

**Report 7th Annual OECD Rural
Conference “Developing rural policies to
meet the needs of a changing world”**

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Indice

1. SUMMARY	1
2. OPENING CEREMONY.....	2
3. PRE-CONFERENCE WORKSHOPS	3
OECD CANADA RURAL REVIEW – PRE CONFERENCE WORKSHOPS	3
RURAL TERRITORIAL DYNAMICS AND POLICIES IN LATIN AMERICA.....	3
Session I: Responding to financial crisis and recession in rural areas.....	6
Session II: Relaunching devitalized Areas and Single industry towns	8
Session III: Rural Tourism	11
Session V: New sources of energy production and transmission	13
Session VI: Demography.....	14
Session VII: Climate change and implications for rural	16
Session IX: Local government and declining fiscal capacity: adjustment mechanisms	17
Session X: Panel sessions.....	21
Session XI: Recap and way forward.....	21
Notes from persons met and other resources.....	24
ANEXO 1: Session X Panel sessions	28

1. SUMMARY

This report highlights key points of interest to the Rimisp Rural Territorial Dynamics (RTD) programme including the planned International Conference in India 2010.

The pre-conference workshop on "Rural Territorial dynamics and policies in Latin America" organised through Rimisp was seen as a great success by the conference organisers and hosts as well as the participants. The quality of the papers was high and well appreciated. Points raised by the speakers in the session were taken up in the conference summary. This was a great compliment to the RTD work.

Overall, the number of participants and their range of interests were larger than earlier years leading the OECD to question the role and function of such Conferences within the OECD context. There were some very good papers but overall the quality was mixed. That said some new and interesting ideas and innovations were shared – and some points are of particular interest to LA counties including new thinking on local government; how rural industries are coping in time of financial crisis; new rural industries, etc – some key points are noted in the body of the text.

The idea of a break-out session was valued although this could have had better and more purposefully set up i.e. earlier in the session and with tighter questions/themes for debate.

Some useful contacts for the Rimisp RTD programme were made and or re-established notably with the OECD, Finland and Spain. New OECD officials in our area of interest look for a renewed relation with Rimisp in the coming years. Similarly in the context of the International Conference India April 2010 – useful discussions were held and contacts made including the OECD, the Latin America team, Russia, Korea and some academics who expressed interest in this work.

It was overall worthwhile to for the Rimisp RTD team to attend, specifically it raised the profile of the Rimisp RTD work including the planned International Conference for 2010, enabled networking, and ideas sharing.

Points for action by Rimisp team and partner are noted.

The presentations are now available on the conference website (www.oecd.org/gov/regional/quebeccanada)

2. OPENING CEREMONY

H.E. Paul-Henri Lapointe, Ambassador, Permanent Delegation of Canada to the Organisation for Economic Co-operation and Development (OECD).

General welcome noting that the OECD has some 250 work groups. Conference objectives and coverage presented.

Laurent Lessard, Minister of Municipal Affairs, Regions and Land Occupancy, Government of Québec,

Rural is a priority for public expenditure. New National Policy on Rurality - see www.mamr.gouv.qc.ca

Jean-Pierre Blackburn, Minister of National Revenue and Minister of State (Agriculture), Government of Canada.

Global credit crunch is impacting on all and there is a need to rapidly learnt lessons and share – hence value of conference. New rapid disbursal budget in place in Canada to act as growth stimulus and to invest in infrastructure. Need to take the financial crisis as an opportunity to look at and support new industries e.g. renewable energy, and old industries, in new ways.

Committed to open markets but markets need to be governed. Critical need to enhance the competitiveness of rural business yet to be supported with social awareness, and predictable taxation. Technology matters in particular in the renewable energy and forestry sectors. Need to address both rural and remote rural – recognize differences and ensure rural is embedded in sectoral policies and is coherent.

Nathalie Normandeau, Deputy Premier of Québec, Canada, and Minister of Natural Resources and Wildlife, Government of Québec

Rural is strategic to national development and prosperity in Canada.

Aart de Geus, Deputy Secretary General, Organisation for Economic Co-operation and Development (OECD)

OECD has a new programme on the “political economy of reform”

The crisis has made the OECD reprioritize a) the financial sector, and b) economy stimulation. Need to find new ways to reach out to those who lose jobs and grab new opportunities.

A Green Growth Strategy is called for. Rethink resources, methods of production and develop new thinking on what an economy is all about. Key questions a)

what measures really matter – are we stuck in old models, b) do financial institutions exist for stakeholders or clients, c) do we need NR to fuel the economy or do we need the economy in line with NR, d) do rural areas provide all that is required by urban or is rural an integral part of our society, e) India/Brazil/ Africa have increasing power – is it our menu or a new governance? – what are the drivers/the culture of local and global debate. The G8 to the G20 is the opportunity to build something new. Canada will chair and host the G8-G20 2010 – Canada must seize this opportunity.

Rural vitality depends on: rural energy; local foods; new rural, environmental and regional policies; economy and environment interplay; and, innovation for new products and services.

Thus need for paradigm shift and new thinking. The OECD can be a forum to facilitate dialogue; source of data and analysis, and a partner in country endeavors

3. PRE-CONFERENCE WORKSHOPS

Three preconference workshops were set up for the pre-conference session held on the 13 October: *OECD Canada Rural Review*; *Rural policy Proofing* (closed session) and Rural Territorial dynamics and policies in Latin America. The latter was organised through the leadership of Gilles Cliche and supported by the Rimisp Rural Territorial Dynamics programme. A Session on *single industry towns in Russia* moved to the 14 October and a working lunch. Felicity Proctor joined that session.

OECD CANADA RURAL REVIEW - PRE CONFERENCE WORKSHOPS

Main focus was on New National Policy on Rurality see www.mamr.gouv.qc.ca and Canada's Rural Partnership www.rural.goc.ca for shared learning and action – latter maybe useful model for rural competitive funds.

RURAL TERRITORIAL DYNAMICS AND POLICIES IN LATIN AMERICA

Jean Lebel, Director, Environment and Natural Resource Management, International Development Research Centre (IDRC) chaired the session.

Manuel Chiriboga, Principal Researcher, Latin American Center for Rural Development (RIMISP) focussed on the emerging lessons from the Rural Territorial Dynamics programme.

María Angélica Ropert, Independent Consultant, formerly Director of Regional Development, Ministry of Interior, Chile, presented the recent history of territorial economic policy in Chile and present plans.

Antonio Ruiz, ProTerritorios, Ibero-American Cooperation Program in Territorial Management presented the framework of ProTerritorios and specifically the rural policy and practice of Mexico and Brazil.

Mario Pezzini, Deputy Director, Public Governance and Territorial Development Directorate, OECD acted as a respondent.

PPTs are available for the three presentations – these are detailed and a valuable resource in their own right.

Mario Pezzini comments: He reflected on a number of questions:

- a) How important is policy dialogue? yes very but he felt that the key challenge is “how to put this into practice” how to do it? There is a need to develop a mechanism for exchange of good practice on “how to do it” and the implementation
- b) How important is “diversification” cf “productivity”? Noted the need to understand the source of growth, and how and where to make investment
- c) Can we change institutions with policy? need to understand how to foster local conditions and understand how public policies can “reshape the social capital”
- d) How to build coherent horizontal coordination? what are the mechanisms to do this and how to move towards outcomes

Q and A

John Bryden, Pres. Int'l Rural Network: What are good outcomes to measure development? In the context of the Rimisp RTD presentation why were indicators such as environment, entrepreneurship or health not used? He noted that municipalities had the potential to play a key role in capacity building. There needs to be better linkages between municipalities and central government and better fiscal balance between the two structures.

Speaker's responses: In Chile for example – where there are plans and structures – they have an explicit strategies which is set within economic and social development.

Local government and municipalities are key and essential building blocks; need to beware of confiscating policies.

Bill Reimer, U. Concordia, Canada - in response to Pezzini's comments on "can we change institutions with policy?" he felt that many rural institutions are in place but not well used – so how can these be liberated.

Sam Cordes, Purdue University spoke of the role of civil society – in the discussion that followed it was noted governments are the elected bodies – how civil society is represented on councils is important. Yet: How and what to do regarding intangible resources such as identity, trust, entrepreneurship? What is the right mix of public institutions that leaves space for private initiative?

Joaquim Oliveira Martins, Head of OECD's Regional Competitiveness & Governance Division – remarked that a right mix of public institutions has to leave space for private initiatives.

Some approx 100 persons joined this workshop. The feedback was very positive from many participants. A number of participants commented on the potential positive value of the data sets and information collated by the RTD programme to inform policy. Richard Wakeford specifically welcomed the "10 key lessons and challenges on RD in LA" presented by Antonio Ruiz, ProTerritorios, and indeed referred to these in his wrap up of the conference. The clear and concise policy-related messages in Antonio's presentation are in a format that is very appropriate for this kind of public, and a good example for RTD programme presentations in the future.

This input has raised the profile of the Rimisp work and RD in Latin America more generally; and has created the space for continued dialogue with the OECD on sharing of experiences. Jean Lebel was also extremely thankful to Rimisp for his role at the workshop in representation of IDRC; he has noted that this was the only developing country dedicated session at the conference.

Follow up action

FJP discussed with GC/MC – it would be useful to have the ppt made available on the Rimisp website with at least a short cover note and secondly if the authors' were willing – to have the ppt converted into some short text and for Rimisp to produce a mini publication. The work of **María Angélica Ropert was a subcontract and there is already an associated paper to be produced.**

Action Rimisp to consider options

Mario Pezzini, Deputy Director, Public Governance and Territorial Development Directorate, OECD Bilateral meeting FJP with Mario – he is very keen to support S: S learning and feels that whatever emerges from the India conference there could be an opportunity for OECD to work alongside a S: S learning platform.

FJP notes: Mario Pezzini is a very good speaker and very well informed – if there is an OECD representation at the India Conference - it would be useful to have his input.

Action: Rimisp RTD should definitely follow up with him in the next 3-4 months before India and post India.

Session I: Responding to financial crisis and recession in rural areas

Mario Pezzini, OECD Chair

Local authority assets have been reduced – thus reducing fiscal capacity. At the same time social demand is increasing due to e.g. unemployment. This will all impact on long term growth and crowd out spending i.e. social demand can take over 70% of spend. Consequences also of reduction in remittances and a return to rural areas. Implications to social and political security e.g. China

Jason Henderson, Federal Reserve Bank of Kansas City, USA

Rural Communities now affected by recession need demand to stimulate growth but where will that come from? Longer term RD challenges remain. The 2008 commodity markets had +ve impact and less jobs lost but in 2009 more jobs lost in rural than urban – relatively. Rural areas have in general been more resilient than metropolitan areas and the west coast better than the east – why? Look at the commodity types. Rural areas less effected by decline in housing prices than urban - the housing supply was less (in numbers) in rural than urban and rural community banks had higher standards. But now the financial weakness has reached to rural areas and all banks have raised credit standards and this has had a -ve effect in rural. Food – milk and protein have taken a fall and no signs of pickup. The USA stimulus package will stimulate and place a floor on the decline.

Now looking overseas for growth of demand for: food in particular processed food, renewable energy and green products - these will be the key drivers.

But need to address longer structural problems/challenges : aging population; outmigration; brain drain; return migration; consolidation in land; regulatory costs; need for entrepreneurship/ innovation/ new services (personal services), and amenities.

Sirpa Karjalainen, Ministerial Advisor MoA and Forestry, Finland

Early 1990s saw the first recession- government learnt from this. Impacts on fur, metal and on bioenergy. Plus other countries are taking over paper industry (also declining anyway) and e.g. dairy.

The 1992 recession was very deep and had a prolonged effect on one age group – 20-24 year olds. They moved out of rural but when growth restarted the jobs were in rural.

For the 2008-009 recession - metal and machinery badly effected as Finland is very much a sub-contractor. But firms have learnt to try not to fire people but keep them for the upturn i.e. 4 days weeks/vocations etc. In the fur sector, China demand has made a difference. Bioenergy: this is holding up despite recession.

To revitalize rural areas need: relief on taxation; direct aid to SMEs and aid for employment; infrastructure investment; R and D projects; no public sector cuts yet but cost of revitalization 2.5-4% of GDP.

GoF planned for broadband 100MegaBytes for all by 2010.

Challenges: Finance of municipalities are dependent on corporate taxes and government transfers; communities recover slowly and unemployment is rising; decreasing net income; increase in social security; poor age structure; and, difficulty in provision of social services.

Recovery measures must be long term and long lasting.

Savva Shipov, Ministry of Rural Development, Russia

Cities were generated by specific industries; these industries are in decline (low level of processing/ low global demand).

Many single industry towns are defined as one or more of the same industry (note there is a low level of processing); significant dependency on the industry; low diversification; distant from other urban centres. Have some experience ref asbestos towns but this has not yet been systematized.

Actions needed: Retraining; avoid piecemeal plans; importance of integrated plans; include business associations/ PPPs/ civil society, and address vertical integration of industry.

Rural policy needs legislation; knowhow and EU structural Funds.

Aart de Gues, Deputy Sec General OED

In summary – a panel with very different cases. Whilst responses have very specific backgrounds/contexts – in some ways there are similarities. Key ideas: Importance of innovation/education; govern the response not just leave to the market. Opportunities include: renewable energy; ICT and new media. Challenges remain: aging – missing the 25-50 year olds; need to reduce fossil fuel consumption.

Problems in rural areas are deep – one must know the history and develop country specific responses.

Session II: Relaunching devitalized Areas and Single industry towns

Joaquim Oliveira Martins, Head Regional Competitiveness and Governance. Public Governance and Territorial Development Directorate OECD (Chair)

John Bryden, Norwegian Agricultural Economic Research Institute

Defines single industry towns as over 30% population with employment in single industry/firm. Typically resource extraction /first stage processing e.g. timber, fish, food. Statistics in Canada show that such resource-related communities are very significant e.g. 50% of small centres plus (pop size?). In Russia about 25% i.e. it is a very significant issue.

But nature of the industry, and the problems faced varies by country and place to place. National policy matters in cause and outcome.

Local government services are dependent on the industry for taxation – can be problem e.g. Russia but Norway supports fiscal equalization schemes. Need to understand history e.g. Seattle moved through timber – gold – Boeing – Microsoft.

In his analysis he ignores: retirement towns. College and government towns – as these are resilient.

Problems stereotype – boom and bust; dependency; resilience; gender balance issues; problem to attract professionals- doctors; weak sense of community.

Variables: history of settlements; remoteness; size; nature of employment e.g. migrant/local/union/wage labour etc; presence of regional policy/fiscal management.

Challenges: resource exhaustion; cyclical turn down; tariff barriers; shift of fashion e.g. tourism; climate change e.g. ski /coastal resource.

Thus cannot be single policy – better local than national.

He reviewed three case studies of diversification and drew out generalisable policy responses.

- Subsidy protected them to the 1980s
- Industrial recruitment now replaced with others
- Tax credits to attract change
- Better clustering strategy e.g. medical sector; value added to agric. also virtual clusters beyond the borders
- Investment in innovation and higher education/upskill labour force/ university linkages
- More bottom up development/place based solutions
- Better fiscal management - equitable

Patrik Johansson, Division for Regional Growth, Sweden

Joint programme between the Min of Agric and Min of Enterprise, Energy and Communication – all party committee - 4 working groups. Have developed a strategy – addressing business climate; labour force, welfare and services, and, infrastructure. They are rural proofing organizations and policies.

Mikail Dmitriev, Centre for Strategic Research Foundation, Russia

23% of urban population in single industry towns – but contribute to 40% of GDP – current crisis has a major effect. Special commission set up on single industry towns – chaired by Deputy Minister Regional Development. Mining, engineering and machine tools are the main industries.

Russia will focus on sustainable companies – some towns will in effect close down.

Interventions (3.3b\$ for programmes) include: Federal programme in support of key sectors agric, food processing and selected industry. Housing and resettlement (last option) but some 27% of towns are very vulnerable. Support modernization, training and SME development. Now preparing regional territory plans.

Paul Ma, Fisheries and Oceans, Canada

Change in fishery patterns – downturn across the board. Shellfish were 70% of the industry. 206 fisheries dependant communities accounting for 8-20% of provincial populations. Some Canada firms moving to China.

Action: 15m\$ direct transfers; Sustainability transfers; Quality assurance support and product development. Community adjustment fund started in 2009; Community Development Trust supports training and diversification.

Budget 2009 – investing in new harbours; credit and loan for fisheries; support community and industry response e.g. lobster roundtable- and related market development study tours.

Finance new approaches at meso level e.g. Community energy company; community land fund.

Crisis has served as a catalyst for change.

Session III: Rural Tourism

Daniel Fesenmaier, Temple University, USA

Forces of change: economic; social; political; technical. Tendency to overestimate the short term and overestimate the long term. No winning strategy lasts forever.

Web2.0 has changed the way we do business - travel is one of the most popular on-line interests. Organizations must have this capacity. Internet technology is not directly transferable from old technology - people content, business methods, partners etc. New levels and types of competition. Partnering in new ways is the way forward- value adding through partnering.

Develop a score card - four boxes: Financial; customer; internal business process, and growth and learning, around the central vision/strategy.

Map network connections - with spatial representation. Note: change is not linear can be cyclical.

www.tourism.temple.edu

Thomas Maier, Federal Office for Agriculture, Switzerland

Agriculture and its partnership (with state and society). What are the options: silent; active or strategic?

36% GDP from tourism and 1% from Agric. but same number of employees as agric at 4.5% national population.

Agric as a silent partner:

- Takes care of landscape and biodiversity; landscape is a public good actors are anonymous; farmers get remuneration for direct landscape protection services including direct grant payments (single annual payments' with some conditions; infrastructure "free" to tourists).
- Capital stock value is 71b swiss francs ?

Agric as an active partner:

- Own the agric tourism; goods and services become private – lodging, crafts, theatre etc; agro tourism platforms; rural people empowered trained and own brand.

Agric as strategic

- Coordinated approach with all partners; clusters in regions; common marketing. Government support to regional policy; federal networks on RD (piloting now); agro tourism as part of rural tourism; landscape is key; farmers have to be compensated; agric and rural towns need coherence in marketing.

Tourists care about climate change. "Fair agriculture meets tourism"

Pauline Keegan, Head RD, Dept Agric and Rural Development, Northern Ireland

Low tourism due to terrorism. 1997-2007 some growth but only 1% of GDP cf Southern Ireland 5%. Weak infrastructure and low investment.

Attributes: quality environment; the people.

Special programme – EU£50m for 5 areas of outstanding beauty
www.sagp.org/link.group.php

Focus also on small-scale – green tourism; genealogy; food tourism 400 small projects put forward focus on green accreditation scheme – cycle routes; trails; signage and accommodation.

In 2007 – the Carlingford Lough – a joint programme across political boundaries includes promotion of indigenous foods – fairs shows, seminars, market research, press coverage etc.

Grants for food processors- fairer shops, organics.

Northern Island Development Programme – new £500m for farm diversification; business creation, village renewal; heritage sites; and basic services.

Karla Uliana, Ontario Min of Agric., Canada

22.1b CAD\$ value of tourism; 300,000 employed and 80% are from Canada. But 9/11; US/Canada border control change; dollar exchange rate, etc. has impacted.

Tourism Competitiveness Study 2009: create tourism regions with identity and leadership; 40m\$ to support these regions; Culinary strategy – Savour Ontario www.savourontariodining.org co-funding promotion with industry.

Session V: New sources of energy production and transmission

Marvin Duncan, Office of Energy Policy and new Uses, USDA, noted that new policies supported by the Obama government towards diversification of energy sources, away from fossil based, opens a huge space for rural and territorial based energy programmes.

Simon Rolland, Alliance for Rural Electrification (ARE) Belgium

ARE is a 35-member association (<http://www.ruralelec.org/>) on renewable energy sources for rural electrification; ARE is identifying the technological and financial gaps in the rural electrification process, based on the experience and expertise of its members, in order to generate appropriate answers to fill in these gaps. It is lobbying before the relevant stakeholders, namely donors, banks, financial institutions and the private sector, to generate funds for rural electrification and to impose its solutions.

Lene Grönning, Bornholm, Denmark

The conference gave a tribute to Bornholm, the “bright green island” in the Baltic sea (www.brightgreenisland.com) striving to be 100% CO2 neutral and based on sustainable energy

Session VI: Demography

David Brown, Community and RD Institute, USA

Population trends on the OECD: internal migration; change in age structure of population; increase in race and ethnic diversity.

In some cases loss of young people: impacts on labour; human capital; and future reproductive potential.

How does a population age: net outmigration; chronic low fertility rates; immigration of older people; increased longevity.

Need for systematic work on determinants and consequences of migration and on the direct effect of outmigration of the young.

Liu Shouying, Development Research Centre, China

Focus on the impact of export orientated industrial development and migration from coast and its impact on C and W China. Interprovincial mobility has been a major problem; most migrant farmers are men; most migrants are young.

Impact: Population in rural has aged- farmers are old; women have become the major labour force; social issues of "left behind children (58m)" – both parents at work and effect on mental health. The scale of numbers is the challenge.

Action:

- Migrant framers' must be involved with urban policy – education, social policy
- Improve living conditions of low rent housing
- Reform land property rights
- Address insurance and risk management in rural areas

Paolo Ammassari, Min of Agric, Food and Rural Policies, Italy

An Observatory has been set up to look at all rural issues.

Human Capital: farmer education and job market facilitation; define new job profiles e.g. agric tourism; give perspective to the young including incentive for new projects.

Economic Diversification: multifunctional agriculture- agrifood- agritourism-farming for health.

Services and sustainability: broadband 99% by 2010; develop ecoservices water and bio-energy.

Quality of Life: landscape and biodiversity; innovative use of NR e.g. energy.

Sustainable farming and quality of food: distance farm to consumer – micro markets; quality of produce and animal welfare; made in Italy; involve young people in schools.

Demographic trends: Higher area with over 65s is the poorest region.

There is no national rural policy across the country; need to fine tune the multiple institutions.

See www.reterurale.it

New approach:

- Interministerial grouping
- supplement EU funds for rural areas
- better knowledge of rural areas/better indicators
- more information on migrants and migration
- Promote R-U synergy and services

Patrice Leblanc, UQAT, Quebec

Youth migration survey – 37% say they prefer the country side; 57% say they would go back at some stage.

Action: Help young people to decide and return if they wish; maintain awareness; stay connected; help with affordable housing/employment and help with social re-integration

Session VII: Climate change and implications for rural

Paul Egginton, Natural Resources, Canada

Not just an environmental issues – it is a social and economic one also.

Adaptation is already happening; concern about the safety of infrastructure need to engage debate with engineers/water managers etc – much confusion remains on climate change.

Governments have a key role of guide and inform- to engage with whole community and be multi- sectoral.

Place based response is needed within a national plan/support.

John Tibbitt, PASCAL International Observatory

Following the 2002 Melbourne meeting, it was agreed to set up learning regions with a set of institutions and nodes worldwide from which e.g. the OECD and EU could commission services – 60 experts around the world supplying research to inform practice.

For rural resilience need for Universities to align with communities; entrepreneurship and new business; vocational education; <http://www.obs-pascal.com/>

Barto Piersma, Min of Agric. Nature and Food Quality, Netherlands

Min of Spatial Planning and Housing leads the planning for “Climate proof spatial planning for Holland” set the time horizon as 100 years to minimise short term planning errors and being led by wrong incentives.

Multi stakeholder process – used scenarios informed by evidence. Need people awareness; knowledge to make choices and to develop and apply instruments.

Focus is on: flood protection and disaster management; living environment including water and water management; biodiversity; economy including services. Must be multi sectoral and integrated including transport and energy.

Peter Billing, Centre for Regional and Tourism Research, Denmark

What to do with Bornholm – as set of islands 43,000 population and 60 sq km? In 2007 there was major administrative restructuring and Bornholm was given a Regional Municipality status and thus can access EU funds. New strategy "*bright green island strategy Bornholm 2014*"

Marcel Gaucher, Climate Change Bureau, Québec

Quebec is facing climate change impacts now: Arctic – rising temperatures; Boreal – fires, storms and fall in demand for forestry; Maritime: coastal erosion, ice cover modification, fisheries change; agriculture Québec (30,000 farms) have both weather and market effects. Set up Consortium on Regional Climatology and adapting to Climate Change – academics and policy makers in 2001. Major risk framework done in 2007.

Integrated approach: energy strategy 2006 including renewables; action plan for climate change 2006; public transport policy including rural 2006; use of wood for renewable and construction 2009. Levy on fossil fuels for climate change and a green fund.

All municipalities do emissions inventory and adaption plan. Programmes for hydropower, wind power, forest biomass, agric biomass (panicum grasses, arctic willow – second generation fuels only), and waste biogas. They are working to reduce food chain loss/costs; add value locally; reduce dependence on fossil fuel and green technology companies and jobs.

Session IX: Local government and declining fiscal capacity: adjustment mechanisms

Charles Fluharty, Rural Policy Research Institute University of Missouri-Columbia

Need to reframe the challenge: very little vertical coordination; rehabilitation of structural funds; new attention to investment.

Why is sub-national critical... responsible for most public services, social wealth fare and health – 60% of public investment and 31% of spend and well as revenue generation.

Many governments have pressure on assets and declining interests' revenue; reduced revenue; and increased unemployment. Local government are responding – reduce spending and or increase revenue through raising taxes.

June 2009 survey of OECD countries – debt level at local level increasing and generally no reduction in spending.

National governments have shown a mixed response. Need for intergovernmental compact, increased discussion at differ levels; create regional responses – city regions.

New Rural Paradigm – what does it mean for the OECD? There is current general agreement but still challenges exists and some components have not been operationalised; lack of quantitative data and analysis; sectoral pathways still override innovation. In the US some feel that local government is broken with major reduction in funds/revenue and state funding is also declining. The new stimulus package – has plans for both state and local level – but will it happen?

New White House memo August 2009: new place-based policy for Federal Government; Regional Innovation Councils will be formed; Liveable Community agenda in place (commerce, agric and other); knowledge strategy within a place-based policy framework; Community level participation with Federal funding within a regional framework. The memo notes "importance of rural areas having access within a regional framework". Rural has been recognised.

The OECD Rural Paradigm must: a) have new commitment at local level and within rural and urban strategies and national level, b) set rural within regional programmes and funding streams, or c) become irrelevant. USDA RD may lead the way.

Kadmiel Wekwete UNCDF

The UNCDF works in 39 countries and on building local governments capacity mostly Africa and SEA Asia repeated the challenges facing Local government.

Rural local Governments have: weak fiscal base; depend on central gov. conflicting functional responsibilities with central government; often weak modes of accountability and transparency.

Need to improve functionality and performance – curb fiscal decline including ring fence for key sectors e.g. health, education etc promote R-U linkages. Need

OECD country support – capacity building; twinning and better local economic development.

Maria Amelina, Social Development, ECA Region, World Bank.

Maria has been working on programme in rural Russia. The Rural crisis: industrial production stopped effectively in mid 2009 in part due to end of national aid; projections on poverty are now wrong; high HH debt distress; job losses and return to rural areas. Urgent need for well coordinated, quick disbursing funds/programmes with predictable and non corrupt institutions. It is now mostly through national fiscal channels.

An example of a WB success was the KDP Indonesia – locally run – transport, infrastructure and social services.

WB feel that local government are not the best vehicle for crisis support – mixed capacity, mixed incentives, and difficult to phase out the crisis fund. In Russia exploring the private sector as service providers- long term lease arrangements. Need for one stop shop for business services – the crisis has generate new incentives to move on this. Need horizontal and vertical linkages and R-U linkages.

WB programme in Russia is supporting local government and governance – including civic engagement. Recognise that capacity building takes time.

Need for performance based budgeting at all levels of government; and for inter local government/municipality clustering for service provision and development.

Bruno Jean – University of Quebec and Scientific Director Centre of Territorial Research and Development (a very good presentation)

How are local government responding to crisis?

Need new institutional arrangements; LGs need to have: political and institutional representation of citizens; a public entity to devolve municipal services; and act as local agency supply for local development.

How to respond: close down; amalgamate /merge; new forms of partnership between local governments. Allow for new rural citizen based rural government to support local government.

Options: a) Reduce expenses – new PPPs, amalgamation with small towns; b) Increase income – royalties from new industries e.g. wind energy, engage in business e.g. cooperatives, attract newcomers, levy on gas; c) Do something different- New local governance – better P-P-community decision making, new R-U alliances, modulation of national standards e.g. water and fire risk may /can be different in rural cf urban, new public-public partnerships e.g. multi functional services – shared infrastructure schools and health.

New Supra local structures are an option e.g. regional/county municipality dealing with e.g. waste management.

Other service providers:

Centre for Local Development (CLD) – place based development, non profit organisation.

Canadian Rural Research (CRRF) focus on: local development rests on the principles of social capital and shared governance; support local capacity building – more than direct support to entrepreneurs; R-U governance; need for more innovation in institutional arrangements.

The fiscal crisis is an opportunity to revisit the role of local government, need innovation and new models and arrangement – LG needs to innovate as much as entrepreneurs.

Pavel Novotny, Ministry of Regional Development, Czech Republic

8 cohesion regions, 14 regions, 77 Districts and 6,240 municipalities (5,000 with less than 1000 inhabitants).

Problems: reduced revenue; some municipalities are too small; and the cost and capacity for service provision; weak management capacity. In effect some 80% of budget are for mandatory expenditures - very little capacity for discretionary spend.

Actions - much the same as prior speaker but note weak legislation to enable innovation in e.g. PPPs.

Q and A

New opportunities for patenting of local ecological services; carbon sequestration; water quality (New York is paying the Catskills for water quality); watershed management.

In Japan, the Rural Policy has enabled a tax on water from the cities – thus a transfers U to R.

Note the political legitimacy of rural municipalities – not just administrative.

New White House paper – “Liveable Communities” – local community engagement including ecosystems. “Liveable Countryside” future rural plans will have greater impact on urban rather than the other way around.

OECD has a working group on “Fiscal network at different levels”.

Session X: Panel sessions

See Annex 1 on key findings

Session XI: Recap and way forward

Bruce Gilbert, Assistant Deputy Minister, Rural Secretariat, Newfoundland and Labrador, Canada

David Freshwater, Acting Head, Rural Development Programme, Regional Competitiveness and Governance, Public Governance and Territorial Development Directorate OECD

Link between innovation and productivity. There is innovation in rural areas – new products, tourism and this needs to be fostered.

We live in a real world and one of networks – the denser the networks the better off you are? so how to strengthen and enhance this as part of RD.

The OECD New Rural Paradigm is an investment based, bottom up model on how to do things differently at local and national levels.

The Local government has more room than they think to do business differently and thus can better face uncertainty.

OECD group is only there to serve what the members want to do.

Donna Mitchell, Executive Director, Rural and Co-operatives Secretariat, Agriculture and Agri-Food, Canada

The importance of communities had been very much endorsed; next priority is therefore to develop leadership at the local level; no one player can deal with all therefore partnerships are critical; long term interventions are necessary but governments still need to see tangible results.

Need to create a mechanism for knowledge sharing at the different levels of governments on what works – such KM is often at the bottom of the list - it should be a higher priority.

On Climate Change, we have not got a policy framework which citizens understand and with agreements on the concrete steps to move forward.

Richard Wakeford, Director General, Rural Futures Scottish Government, UK (Chair OECD Working Party on Rural Development)

The OECD New Rural Paradigm has been tested by the recession – and has been found to be relatively robust.

Plans are more robust if place based; need for networks of actors working together at a higher levels.

Looking forward: we need to plan RD with Climate Change.

There has been agreement of Food Security L'Aquila 2009; New changes following Pittsburgh G20 Summit ref sustainability and growth. We should now prepare to envisage a +ve rural future.

Need for green growth:

- Quality food at right price
- Clean water and dirty water treatments
- Renewable energy; energy security; ecosystems services; climate change and policies;
- Rural production and services properly valued

- Need more and better natural resource accounting and sustainability should include wellbeing

Need for better sharing between developed and other nations. The work of ProTerritorios and the ten emerging lessons should be noted as most valuable to inform policy direction/trends.

On R-U linkages – politics and economic come into play here. What do rural do for urban - this needs to be understood. Parliamentarians are either rural or urban – so their approach is different.

Need to put the built environment and the social cost into private structures – need something like a Fair-trade systems built into rural business.

How to take Green Growth forward: need evidence; intelligence; analysis; new planning methods and to spread the word.

Rural Working Party will meet in December 2009 – and gets a new mandate including needing to find ways to reach Ministers.

Governments and business need to do “Rural Proofing” –and need to be willing to learn from mistakes.

Q and A

Mayors and provisional governments matter; Trust matters; need to have longer term planning mechanisms. Need to maintain population in rural areas – in some contexts. What are the mechanisms for new learning to be captured and shared, how to feed into the evidence base.

In the conference – the round table debates should have been earlier on.

Mark Drabenstott, Director, RUPRI Centre for Regional Competitiveness (Chair, Territorial Development Policy Committee (TDPC), OECD) Thanks etc

Robert Sauvé, Deputy Minister for the Québec Department of Natural Resources and Wildlife. Government of Québec, Canada. Thanks etc.

Closing Mario Pezzini, Deputy Director, Public Governance and Territorial Development Directorate, OECD

New elements of this conference have been the new observers i.e. Russia and Chile; and that third world countries matter. "We learnt about ourselves by exploring with others - greatly benefited from what they brought". The more open the doors - the better it is. The 10 different issues were presented - these were discussed (ref to LAC presentation).

That said into the future for the OECD Conference we also need to specialize and get into more depth i.e. to prioritize. Municipalities have a lot to say but how does this conference really engage them. OECD Rural Group - need new methods to work - round tables - web; etc. they will explore these.

Notes from persons met and other resources

OECD

Mario Pezzini Mario.pezzini@oecd.org Deputy Director Public Governance and Territorial Development very interested in India conference. Will wish to talk about a S:S learning network before and indeed post the conference. He felt that such a south south learning should have a small secretariat - should not grow too big- bring in ideas from OECD as necessary. The IberoAmerica initiative is too narrow but could be a starting point. The OECD has experiences of making cross country learning work - would be happy to help in any way.

Action - FJP/Julio Berdegué to stay in touch.

Richard Wakeford, Director General, Rural Futures Scottish Government, UK (Chair OECD Working Party on Rural Development Richard.Wakeford@scotland.gsi.gov.uk +44 7917-212986/5 Charingworth Court, Winchcombe, Glos, GL54 5JN, UK). Richard will remain Chair of the OECD Working Party. He has stepped down from his position in the Scottish government. He is in discussion to take up a role which will be UK wide on rural development and will have an international angle. He will be working therefore with the England's DEFRA, Scotland and also DFID. His terms will be finalized in end November. Richard is very interested in the India conference (see earlier exchanges) and the possible role he can play - interested in sectors: energy; water; culture and tourism. Post Pittsburgh G20 wants to renew working group on methods - need new indicators - really liked the Rimisp data sets.

Action - FJP to get back in touch with him and find out more on his new role – after end November and also ref the India conference.

Markus Berger OECD office Paris markus.berger@oecd.org He led the OECD China review. He could help with China speakers if needed.

Joaquim Oliveira Martins Head of Division Regional Competitiveness and Governance joaquim.oliveira@oecd.org New to post and seems to be impressive. Very open to collaborate with Rimisp, has knowledge of Latin America and sees Rimisp as a partner.

LEADER

Marie Jose Murciano Sanchez Project manager Tel: 91 128 97 48 redr@redr.es met earlier at the Seville 2009 meeting. They remain very very keen to work together with Rimisp RTD. There will be a Rural Development meeting in November 2009 in London. She will send FJP details. There is a new Rural Development Law going through Parliament – end October 2009 on LEADER and LED and they want specifically to include third countries. She will send information. Spain is also like Finland having new structures across sectors to address rural space.

The Costa Rica LAG network has been formally linked to the LAG programme in Spain.

Action: We agreed to complete the summary of the LED areas in Latin America by November and get this to her and to follow up. Manuel Chiriboga to lead. FJP to follow up on London meeting.

LEADER – Finland

Hanna- Mari Kuhmonen Senior Officer Department of Agriculture Rural Development Unit, Ministry of Agriculture and Forestry Finland hanna-mari.kuhmonen@mmm.fi Knew of Manuel Chiriboga's contact with Eero Uusitalo, wanted to link up and to share ideas between Finland and LA. Interested in the India conference. FJP to email ref possible GoFinland interest in sponsorship. Government Report to Parliament on Rural Policy 2009 is now going through Government and there is an expressed interest to share and learn with and from others. Copies of report sent by FJP to JAB and MC.

Action - FJP to follow up also together with MC

Sirpa Krajalainen Ministerial Advisor Ministry of Agriculture and Forestry Finland FJP met briefly sirpa.karjalainen@mmm.fi

Petra Stenfors Senior Officer Regional Development Finland petra.stenfors@tem.fi FJP met on tour.

Ron Scrutton Head of Rural Policy Dept for Environment Food and Rural Affairs (DEFRA) 02072385668 ron.scrutton@defra.gsi.gov.uk FJP had useful discussion – they have little budget and seem to have little innovation – they support the Commission for Rural Communities and that is the power house for innovation but FJP will keep in touch.

Dr Stuart Burgess Rural Advocate Commission for Rural Communities 01242 534077 stuart.burgess@ruralcommunities.gov.uk FJP met in Cologne in 2008- he is very interested in the Rimisp RTD work and ready to help in any way.

Action - FJP stay in touch.

Dr Bill Slee Macaulay Land Use Research Institute b.slee@macaulay.ac.uk gave keynote on forestry – very interested in LA work.

Action - FJP to send the key ppts and get copy of the keynote on forestry.

Ros McNay Rural Development Manager Dumfries and Galloway LEADER Programme Roslyn.mcney@dumgal.gov.uk 01387 850228 – very practical and would be a good person to share ideas on a Rimisp RTD Scotland study tour if/when undertaken.

Action - FJP stay in touch.

Bruce Beveridge Deputy Director Rural Directorate Rural Communities Division Scotland 0131 244 6190 bruce.beverage@scotland.gsi.gov.uk Bruce could be important anchor for possible LA study tour. Shared India conference for information.

Action - FJP to send ppt for LA presentations

International Conference – India

Dr Andrei Nikolaev Project Manager na@pop.transit.ru The Expert Institute Russian Union of Industrialists and Entrepreneurs. Strategic adviser to government on small industrial town ex deputy minister -FJP shared the India

conference. He will find suitable Russia delegate for India conference – if we would like.

Liu Shuying Senior Research Fellow RDC China liusy@drc.gov.cn Briefed on India meeting – was not aware but was very interested to learn and will link up with Conference steering Committee China delegate on return. He was closely involved with the OECD China review.

Action - FJP Agreed to send all LAC ppts

Dr Sang Bomg Im Rural Research Institute, Korea Rural Community Corporation imsb@ekr.or.kr FJP shared the India conference – very interested. His colleague water engineer Dr Yong Jig Lee leeyj@ekr.or.kr If we wish Korea delegate –and or speaker for India – Dr Sang Bomg Im can assist/participate.

Action - FJP to stay in touch

Canada host and organizations

Robert Sauvé, Deputy Minister for the Québec Department of Natural Resources and Wildlife. Government of Québec, Canada. He much appreciated the Rimisp LA session – and was very pleased with the positive feedback from all including from Mario Pezzini OECD.

Mike Stolte Centre for Innovative and Entrepreneurial Leadership. mstolte@theCOEL.com had met Julio Berdegué and was very interested in the Rimisp RTD work – FJP shared copy of annual report. Would like to stay in touch and help. Working on Community planning and some interesting models – see www.theCIEL.com

Action – FJP to send the weblinks for REED and for P and I mapping - Regoverning markets.

Michael Toye Director. The Canadian CED network – mtoye@ccednet-rcdec.ca working on community development – useful website etc www.ccednet-rcdec.ca

Prof David Douglas Rural Planning and Development University of Guelph djdougl@uoguelph.ca – JAB met and he noted no follow up – FJP gave him a copy of Rimisp RTD annual report. Guelph has working links in LEADER/LAGs/RD with Ireland.

David Gass Rural Leadership Programme of Scotland. The person in charge overall is Julian Pace. david.gass@scotent.co.uk and Julian.Pace@scotent.co.uk. They are working on a collaborative leadership program with US partners and would like to explore possible links.

Homecoming Scotland 2009: A celebratory programme of events across Scotland from 25th January to 30th November 2009.

<http://www.homecomingscotland.com>

The 2009 GlobalScot International Conference - "Scotland's Global Opportunity: Great Minds and Innovation" 2nd & 3rd November, 2009 Glasgow Hilton
www.globalscot.com/conference

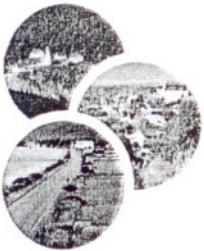
See also Scottish Enterprise <http://www.scottish-enterprise.com> Glasgow office +44(0)141 204 1111

Marie Imbs Policy Officer CRPM marie.imbs@crpm.org www.cpmr.org

Conference: *Summit of the World's Regions on Food Security* 18-19 January, 2010 see www.regionsfoodsummit.org

Action – Note in context of India 2010 meeting

ANEXO 1: Session X Panel sessions



Introduction

The 6th Conference of the Organisation for Economic Co-operation and Development (OECD) was held in 2008 in Cologne, Germany. After the conference, it was proposed to revisit both the content and format of the 2009 edition.

The 2009 Conference focused on the future of the rural world, on changes underway and on the outlook for the rural world, in addition to sharing best practices and presenting the results of various research projects in rural areas.

The format chosen for the 7th Conference gave more time for interaction with speakers and discussion among participants.

In order to prompt dialogue between participants and speakers on the conference sessions, roundtable discussions between delegates were organized on Thursday morning, October 15, with the following goals:

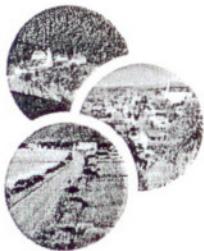
- ❖ To discuss the positions put forth by speakers and panellists during their presentations;
- ❖ To allow a greater number of participants to give their viewpoint on the issues, based on their experience;
- ❖ To allow delegates to express opinions on the most promising strategies, and those that should be prioritized.

The composition of each table was organized so as to include participants who had attended the various sessions, as well as having representation from various countries or sectors of activity.

Speakers and panellists were invited to join the participants at the tables to elaborate further their positions or answer questions from the participants.

Participants shared their vision of the most promising strategies for each of the main topics of the conference by answering the following questions:

- ❖ In the context of the financial crisis and recession in rural areas, and declining revenues for local governments, how do we generate growth in devitalized areas and single industry towns?
- ❖ How can we utilize forest resources, new sources of energy, production of local food and rural tourism as leverages for development?
- ❖ How do we build on the new demography of rural communities?
- ❖ How do we adapt to climate change?



Governments in devitalised rural and single industry areas have reduced fiscal resources during the current crisis. In addition, their expenses have increased because higher governments have delegated responsibilities to them. In this context, certain local governments have found innovative methods of tackling the problem.

1. In the context of the financial crisis and recession in rural areas, and declining revenues for local governments, how do we generate growth in devitalized areas and single industry towns?

- ❖ Building local capacity and community engagement: identify and develop the skills and leadership to seize local opportunities regarding natural, cultural and human assets.
- ❖ An equitable multi-level governance approach favouring partnership between different levels of government, private, non profit and civil society actors.
- ❖ While a short-term response may include government assistance and assure access to capital, the emphasis should be long term, focusing on a shared vision for economic diversification, support for entrepreneurship and innovation.

The multifunctionality of rural territories takes on a new importance in the current context. Tourism, forestry, energy and bio-foods, the driving force behind much new activity, represent income and employment opportunities in rural areas.

2. How can we utilize the forest resources, the new sources of energy, the production of local food and rural tourism as leverages for development?

- ❖ The leveraging of these resources has to be an integral part of local rural development strategies.
- ❖ The development should be sustainable and place-based, and closely integrate local values.
- ❖ Creating a mechanism of knowledge-sharing and engagement across stake-holders (urban-rural, public-private, public-public)



Rural development requires that several demographic factors be considered : an aging population, the exodus of young people, the presence of neo-rural dwellers, the arrival of immigrants, relations with First Nations, etc. These factors can be considered in a positive light.

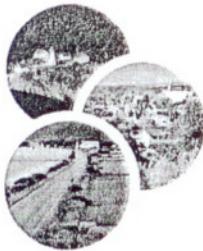
3. How do we build on the new demography of rural communities?

- ❖ Demographic change is the norm. Communities should be tolerant and perceive it as an opportunity.
 - ❖ Communities need to be welcoming and attractive to newcomers and returnees while considering local residents' interests.
 - ❖ Rural residents need better information provided by higher levels of government to understand demographic dynamics. They need to be assisted in community transition strategies.
-

Climate change has had and will continue to have impacts throughout the planet, including rural areas. Rural areas must, therefore, take climate change into account. Certain areas will be severely affected, whilst others will have new development opportunities.

4. How do we adapt to climate change?

- ❖ Provide information and awareness-building in communities, while strengthening regulations to promote low-carbon society.
- ❖ Identify opportunities to develop new profitable markets, such as small-scale energy production.
- ❖ Identify the right spatial-planning scale to resist extreme climatic events.



Conclusion

In the context of this OECD conference on rural development, the participants were invited to share experiences, discuss their realities, draw conclusions and suggest new ideas and initiatives which will lead to real and sustainable rural development. Taking into account their origin and experience, as well as the results of their research, the participants noted how much rural issues throughout the world seem to share common challenges and opportunities. They also noted that innovative answers are to be found throughout the various continents.

From these discussions, the following points arise:

- ❖ The current financial crisis requires that we modify our methods so that we can build a more resilient, human-friendly economy, with the help of greater local involvement in economic activities, in defining the living environment and in implementing greener and more sustainable communities.
- ❖ Climate change has and, for the long term, will continue to have impacts on the entire planet and rural areas will be called upon to contribute to carbon reduction, to adapt to new situations, floods or drought for instance, and to take advantage of new opportunities in agriculture and tourism.
- ❖ The support of rural development requires high-speed internet access, the mobilisation of populations, with allowance being made for their sense of innovation, the emergence of new local private or collective businesses, not only in the agro-food area but also in tourism, forestry, energy and local services.
- ❖ In demographic terms, we frequently encounter aging populations, the exodus of young people and the arrival of recent retirees and young families who commute long distances, and so we must be more open to the contribution of the elderly to local activities, encourage young people to return to their rural communities, promote the arrival of immigrants and new rural dwellers, and encourage a symbiosis between original populations and new-arrivals.

More than ever, sustainable rural development requires ingenuity and exchange between the regions and countries involved in the development of their rural areas.