various components of a local economy interact, and how indigenous capabilities for rural development may be supported.

35. The NRP places emphasis on supporting the exploitation and valorisation of local assets, the local identification of needs and opportunities, and improving the competitiveness of rural areas through identifying new economic functions and improving the conditions for rural enterprise. While the key actors in previous approaches to rural development were national governments and sectoral agents (principally farmers), the NRP involves all levels of government (from the supranational to the local level) and various local stakeholders operating across all sectors. The NRP formed the basis for the OECD's series of systematic reviews of country strategies for rural development.²³

20 Brown, D. and Schafft, K. (2011) *Rural people and communities in the 21st century*. Cambridge: Polity.

21 OECD (2006) *The New Rural Paradigm, Policies and Governance*, OECD Publications, Paris. Available online: <http://www.oecd.org/gov/regional-policy/thenewruralparadigmpoliciesandgovernance.htm>.

22 For more information on the NRP and its applicability in the UK, see:

http://www.sruc.ac.uk/info/120485/thriving_communities_archive/777/2012_building_on_the_new_rural_paradigm.

23 A list of all the country reviews can be found online here: http://www.oecd-ilibrary.org/urban-rural-and-regional-development/oecd-rural-policy-reviews_19909284.

36. Nine years later, in its 'New Rural Policy: Linking up for Growth' publication,²⁴ the OECD noted the significance of the NRP as a result of the economic crisis in 2008 which encouraged governments to think about how to work harder at doing more with scarce resources. The NRP had advocated a radical shift in positioning rural policy as an investment strategy promoting competitiveness in rural areas, rather than a subsidy programme aimed at a specific sector (namely agriculture). As a result of the economic crisis, generating economic growth, increased competitiveness and more job opportunities became all the more important. At the annual OECD Rural Development Conference in 2012 in Krasnoyarsk, Russia, participants discussed how to develop policies and programmes aligned with the principles of the NRP. In its 2015 report, the OECD called for a new rural narrative which emphasised how important rural areas are in national objectives, including those relating to economic development and prosperity. The OECD cites 'green economy' initiatives as one example of a change in perception of rural areas and their importance which resulted in large (public and private) investment.

37. One year later, ten years on from the NRP, the OECD published its 2016 Regional Outlook Report,²⁵ which argued that there has been progress in moving rural development approaches beyond farm supports to recognise the diversity of rural areas and the importance of connectivity to dynamic areas. The organisation put forward 'Rural Policy 3.0', representing a refinement of the NRP informed by their country-specific rural reviews. Rural Policy 3.0 moves from the conceptual framework of the NRP to identifying more specific mechanisms for implementing effective rural policies and practices, across increasingly diverse rural areas.

38. Rural Policy 3.0 argues that a key objective of rural policy should be to increase rural competitiveness and productivity in order to enhance the social, economic and environmental wellbeing of rural areas. This in turn will increase the contribution of rural areas to national performance. Within this approach, policies should focus on enhancing competitive advantages in rural communities and should draw on integrated investments and the delivery of services (not providing subsidies) that are adapted to the needs of different types of rural areas. Rural Policy 3.0 describes a partnership-driven approach (which could be rural-rural, rural-urban or government and non-profit/business partnerships) that builds capacity at the local level to encourage participation and bottom-up development. This capacity building is critical to fostering the success and resilience of rural areas.

3.4 The EU's approach to rural policy – territorial and bottom-up

3.4.1 Sectoral and territorial support for rural areas

39. Looking back to 1988, the European Commission's communication on 'The Future of Rural Society'²⁶ included a number of important messages about the EU's rural areas, including that these areas are diverse, and that rural development is not only about agriculture, but is about broader economic, social and environmental development and therefore requires an integrated policy approach which is multi-disciplinary and multi-sectoral in its implementation. The communication concluded that there must be a coordinated, integrated management of policies relevant for the development of rural areas. These key messages remain as relevant now as they were in 1988.

40. The most significant support for rural areas in the EU comes through the Common Agricultural Policy (CAP) which accounted for approximately 40% of the total EU budget in 2014 (a significant reduction from 73% in 1985).²⁷ Of this, around 30% is direct aid to farmers and market-related expenditure, with only 9-10% representing spending on wider rural development, such as through the LEADER programme.²⁸ The EU's rural development policy is funded through the European Agriculture Fund for Rural Development (EAFRD), which is worth €100 billion from 2014-2020 across all member States.

41. Member States and regions draw up their rural development programmes (i.e. Pillar 2 of the CAP) based on the needs of their territories and addressing at least four of the following six common

24 OECD (2015) *New Rural Policy: Linking up for Growth*, OECD Publications, Paris. Available online: <https://www.oecd.org/rural/rural-development-conference/documents/>.

25 OECD (2016) *OECD Regional Outlook 2016, Productive Regions for Inclusive Societies*, OECD Publications, Paris.

26 CEC (European Commission) 1988 *The Future of Rural Society*, COM (88) 501, Brussels.

27 European Commission (2016) *CAP post-2013: Key graphs and figures*, Available online: ec.europa.eu/agriculture/sites/agriculture/files/cap-post-2013/graphs/graph1_en.pdf

28 "Liaison Entre Actions de Développement de l'Économie Rurale", or "Links between the rural economy and development actions".

EU priorities: fostering knowledge transfer and innovation in agriculture, forestry and rural areas; enhancing the viability and competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management; promoting food chain organisation, animal welfare and risk management in agriculture; restoring, preserving and enhancing ecosystems related to agriculture and forestry; promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors; promoting social inclusion, poverty reduction and economic development in rural areas.

42. Alongside the CAP, the EU's Regional Policy directs large amounts of funding to rural areas, for example to improve infrastructure, encourage entrepreneurship and develop skills. Over time, there has been closer alignment of EU funding for agriculture and rural development with funding for regional development and cohesion, with all member States being required to establish a partnership agreement to coordinate all EU structural investment funding (ESIF) from 2014 onwards.

43. It is worth noting that there has been a shift in terms of the underlying rationale for rural development policies in the EU in recent decades, with a move (at least to some extent) towards a more territorial or place-based rather than sectoral approach, and an emphasis on bottom-up development, with local people involved in shaping (or better still leading) development projects, rather than reliant on top-down interventions. This has been in evidence since the launch of the LEADER programme in the early 1990s, but its key features can be summarised with reference to the 2009 Barca report which argued in favour of a place-based approach to policy-making in the EU:

“A place-based policy is a long-term strategy aimed at tackling persistent underutilisation of potential and reducing persistent social exclusion in specific places through external interventions and multilevel governance. It promotes the supply of integrated goods and services tailored to contexts, and it triggers institutional changes. In a place-based policy, public interventions rely on local knowledge and are verifiable and submitted to scrutiny, while linkages among places are taken into account... this strategy is superior to alternative strategies that do not make explicit and accountable their territorial focus....”²⁹

44. However, as demonstrated by the figures relating to the CAP budget breakdown above, funding for broader, territorial rural development is very limited when compared to sectoral funding for agriculture. Most notably, LEADER spend is required to be only 5% of member States' rural development programme funding and often projects are somewhat separated from other rural and regional development actions. More promising, however, is the generalisation of the LEADER approach as 'community-led local development' across all of the EU's Structural and Investment Funds from 2014-20. The increased alignment of regional and rural development funding in the current programming period provides an important avenue for cooperation and coordination across these funding streams, i.e. a new opportunity for territorial development. It remains to be seen how far this opportunity is maximised to the benefit of Europe's rural areas, particularly those experiencing serious demographic decline, in the current (and future) programming period.

3.4.2 A shift in focus from the needs of rural areas to building on their assets³⁰

45. Alongside the move to a more territorial and bottom-up approach to the development of Europe's rural areas, there has been a shift from emphasising the needs of rural areas, to a more positive assets-based approach in the EU, as already discussed in relation to the OECD's 'New Rural Policy: Linking up for Growth' report in 2015 for example.³¹

46. The 1996 Cork Declaration – A Living Countryside,³² the ten-point rural development programme for the EU, focused on the complexities and needs of Europe's rural areas, and what should be put in place to support Europe's agriculture and wider rural communities to fulfil their potential across economic, environmental and social objectives. The language is largely “needs-based”, for example: rural preference to be given to rural areas in terms of a fairer allocation of funds to enable sustainable development; an integrated approach focused on co-financing for those areas

29 See also Barca, F. (2009) *An Agenda for a Reformed Cohesion Policy: A Place-Based Approach to Meeting European Union Challenges and Expectations*, Brussels: DG-Regio

30 For a fuller discussion of this shift, see Skerratt, S., Atterton, J., McCracken, D., McMorran, R. and Thomson, S. (2016) *Rural Scotland in Focus 2016*, Edinburgh, Scotland's Rural College (SRUC). Available online: <http://www.sruc.ac.uk/RSiF2016>.

31 OECD (2015) *New Rural Policy: Linking up for Growth*, OECD Publications, Paris. Available online: <https://www.oecd.org/rural/rural-development-conference/documents/>.

32 For more information, see: http://ec.europa.eu/agriculture/rur/cork_en.htm

“most in need”; and diversification, described in terms of the necessary supporting framework to promote viable development.

47. In contrast, in 2016, in The Cork 2.0 Declaration – A Better Life in Rural Areas,³³ the language is far more focused on innovation and the contribution that rural areas make to the wider economy, society and environment of the EU, with the starting-point being: “the key role of rural areas and communities in implementing the United Nations Sustainable Development Goals (SDG) as well as [...] the United Nations Framework Convention on Climate Change (UNFCCC)” (p.1). The Declaration notes: the value of rural resources; the importance of rural areas in Europe’s heritage; fostering innovation and entrepreneurship in traditional rural domains as well as new sectors of the economy; agricultural and forestry value chains being engines of growth providing jobs and livelihoods to millions; and the importance of farmers as stewards and principal providers of environmental public goods. This all culminates in ten “innovative, integrated and inclusive rural and agricultural policy” priorities around: prosperity; value chains; viability and vitality; environment, climate change and climate action; boosting knowledge, innovation and rural governance. The two-day conference itself, organised in September 2016, held a panel debate on “innovative and alternative delivery mechanisms”, with the conference as a whole recommending that EU policy makers: “improve public awareness of the potential of rural areas and resources to deliver on a wide range of economic, social, and environmental challenges and opportunities benefitting all European citizens” (p.5).

3.5 The Eastern Partnership’s approach to rural policy

48. As previously discussed, there is great diversity across the rural areas of European countries. While accessible rural areas in many countries in northern and western Europe are experiencing population growth and new investments and represent some of the best performing and wealthiest areas in these countries, there are many rural areas where a large majority of the (often increasingly older) population is in poverty and remains dependent on small pockets of land and subsistence or semi-subsistence agriculture. In these areas rural infrastructure tends to be poor and the resources available to, and the capacity, of the local population are severely limited.

49. In recognition of these challenges and building on the experiences of the EU, the work of the Eastern Partnership has demonstrated the need for member countries to develop agriculture and rural development policy, including for small-scale farmers. Here, efforts to modernise agriculture and increase production in a sustainable way go hand-in-hand with developing the infrastructure of rural areas, increasing the income opportunities and improving the quality of life and prospects for local people.

50. In the 2014-20 programming period, through the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD), Eastern Partnership countries are working with EU member States to prepare long-term agriculture and rural development strategies and build institutional capacities at national and local levels. While much of this work focuses on increasing the competitiveness and sustainability of the agricultural sector, there is recognition alongside this of the need to promote community-led rural development through both agricultural and non-agricultural initiatives to diversify economic, social and cultural activities in ways that will directly benefit citizens and their quality of life.³⁴

3.6 Conclusion rural policy approaches across the Council of Europe member States

51. This brief review of rural policy approaches in the OECD, EU and Eastern Partnership countries has revealed evidence of a transition in how the development of rural areas has been approached in policy terms. While the underlying rationale/s for intervention and the key points of focus may vary, there is certainly much similarity in terms of the guiding principles, including a greater recognition amongst policy-makers of the need to move away from top-down, exogenous initiatives focused on particular sectors towards place-based territorial approaches, which recognise the endogenous resources that rural areas have and the contributions that they can make (without losing sight of the challenges that many rural areas still have to overcome). This bottom up approach involves a shift in the way that rural development is managed (i.e. it is no longer about large-scale, state-led infrastructure projects but is about cross-sectoral working) and a change in the type of activities that

33 For more information, see: http://ec.europa.eu/agriculture/events/rural-development-2016_en.htm

34 For more information, see for example: <http://www.fao.org/europe/resources/assessment-of-agriculture-and-rural-development-sectors-in-the-eastern-partnership-countries/en/>

are promoted through development initiatives. Often economic development is no longer the main focus; initiatives may be more about community development. Importantly though they are led by empowered local people, working in partnership with others, including external agencies and individuals, through well-developed networks.

52. Notwithstanding the advantages of transferring responsibilities to local rural communities, there are two key challenges with this approach. First, there may be instances where state intervention may still be required, for example, if a rural area has suddenly lost a significant employer resulting in unemployment and out-migration, in order to avoid large-scale depopulation and land abandonment. However, in an era where public sector budgets are tightening and governments are reducing welfare payments, this state support may become harder to find and justify. In these instances, greater onus is likely to be placed on communities to act, but they may lack the capacity and resources to make a difference when the challenges are significant.

53. Besides, while for some communities this shift has been empowering, others which lack capacity, skills, resources etc. may find themselves falling behind, leading to a new uneven geography of rural development. While this is an issue in some of the more remote areas in EU member States, it may be more of a challenge in newer EU member States and other Council of Europe member States, which lack a tradition of local engagement in state initiated programmes. This does not mean that this should not be tried and be the guiding principle behind intervention, but extra state facilitation and support may be required.

4 Key challenges and opportunities for Europe's rural areas

4.1 Introduction

54. Having provided some background information on the challenges being experienced by rural areas of the Council's member States and on the shifts that have occurred recently in terms of policy approaches, the report now turns to discuss five key issues and the challenges and opportunities they represent for rural areas : territorial cohesion, social sustainability, employment, capacity-building and infrastructure development.

55. Policy and research attention must be paid to these core issues in order to support the development of rural areas. Examples of good practice from across Council of Europe member States are included where appropriate.

4.2 Territorial cohesion

56. The concept of territorial cohesion, as understood in Europe, is based on "ensuring the harmonious development of all places and about making sure that their citizens are able to make the most of inherent features of these territories. As such, it is a means of transforming diversity into an asset that contributes to the sustainable development of the entire EU".³⁵ For the EU, territorial cohesion is critical to the promotion of economic and social wellbeing.

57. As the Congress itself noted in 2008,³⁶ access to services of general interest³⁷ in rural areas is a key element of social and territorial cohesion and should be delivered within the values and principles of equality, socio-geographic solidarity, continuity and transparency. Congress Recommendation 235 (2008) on "Services of general interest in rural areas, a key factor in territorial cohesion policies" argues that the preservation of sustainable rural areas is fundamental for the economic and social cohesion of an entire territory as urban and rural wellbeing are directly interlinked and complementary. Promoting sustainable rural areas depends on ensuring the

35 CEC (2008) *Green Paper on Territorial Cohesion: Turning Territorial Diversity into Strength*, Communication from the Commission COM (2008) 616, 6 October, Brussels. Available online at:

http://ec.europa.eu/regional_policy/en/policy/what/territorial-cohesion/; see also CEC (2007) *Territorial Agenda of the European Union: Towards a more competitive and sustainable Europe of diverse regions*, CEC, Brussels. Available online at: http://ec.europa.eu/regional_policy/en/information/publications/communications/2007/territorial-agenda-of-the-european-union-towards-a-more-competitive-and-sustainable-europe-of-diverse-regions.

36 Congress of Local and Regional Authorities (2008) Recommendation 235 (2008) on "Services of general interest in rural areas, a key factor in territorial cohesion policies". Available online at:

<https://wcd.coe.int/ViewDoc.jsp?p=&id=1264889&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C&direct=true>.

37 Including material goods such as public transport, housing, energy, water, waste disposal, telecommunications and banking and non-material goods such as health, culture, education and social services.

provision of basic services for the local population; as the Congress notes "... meeting the needs of rural residents should be seen by public authorities as an integral part of a wider national social cohesion agenda".³⁸ For example, an uneven distribution of essential health care can render areas more vulnerable and damage social cohesion.³⁹ It is often the most vulnerable that suffer if social services and infrastructure are in decline, including older people, children and young people, those on low incomes and people with long-term health problems.

58. In this recommendation, the Congress noted that the provision of services of general interest cannot be based solely on economic criteria and that the provision of these services generates sustainable economic growth and job creation, particularly in peripheral and sparsely populated areas. The Congress calls for the continuity and equity of access to quality services to be guaranteed by public authorities through appropriate legislation. Specifically in relation to health care, the Congress made a series of recommendations to the Committee of Ministers of the Council of Europe in 2007,⁴⁰ including inviting governments to identify areas which are vulnerable to, and to combat the phenomenon of, 'medical desertification' (where certain areas are seen as less attractive for medical professionals causing them to leave), to offer financial aid for medical training in return for students practicing in a rural or remote area, and authorising increments in wages in rural areas.

59. In its Recommendation 224 (2007) on "Ensuring territorial continuity of social services in rural regions,"⁴¹ the Congress argued that improving the quality and accessibility of services should be a key part of social cohesion agendas which should be approached as a social investment rather than a social cost. To do this effectively, a number of actions are required, including sharing best practice, social services policies which are specifically aimed at rural areas and address local needs such as infrastructure support, and a strong element of user involvement in which rural communities are consulted on the priorities for service development. In the period since these recommendations were made ten years ago, new forms of service delivery are emerging in many European countries, including public-private partnerships, cooperatives, voluntary groups and new delivery methods involving digital technology. Communities and voluntary bodies are co-constructing services with public sector agencies and local government, with the aim of making them fit for purpose, particularly in a rural setting.

60. In the Republic of Moldova, the Energy and Biomass project is promoting agricultural and rural development. In particular, it is supporting the use of renewable energy from the country's own sources which have not yet been well exploited, particularly in rural communities. The main objective is to help the Republic of Moldova strengthening its economic, social and territorial cohesion in an environmentally sustainable fashion. Substantial support is provided for the development of rural areas, by increasing the competitiveness of the agri-food sector through modernisation and market integration. One of the important results expected is a strengthened policy, legal and institutional framework. The project is focusing on improving heating systems in public buildings by using waste straw from local agricultural enterprises, increasing awareness about renewable energies and promoting energy efficiency, including through the training of mayors and local civil society representatives. A new Renewable Energy and Energy Efficiency Award MOLDOVA ECO-ENERGETICA has been created. A kindergarten in Ermoclia Village in Stefan Voda district is the first public institution to be heated with energy from biomass within the framework of the Energy and Biomass project.⁴²

38 Congress of Local and Regional Authorities Recommendation 224 (2007) on "Ensuring territorial continuity of social services in rural regions". Available online:

<https://wcd.coe.int/ViewDoc.jsp?p=&id=1124529&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C&direct=true>.

39 Congress of Local and Regional Authorities Recommendation 223 (2007) on "Balanced distribution of health care in rural regions". Available online:

<https://wcd.coe.int/ViewDoc.jsp?p=&id=1124519&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C&direct=true>.

40 Congress of Local and Regional Authorities Recommendation 223 (2007) on "Balanced distribution of health care in rural regions". Available online:

<https://wcd.coe.int/ViewDoc.jsp?p=&id=1124519&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C&direct=true>.

41 Congress of Local and Regional Authorities Recommendation 224 (2007) on "Ensuring territorial continuity of social services in rural regions". Available online:

<https://wcd.coe.int/ViewDoc.jsp?p=&id=1124529&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C&direct=true>.

42 For more information on the The Energy and Biomass project, please contact Matthew Brown, SAC Consulting, Scotland's Rural College (SRUC)

61. Work by the OECD in 2010⁴³ further explored the challenges of delivering services in rural places and emphasised the need for rural citizens to make a strong case for continued public support in these areas, particularly since budgets are being cut but rural areas are more dependent on public support than urban areas due to the costs of delivering services in areas where the population is small and sparsely distributed. However, such citizens must also seek to develop alternative ways of delivering services. The OECD's 2010 publication contains many examples of new ways of delivering services, including using digital technology, joint delivery and involving users in service design and delivery.

62. In Finland, several socio-demographic changes affect Finnish remote rural areas, including sparsity of its population, ageing population, youth out-migration, unbalanced gender migration and shrinking labour markets. The ageing population translates into reduction of the available labour force of rural remote areas and structural imbalances. Youth out-migration combines with unbalanced gender migration in remote areas: while searching for education outside home regions is common for both genders, return is more likely for males with females tending to search for a job or continuing their education outside of their original remote rural areas and even outside of rural areas completely.

63. These changes impact on the social and economic sustainability of the remote rural areas. Shrinking local labour markets result in fewer jobs available. Structural challenges are also present, meaning the available labour force does not always correspond to the demands of the local labour market. Infrastructure maintenance is also at risk. Employment opportunities are limited, with current policy focused more on urban logic pleading for economic concentration which ignores the resources and advantages of remote rural areas.

64. The need for place-based collaboration to enhance economic sustainability and cohesion has been highlighted.⁴⁴ A collaborative approach is needed, with Finnish policy prioritising mechanisms that reward such partnership-working. Greater flexibility is required for those solutions that are adopted, combined with a more place-based approach, as recommended by the 2016 OECD report.⁴⁵ There are positive developments in terms of smart specialisation and the setting in of low-density economies. Experiments and knowledge exists around cooperation between public, private, knowledge and volunteer sectors that together are generating sustainable development initiatives. These forms of cooperation need to be further studied and rewarded in a place-based manner. There is a need for multi-level cooperation and harmonisation of policy at national level to enhance positive impacts on regions, particularly in relation to transport and digital infrastructure.⁴⁶

4.3 Social sustainability

65. Social sustainability is not a term which is well defined, but it is usually taken to refer to the ability of a community to develop processes which meet the needs of its current and its future members, sometimes also called community resilience.⁴⁷ The term social sustainability therefore encompasses issues such as the 'balanced make-up' of communities: young and old, employed and unemployed, private and state housing, etc. and the extent to which community members are well-networked with one another and with organisations/individuals externally who may be able to provide resources that they do not have. The latter point relates to the large body of work on social capital and embeddedness. Social sustainability could therefore be argued to require the existence of balanced social capital: a balance between "bonding" (linking people in the same place) and "bridging" (linking people in one location with those in another location). Too much bonding capital can lead to communities being inward-looking, exclusive, and not willing to learn and exchange.⁴⁸

66. Other forms of capital need to be in place, to allow for the 'spiralling-up' of communities, so that they remain sustainable, particularly when circumstances change, such as the main source of

43 For more information on rural service delivery, including innovative examples drawn from OECD countries, see OECD (2010) *Strategies to Improve Rural Services Delivery*, OECD Publications, Paris. Available online: <http://www.oecd.org/regional/regional-policy/oecd-rural-policy-reviews-strategies-to-improve-rural-service-delivery.htm>.

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45 <http://www.oecd.org/regional/regional-policy/Policy-highlights-NSPA.pdf>

46 Other Report links: <http://www.eprc-strath.eu/Publications/EU-Cohesion-policy.html>

47 Magis, K. (2010), Community Resilience: An Indicator of Social Sustainability, *Society and Natural Resources*, Volume 23 (5). <http://dx.doi.org/10.1080/08941920903305674>

48 For more discussion of this in relation to business networks, see: Atterton, J. (2007) The 'strength of weak ties': Social networking by business owners in the Highlands and Islands of Scotland, *Sociologia Ruralis* 47(3), pp. 228-245.

employment closing (due to relocation or exhaustion of a resource such as fish or coal). These capitals include: political, human, financial, natural, built and cultural and combine to form a strong basis for community projects and activities.⁴⁹

67. Leadership is also required to maintain or enhance social sustainability. Models of leadership differ: in the USA, for example, development work suggests that leadership can be learnt, whereas rural development models in Europe suggest it exists as a special quality in individuals and cannot be transferred.⁵⁰ There is a need to explore how leadership has been, and needs to be, developed to increase sustainability, particularly in remote rural areas (see Section 4.5 concerning capacity).

68. The collective availability of all of these skills and resources is dependent on the demographic make-up of the community. The assumption that is usually made is that communities with mixed age, gender, occupational, local-migrant, etc. profiles are those which are most likely to have access to a broad range of skills, experience, knowledge and information. This can be translated into specific investment requirements for service and infrastructure providers to help ensure that the right mix of services is available to support the creation of balanced communities. In addition to this, it is critical that all people have a voice in shaping decisions relating to the current and future shape of their community so mechanisms are required to ensure this happens, including for the most disadvantaged and excluded groups (such as the unemployed, older people, single mothers, ethnic minority groups, etc.).⁵¹

69. Complex demographic trends and shifts require a socio-demographic policy focus.⁵² In Romania, several demographic changes affect Romanian remote rural areas, including an ageing population, imbalanced gender migration and circulatory/temporary migration (whereby flows of people leave their homes for months or years to work, for example in Spain picking tomatoes, then return periodically to invest in Romania, building a house, building something for their relatives etc.). While urban-rural migration shows a similar picture as rural-urban migration, remote rural areas are unlikely to receive young in-migrants. Rural areas and especially remote rural areas are more likely to be perceived as a push factor for young migrants and especially for female out-migration. While this movement is evident, the exact patterns deserve further investigation. Circulatory/temporary migration is affecting rural Romania, as the young labour force finds employment outside the country. There are increasing gaps between institutional settings and how they work in practice, and the expectations of the younger population, especially of those who have experienced circulatory migration. There are many cases of inter-generational support with children left in the care of grandparents and relatives. Available services are reducing and there are strong challenges for rural municipalities in allocating resources to the most remote villages.

70. Rural development policies in Romania tend to focus more on economic development, partially or totally ignoring current socio-demographic realities. There is social pressure for a more transparent way of applying policies. There is an attempt to survive through micro-entrepreneurship with some volunteer organisations offering alternative services to special groups in need. For children at risk there are few alternative foundations offering services. The existing volunteer organisations and private micro-service providers need to be further encouraged and developed. Further research is required on genuine cooperation between private public knowledge and volunteer sectors, including policies to support this. Furthermore, a place-based approach which builds on existing experience and capacity while taking account of local needs and interests may ensure better social sustainability.⁵³

49 Skerratt, S. (2013), "Enhancing the analysis of rural community resilience: evidence from community land ownership", *Journal of Rural Studies*, Vol 31: 36–46. <http://dx.doi.org/10.1016/j.jrurstud.2013.02.003>

50 Skerratt, S. (2011), "A critical analysis of rural community leadership: towards systematised understanding and dialogue across leadership domains", *The Journal of Contemporary Issues in Business and Government*, 17(1): 87-107.

51 Skerratt, S. and Woolvin, M. (2014), "Rural Poverty and Disadvantage: falling between the cracks?", in Skerratt *et al* (2014), *Rural Scotland in Focus 2014*, Edinburgh: Rural Policy Centre, SRUC, Scotland's Rural College. http://www.sruc.ac.uk/info/120428/rural_scotland_in_focus/1265/2014_rural_scotland_in_focus_report

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53 For more information, see:

<https://pressone.ro/sociologul-dumitru-sandu-politicienii-judeca-strada-ca-si-cum-ar-fi-cea-de-acum-10-20-de-ani/>

https://www.academia.edu/28426403/Youth_migration_as_strategic_behaviour_in_a_multilevel_approach

4.4 Employment

71. Rural areas often display some of the characteristics of the modern economy: driven by endogenous growth and innovation systems; led by the service sector; well-networked using ICT and a highly skilled workforce; and with SMEs accounting for the bulk of the jobs. However, this is not the case for all rural areas. In some areas skilled labour is often in short supply, there are few well-paid secure job opportunities, and connectivity may be poor.

72. The employment profiles of rural areas often demonstrate great diversity in terms of their employment patterns. In accessible rural areas, the sectors in which individuals work tend to be varied, but this is due to the influence of urban commuting by local residents. This also leads to relatively high levels of income in accessible rural areas, which can mask lower incomes and deprivation amongst those who are not able to commute to better paid jobs outside their local area. Rural areas which are remote from urban centres tend to be dependent on a much narrower set of sectors (including agriculture and tourism) in which employment is often low paid, seasonal and low skilled with limited opportunities for training and career advancement. In general, rural areas also tend to have higher levels of self-employment, home-working, family-owned businesses, micro-businesses and sole traders than their urban counterparts. High self-employment is, however, not necessarily an indicator of high levels of entrepreneurship as people may be forced to set up their own business due to a lack of alternative employment options.

73. For the OECD, the growth potential of rural areas depends on their capacity to modernise their economic base and to innovate, in other words to produce goods and services that can be sold at a profit in local and in international markets, and to introduce new sectors and new markets. For the OECD, the future prosperity of rural areas depends on enterprise, innovation and new technologies, tailored to specific markets and applied to new and old industries. Critical to demonstrating how these processes operate in rural areas is a more holistic understanding of innovation and how it emerges in a rural setting.⁵⁴

74. Policy-makers must have a thorough understanding of the features of their rural economies in order to support them through appropriately tailored support to SMEs and microbusinesses for example, or through skills development programmes.⁵⁵ The particular characteristics of employment and the business population in rural areas calls for differences in the types of support available and the modes of delivery of that support. For example, policies may be required that focus on getting young people into employment in rural areas so that they are less likely to leave.⁵⁶ Conversely, as the population ages, policies which focus on bringing older people (that wish to) back into employment or encouraging older individuals to remain in employment for longer, may be appropriate. No matter what the age of the business owner, however, it is often the case that rural firms are smaller than their national average and have lower turnover levels, expenditure on R&D, patent registrations, etc. Therefore national policies which support high growth, high turnover or innovative businesses may miss many rural firms which would benefit and instead largely focus on urban firms. Enterprise agencies need to recognise the particular characteristics of the rural business population and ensure that the support they offer is fit-for-purpose.

75. This can be achieved by those working in rural areas presenting evidence to national economic policy-makers to demonstrate the ways in which rural businesses differ from urban businesses and therefore the ways in which policies need to be different (in content and delivery format) to ensure that they are appropriately supported.

76. Concrete examples of recommendations can be found in the OECD Territorial Review of the Krasnoyarsk Agglomeration in the Russian Federation, where the OECD argues for the importance of fostering diversification (away from dependence on the primary sector) and thereby creating a

54 For a more detailed discussion of this, see: OECD (2014) *Innovation and Modernising the Rural Economy*, OECD Publications, Paris. Available (to purchase) online: <http://www.oecd.org/regional/innovation-and-modernising-the-rural-economy-9789264205390-en.htm>; Atterton, J. (2016) *Invigorating the New Rural Economy: Entrepreneurship and Innovation*, In Shucksmith, M. and Brown, D. (eds.) *Routledge International Handbook of Rural Studies*, Routledge: London and New York, pp. 165-180.

55 OECD (2014) *Innovation and Modernising the Rural Economy*, OECD Publications, Paris. Available (to purchase) online: <http://www.oecd.org/regional/innovation-and-modernising-the-rural-economy-9789264205390-en.htm>.

56 Atterton, J. and Brodie, E. (2014), "Young people contributing to a vibrant, rural sector", in Skerratt *et al* (2014), *Rural Scotland in Focus 2014*, Edinburgh: Rural Policy Centre, SRUC, Scotland's Rural College, pp.26-55 https://www.sruc.ac.uk/downloads/download/828/2014_rural_scotland_in_focus_report

better climate for entrepreneurship in the agglomeration.⁵⁷ More specifically, the OECD recommended incorporating entrepreneurship into tertiary and secondary education and better coordination of entrepreneurship programmes. Support for the agglomeration's innovation system was also recommended, including through 'softer' investment in technology platforms and supporting innovative start-up and small firms. It was also recommended that internal and external connectivity be improved (including by supporting better public transport arrangements) and that closer links were made at agglomeration level between the land use, economic development and transport planning systems.

77. Organisations can provide support to enterprises in rural areas. GrowBiz (Enterprising Eastern Perthshire Limited) is a community-based enterprise support organisation covering rural Perthshire in Scotland.⁵⁸ GrowBiz was formed in 2007 based on the Sirolli model of enterprise facilitation, and provides a range of enterprise support activity to individuals and start-up and existing enterprises in the region. It offers a combination of individually tailored one-to-one support, mentoring, networking and facilitated peer support to individuals and businesses looking to start-up or develop their business. The model is fully client-led, easily accessible and provides a mix of personal and business support. A recent review of Growbiz activity found that the informal, supportive and personal nature of the enterprise facilitation support it provides through being embedded within the community is key to its success with its client base. The GrowBiz model was found to be inspiring and effective and it has been identified as a source of good practice for the provision of rural enterprise support and facilitation elsewhere in Scotland.

78. Work has also been undertaken recently in Scotland to gather evidence relating to rural entrepreneurship.⁵⁹ Similar work has been undertaken by the Ukrainian Rural Development Network, to send evidence relating to rural entrepreneurship to the Ministry of Economic Development and Trade of Ukraine, to inform the draft national Strategy for Small and Medium-Sized Enterprises until 2020.⁶⁰

79. Providing high-skilled job opportunities in rural zones and remote areas is essential for preventing youth out-migration and brain-drain. In Austria a "masterplan" will be presented in June 2017 to "outsource" ten percent of the federal authorities. This should involve the decentralisation, over the next ten years, of roughly 3,500 posts, currently located in Vienna, to the regions. The aim is to create new job opportunities in the public service sector in rural zones and remote areas, and to avoid the brain-drain of some 5,000 young public service employees that currently leave their regions each year to find jobs in the federal capital Vienna, where 64 of the 68 most important administrative authorities are located. This "masterplan" draws on the German experience: in Bavaria, it has been already decided that over 50 administrative authorities will be relocated to rural areas over the next ten years, to strengthen rural areas outside Munich. For the time-being, 26 authorities (involving some 340 jobs and positions) have been successfully relocated.⁶¹

4.5 Capacity-building

80. There have been many initiatives to increase the capacity of communities, in recognition that this is central to them being able to take full advantage of the shift that has occurred in the rural policy framework in recent years from top-down, sectoral and state led development, to bottom-up, place-based and community-led regeneration.

81. In the EU, a consistent approach has been provided by the LEADER programme. Since 1991, LEADER has been the mechanism to support risk-taking and innovation by communities, where they can develop new projects and programmes to enhance the resilience of their rural areas.⁶² Projects vary in size, focus and duration. The principles of the LEADER approach are also present in the

57 OECD (2015) OECD Territorial Review The Krasnoyarsk Agglomeration, Russian Federation, OECD Publications, Paris. Available online: <https://www1.oecd.org/publications/oecd-territorial-reviews-the-krasnoyarsk-agglomeration-russian-federation-9789264229372-en.htm>

58 For more information, see: <http://growbiz.co.uk/>

59 Atterton, J. (2016) Scotland's Rural Economies: Looking beyond the land-based sector, in Skerratt, S. et al *Rural Scotland in Focus 2016*, Edinburgh, Scotland's Rural College (SRUC). Available online: <http://www.sruc.ac.uk/RSiF2016>.

60 For more information, see: <http://urdn.org/rural-entrepreneurship-proposals-2020/>.

61 See: Ruppachter: "Jede zehnte Behörde soll weg aus Wien" at <https://www.meinbezirk.at/land-oberoesterreich/politik/ruppachter-jede-zehnte-behoerde-soll-weg-aus-wien-d2065498.html>

62 Skerratt, S. (2012), "The need to shift rural community development from projects towards resilience: international implications of findings in Scotland", Chapter 7 in Sjoblom, S., Andersson, K., Marsden, T. and Skerratt, S. (2012), *Sustainability and Short-term Policies: Improving Governance in Spatial Policy Interventions*, Ashgate Publishing, pp.127-152

Eastern Partnership's call for the promotion of community driven rural development, including through enabling community participation in agriculture and rural development policy and strategy development and the creation of local action groups to identify priorities and participate in local development initiatives.

82. However, there are concerns that such initiatives give advantages to those communities that already have capacity to use the programmes, so there is a need to monitor who is benefiting and who is excluded.⁶³ Also it is important to explore whether these schemes can build enough capacity to address some of the bigger infrastructural issues, such as broadband.⁶⁴ There is an increasing reliance to deliver this through community-led initiatives, but not all communities have the capacity to do this, so they are missing out. This can lead to enhanced social inequalities.⁶⁵

83. Asset based approaches are increasingly being used and this is positive where it empowers communities. This quote from the European Rural Parliament in 2015 reflects the importance placed on building local capacity alongside a supportive government and policy framework:

"The pursuit of our vision demands in every country, a refreshed and equitable partnership between people and governments. We, the rural people and organisations, know that we have a responsibility to give leadership and to act towards our collective wellbeing. But we also fairly demand that governments at all levels... work to make this crucial partnership effective."⁶⁶

84. This is reflected in the Rural Parliaments across Europe,⁶⁷ with the emphasis on partnerships also being echoed in the OECD 2012 Report:

"New formal and informal institutions may be required to facilitate negotiation and dialogue at local level and mobilise and integrate all actors into the development process. Institutions that 'raise' the region's voice in dealing with national and international actors may also be required."

85. In Scotland, the capacities of communities have been increased through legislation that underpins funding and institutions. In 2015, the country introduced the Community Empowerment (Scotland) Act, which aims to put communities at the centre of local-level development, involving them in decisions which impact on their future. The 2015 Parliamentary legislation is an "enabling framework" for empowering individuals and communities. Local Government, structured into 32 Local Authorities (municipalities), has to involve communities in: decision-making; parts of their budget-setting; aspects of service assessment and provision; plus create opportunities for communities to buy publicly-owned assets.

86. This shift towards putting communities "centre-stage" is reflected in other legislation, notably the Land Reform (Scotland) Act 2016, where communities have greater opportunities to buy land from Government, private or public owners, and where their views have to be taken into account in some land-use decisions, particularly in relation to redundant (unused) land. The Scottish Parliament is also in the process of creating an Islands Bill, which will see specially-designed legislative measures to recognise the specific challenges, characteristics and opportunities of Scotland's northern and western isles. The Democracy Bill is also aiming to bring specific aspects of local, place-based decision-making into effect.

87. Coupled with legislation is a series of funding opportunities and institutions. The Scottish Land Fund has existed for many years, and is in its third cycle, now available to rural and urban populations to purchase small and large land parcels to support community regeneration and sustainability. Land and asset transfer are supported by the Community Ownership Support Service (COSS), hosted by the Development Trusts Association Scotland (DTAS); capacity-building is a key part of their role. Community Land Scotland (CLS) is an umbrella body which supports community

63 Skerratt, S. and Steiner, A. (2013), "Working with communities who do not engage: complexities of empowerment", in Special Issue of *Local Economy: Localism: Debunking the Myths*, Vol 28(3). Also Skerratt, S. and Hall, C. (2011), "Community ownership of physical assets: challenges, complexities and implications". *Local Economy* Vol 26(3) pp.170–181

64 Ashmore, F., Farrington, J. and Skerratt, S. (2016), "Community-led broadband in rural digital infrastructure development: Implications for resilience", *Journal of Rural Studies*, <http://dx.doi.org/10.1016/j.jrurstud.2016.09.004>

65 Skerratt, S. (2010), "Hot Spots and Not Spots: addressing infrastructure and service provision through combined approaches in rural Scotland", *Sustainability: Human populations in remote areas*, Vol 2(6), 1719-1741. <http://www.mdpi.com/2071-1050/2/6/1719/>

66 For more information, see: <http://europeanruralparliament.com/>.

67 Many Rural Parliaments exist across the EU, including in Sweden, Scotland and the Netherlands. They exist, amongst other reasons, to provide a voice for rural people. See Woolvin, M., Atterton, J. and Skerratt, S. (2012), *Rural Parliaments in Europe*, Edinburgh: SAC. https://www.sruc.ac.uk/downloads/file/469/rural_parliaments_in_europe_-_jan_2012

trusts and associations that have bought (or are seeking to buy) the land they live and/or work on. Knowledge exchange and capacity support are informally delivered through the CLS network.

88. Research (related to the LEADER “Capacity for Change” programme)⁶⁸ has been carried out focusing on the need to build capacity in rural communities to be able to make the most of opportunities that are becoming available through community empowerment legislation and funding mechanisms. Otherwise there is a danger that only those communities that already have the capacity to engage will do so, leaving those who are not able to do so to fall even further behind. This raises issues of equity, social justice and inclusion – all of which are part of the Scottish Government’s larger set of national outcomes, and therefore form on-going imperatives for rural Scotland’s economic and social development.

4.6 Infrastructure development

89. Due to their remote (and often island) location, rural areas depend on a variety of forms of infrastructure for their connectivity, including ferries and air transport. Schemes to reduce travel costs for those living and working in remote island areas have greatly helped (e.g. in Scotland, Road Equivalent Tariff (RET) and Air Passenger Duty discounts), plus RET has reduced travel costs for tourists going to the remoter islands, thus increasing trade and generating additional local trade and income.

90. Maintaining road and rail networks are a challenge in rural areas, due to the distances that need to be covered, the difficulties of integrating road and rail, the small numbers of users and adverse weather conditions. Nonetheless, such “lifeline” services remain vital.

91. There has been a push since 2000, through various European targets, to increase the reach of high speed and next generation broadband across Europe, in order to enhance cohesion.⁶⁹ Cities are benefitting from investment in superfast broadband (150MB and above) and exploration of the 5G network. This means that rural areas reliant on 1.5MB broadband and 2G coverage will experience an ongoing, if not growing, digital divide.⁷⁰

92. In recent years, this has also become a human rights issue, as access to reliable, good quality, affordable broadband gives so many other rights – to education, information, jobs, health care etc.⁷¹ It is crucial that this continues to be pushed, and that investment is made to overcome the market failure of the private sector.

93. In a recent paper on social innovation,⁷² it has been argued that once remote areas have access to high speed internet (providing them with ‘virtual proximity’), the use of novel technology offers great opportunities, as it greatly improves their connectivity, and thus the accessibility of external services, resources and social networks. These are vital to social innovation as the linkage and collaboration gives access to exogenous resources, which allow for revitalisation if matched with endogenous forces. This paper refers to the recently established broadband internet cooperatives in communities in the Netherlands, in which citizens, governments and local businesses collaborate.⁷³

94. Mobile phone coverage is equally important,⁷⁴ with many rural areas having no coverage.⁷⁵ There is evidence that this has safety implications for farmers⁷⁶ and other ‘lone-workers’ who cannot easily phone for help when they have an accident.⁷⁷ It also means that young people feel

68 LEADER “Capacity for Change” Programme:

https://www.sruc.ac.uk/downloads/file/2195/2014_building_community_resilience_and_empowering_communities_that_do_not_engage

69 Skerratt, S. (2010), “Hot Spots and Not Spots: addressing infrastructure and service provision through combined approaches in rural Scotland”, *Sustainability: Human populations in remote areas*, 2(6), 1719-1741. <http://www.mdpi.com/2071-1050/2/6/1719/>

70 Ashmore, F H, Farrington, J H & Skerratt, S 2015, “Superfast Broadband and Rural Community Resilience: Examining the Rural Need for Speed”, *Scottish Geographical Journal*, 131 (3-4): 265-278 DOI: 10.1080/14702541.2014.978808

71 For more discussion of this, please see: Skerratt, S. et al. (2012) *Rural Scotland in Focus 2012*, Edinburgh, Rural Policy Centre, Scottish Agricultural College. Available online:

https://www.sruc.ac.uk/info/120485/thriving_communities_archive/466/2012_rural_scotland_in_focus_report

72 Bock, B. (2016) Rural Marginalisation and the Role of Social Innovation, *Sociologia Ruralis* 56 (4), pp. 552-573.

73 For successful examples, see: <http://langedijke.opglas.nl> or <http://www.boekelnet.nl>

74 https://www.sruc.ac.uk/download/.../mobile_phone_coverage_in_rural_scotland.pdf

75 <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07069>

76 <https://www.cable.co.uk/news/poor-rural-mobile-signal-could-have-fatal-consequences-farmers-warn-700001218/>

77 <https://www.nfuonline.com/assets/64162>

disconnected from their peers and from wider digital society due to being unable to link with social networking and information sites.

95. Scotland decided to tackle this issue head on. In 2016, Scottish Government Ministers committed to deliver 100% superfast broadband coverage (more than 24MB/sec) to all of Scotland by 2021 as part of their vision for Scotland to have “world-class digital infrastructure by 2020”. The 100% commitment aims to extend access to the fibre network in areas that are not reached by the market alone, such as rural and remote communities and businesses. The Scottish Government “anticipates that improved connectivity will stimulate business innovation, boost productivity and enhance Scotland’s international competitiveness”.

96. The Scottish Government established Community Broadband Scotland (CBS) in 2012 to provide broadband solutions to some of Scotland’s remote, rural communities.⁷⁸ In 2016, CBS approved funding of £2.1million towards the cost of 15 projects, providing 3,950 premises with access to superfast broadband; thirteen projects are offering broadband services to people in their community. In 2016, the Scottish Government established the “reaching for 100% project” and there is still clarity emerging about the role of CBS in delivering to the “final 5%” of premises in rural and remote Scotland.⁷⁹ Yet, challenges exist: (1) there are more projects than CBS has budget for, so it is not clear if future projects will be achieved; (2) CBS feels it is constrained in getting projects to procurement because of lack of information on how Scottish Government funds will be used.

5 Recommendations

97. Based on the evidence presented in this report, relating to the key challenges facing rural areas, the differing underlying rationales for intervention and the thematic challenges and opportunities discussed above, the following key recommendations can be made.

98. Building local community capacity: Given the trend in rural policy-making across Council of Europe member States towards the increasing involvement of local people, building the capacity of all individuals within communities, to engage is critically important. The risk of ‘Darwinian’ development⁸⁰ where communities (and individuals) that have the capacity to engage become stronger and those that have more limited capacity to engage are excluded and therefore fall further behind – is very real and must be minimised. Key to the success of place-based approaches is trust on the part of policy-makers to allow and encourage communities to get involved or even lead often in ways that might be difficult to monitor and measure.

99. Emphasising potential and assets rather than needs and deficiencies: There is a need for a much more positive dialogue and approach to the development of rural areas through a shift from emphasising their needs to their assets and how their contributions can be maximised. While not forgetting the challenges, we need to recognise that rural areas have much to offer the regions and countries in which they are located, including delivering food security, clean water, carbon sinks, productive forestry, locations for outdoor and adventure tourism, and renewable energy.

100. Transforming challenges into opportunities: Notwithstanding the challenges that many rural areas still face, there are many opportunities available to those areas with the resources and capacity to grasp them. For example, rural areas could be at the forefront of innovative approaches to: service delivery using the latest digital technologies; maximising the economic and social contributions of older residents; delivering multiple benefits from natural resources and resource-based amenities; seeking alternative approaches to economic growth, based on wellbeing, quality of life and happiness, and; delivering the supply of good quality and affordable food.

101. Recognising the diversity of rural areas and localities: Rural areas are becoming more diverse and so the phrase ‘one-size-does-not-fit-all’ has never been more appropriate. This diversity is likely to increase in future. It is therefore even more important than ever to recognise that there can be multiple sustainable development pathways. Supra-national, national and regional policies in

78 Community Broadband Scotland: <http://www.hie.co.uk/community-support/community-broadband-scotland/>

79 Audit Scotland Reports: Superfast Broadband for Scotland: A Progress Report (2015), http://www.audit-scotland.gov.uk/uploads/docs/report/2015/nr_150226_broadband.pdf ; Superfast Broadband for Scotland: A Progress Update (2016), http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160818_broadband_update.pdf

80 Skerratt, S. (2010), “Hot Spots and Not Spots: addressing infrastructure and service provision through combined approaches in rural Scotland”, *Sustainability: Human populations in remote areas*, 2(6), 1719-1741. <http://www.mdpi.com/2071-1050/2/6/1719/>

different countries are important in providing an over-arching vision and framework but they need to demonstrate flexibility and 'fit' to local context. Local and regional institutions have a critical role to play in articulating this diversity and working to ensure that programmes are tailored and fit-for-purpose.

102. Ensuring equity and maximising wellbeing: As well as seeking to maximise their contribution to national economic growth, supporting the development of rural areas has a social rationale in that it contributes to more inclusive and sustainable growth and helps to build a fairer society in which no individuals or people are left behind.⁸¹ There is also an equity argument behind the need to support basic service provision in these areas and to encourage enhanced wellbeing for rural residents across multiple dimensions, including economy, society and environment, which is comparable to urban dwellers. Social innovation has been put forward as the new panacea for realising development and growth while, at the same time, ensuring social inclusion and counteracting social inequality.⁸²

103. Supporting entrepreneurship and innovation: Irrespective of the structure of the economy in a rural region (especially the importance of otherwise of agriculture), supporting entrepreneurship by individuals and communities will help to diversify the local economy. Support can be offered in many different ways, including through mentoring and peer support, grant and/or loan funding from the public or private sectors, or help and advice on the different aspects of running a business, including marketing, networking and making the most of digital media.⁸³

- Policy-makers need to recognise that creativity, inspiration and learning are likely to be the most probable form of innovation, often in response to a challenge or problem and that innovation in rural areas may be undertaken by individuals (especially entrepreneurs) and communities. It may be small-scale but nevertheless critically important to the future of a business or community group. It is often based on tacit knowledge and strong social networks⁸⁴.
- As the future prosperity of rural areas will be driven by enterprise, innovation and new technologies, there is a need to ensure that these processes are fully acknowledged and supported by policy-makers while allowing local people to lead the shape of development responses based on their priorities and assets.^{85, 86}

104. Improving education and training: Work by the OECD has recognised that the key drivers of growth do vary according to a region's level of development, but education and training appear to be critical for all types of regions. There is a particular need for policies targeted at low skilled workers as well as expanding higher education. As low skilled workers tend to have low mobility, policies aimed at addressing skills gaps need to be well adapted to local conditions. From the OECD's work, infrastructure does not appear to be the major constraint for the majority of regions, but where tackling infrastructure challenges is necessary, it should be done in conjunction with other policies in a shift towards a growth-oriented policy framework to fully realise the benefits.⁸⁷

105. Tackling the digital divide: Building on the previous point, as urban areas benefit from ever-increasing broadband speeds, rural areas are at risk of being left further and further behind. Investing in next generation broadband is therefore critical for rural regions. While digital communication cannot replace face-to-face communication, it gives rural people and businesses both existing and new access to external resources that may not be available locally enabling them to grow and diversify.

81 For more information, see: OECD (2012) *Promoting Growth in All Regions*, OECD Publications, Paris. Available online: <http://www.oecd.org/gov/regional-policy/promotinggrowthinallregions.htm>.

82 Bock, B. (2016) Rural Marginalisation and the Role of Social Innovation, *Sociologia Ruralis* 56 (4), pp. 552-573.

83 Atterton, J. (2016) Invigorating the New Rural Economy: Entrepreneurship and Innovation, In: Shucksmith, M. and Brown, D. (eds.) *Routledge International Handbook of Rural Studies*, Routledge International Handbooks, London and New York, pp. 165-180.

84 For more discussion on innovation by peripheral firms, and examples from Norway, see: Isaksen, A. and Karlsen, J. (2016) Innovation in peripheral regions, In Shearmur, R., Carrincazeaux, C. and Doloreux, D. (eds.) *Handbook on the Geographies of Innovation*, Edward Elgar, Cheltenham, UK and Northampton, MA, USA, pp. 277-285.

85 OECD (2014) *Innovation and Modernising the Rural Economy*, OECD Publications, Paris. Available (to purchase) online: <http://www.oecd.org/regional/innovation-and-modernising-the-rural-economy-9789264205390-en.htm>.

86 OECD (2014) *Innovation and Modernising the Rural Economy*, OECD Publications, Paris. Available (to purchase) online: <http://www.oecd.org/regional/innovation-and-modernising-the-rural-economy-9789264205390-en.htm>.

87 OECD (2012) *Promoting Growth in All Regions*, OECD Publications, Paris. Available online: <http://www.oecd.org/gov/regional-policy/promotinggrowthinallregions.htm>.

106. Recognising the inter-relationships between rural development and agriculture: Recognising the role of agriculture within rural development strategies is important. This is the case even in areas where it is no longer the dominant employer or generator of income, but is perhaps all the more important in regions and indeed countries where agriculture still forms an important employing sector. In these countries, it is critical that agriculture and rural issues are considered in tandem, for example through: connecting policies on agro-food sector competitiveness; SME support to diversify and grow; regional development; sustainable management of natural resources; infrastructure development and reducing poverty; and raising living standards. The associated institutions nationally, regionally and locally must be committed to making this coordination successful. This can be helped by ensuring clarity on their roles and responsibilities.

107. Building on rural-urban interdependencies: This report began by arguing that there is a commonly held misperception that cities are the engines of growth and rural areas are dependent on them for their survival. The evidence presented by the OECD, for example, demonstrates that many (accessible) rural areas are highly competitive and demonstrate good economic performance, often better than the urban areas they are close to. Rather than treating rural and urban areas as a dichotomy, policy-makers need to be more aware of the linkages and inter-relationships between rural and urban areas and how to maximise them for mutual benefit. The reality is that rural and urban areas are interdependent and policy approaches to make one of them more competitive should have positive benefits for the other.⁸⁸

108. Improving the rural evidence base: Underlying this place-based approach is a need for accurate and up-to-date evidence about all aspects of rural areas and the actors within them. Often there are gaps in the availability of data for rural areas as a result of small sample sizes or due to the costliness of collecting the data on a frequent basis, for example. Without a full evidence base, appropriate policies cannot be shaped for different places. Quantitative, statistical information is vital, but case study and qualitative evidence are important too, particularly given the diversity of rural areas, there is much that can be learned across Council of Europe member States through the exchange of evidence and best practice.

109. These recommendations form the key features of a place-based approach, which is at the heart of OECD's NRP and Rural Policy 3.0. Indeed, the OECD argues that a place-based approach is more important in a rural region where the key determinants of growth tend to be specific to that region.⁸⁹ The key features of such an approach include:

- building activities which involve, or better still are led by, people and communities but may still involve external agencies and resources, therefore forming good internal and external networks is critical;
- partnership working across all agencies and actors, including the community and private sectors with clear roles and responsibilities;
- working strategically and holistically across policy portfolios on a territorial not sectoral basis (the OECD talks of 'policy packages');
- building on the assets of places;
- building the assets, capacity and connectedness of communities.

110. Building these features into policy approaches for rural areas across Council of Europe member States will provide a sound basis for securing the sustainability of these areas and a high quality of life for those living in them.

88 OECD (2014) *Innovation and Modernising the Rural Economy*, OECD Publications, Paris. Available (to purchase) online: <http://www.oecd.org/regional/innovation-and-modernising-the-rural-economy-9789264205390-en.htm>.

89 OECD (2014) *Innovation and Modernising the Rural Economy*, OECD Publications, Paris. Available (to purchase) online: <http://www.oecd.org/regional/innovation-and-modernising-the-rural-economy-9789264205390-en.htm>.