

## Executive summary

Traditionally, the economic and territorial development of rural and urban areas have been considered separate topics in both research and policy. This has been reinforced by a sense that differences in economic, cultural and spatial circumstances lead to differences in economic, cultural and social interests. However, urban and rural areas are increasingly integrated both physically and functionally, and because of their distinct and complementary endowments, closer integration can bring benefits to both. Consequently, interest is increasing in how forms of governance might evolve to help manage this integration and influence the prosperity of places and people.

This report is focused on one approach that can enhance and better manage rural-urban relationships – the use of rural-urban partnerships. It starts with the recognition that urban and rural areas interact through a broad set of linkages. These encompass different geographies, which often cross local and regional administrative boundaries. Local and regional governments alone are not always able to manage these interactions to foster the development of both urban and rural populations. Similarly, changes in the administrative structure of a country may not fully respond to the different relationships occurring between urban and rural areas. Rural-urban partnerships, however, have been shown to be effective as a way to respond to the need to govern these interactions and to foster economic development and well-being.

This report provides an analysis of rural-urban partnership, and shows how it can benefit socio-economic development and sustainability. It first provides a conceptual framework to understand the context of rural-urban partnership and then some empirical evidence on urban-rural dynamics in OECD countries. Second, it documents the forms rural-urban partnerships take in specific territorial contexts and outlines their main characteristics, as well as the outcomes achieved and the governance issues raised. Finally, it provides ideas about how public policy could support rural-urban partnership, and when it may need to do so.

### Key findings

Urban and rural territories each have potential for growth, and socio-economic dynamics do not vary substantially along the urban-rural dimension. Urban and rural areas enjoy different and often complementary assets, and better integration between urban and rural areas is important for socio-economic performance. On average, places where “urban” and “rural” are closer, and where institutions are more inclusive, perform better than others in terms of growth of population and GDP per capita, respectively.

Urban and rural territories are interconnected through different types of linkages that often cross traditional administrative boundaries. These interactions can involve demographic, labour market, public service and environmental considerations. They are not limited to city-centred local labour market flows and include bi-directional relationships. Each type of interaction encompasses a different geography or “functional

region”. Flexibility is required in the space considered for governing these complex relationships.

Effective rural-urban partnerships can help attain economic development objectives. Rural-urban partnerships help territories to enhance the production of public goods; achieve economies of scale in public service provision; co-ordinate decisions where cross-boundary effects are important and increase the capacity of the partners. They can also help develop new economic opportunities. However, involving the private sector – which plays a crucial role in enhancing the connection to the regional economy – proved challenging in most of the cases observed. Another issue was the difficulty of monitoring and evaluating the results of the partnership and its impact on regional conditions.

Rural-urban partnerships are shaped by external factors, by the institutional environment and by the characteristics of the particular partnership. Co-operation appears to be more difficult when the differences in size, resources and capacity between urban and rural areas are large. Other factors detrimental to effective rural-urban partnership are regulatory and political barriers, lack of trust and policy fragmentation. On the other hand, factors with a positive effect include clearly defined objectives, understanding of the interdependence of rural and urban areas, democratic participation and leadership.

Four main governance approaches to rural-urban partnership emerge, depending on whether the needs of rural and urban areas are explicitly addressed and on the extent to which functions are delegated to the partnership. Each resulting approach has specific characteristics that vary according to the goals of the partnership and the institutional context.

## Key recommendations

- Promote a better understanding of socio-economic conditions in urban and rural areas and foster better integration between them. National and sub-national governments, through the production and use of data at the appropriate scale, must assess the socio-economic and environmental processes at work in urban and rural areas. This can increase awareness of territorial opportunities and challenges, and help identify the potential for co-operation. Territorial integration should be encouraged by ensuring access to services, jobs and amenities in functionally integrated urban and rural areas.
- Address territorial challenges at a scale that accounts for functional linkages between urban and rural areas. Governments should set up a framework to help local stakeholders co-operate outside the constraints imposed by administrative boundaries. One way is to encourage urban and rural actors to identify a development strategy or projects around functional geographies, which should be flexible and embrace different potential urban-rural interactions. Using common planning instruments that allow urban and rural areas to jointly manage common challenges and opportunities should be encouraged.
- Encourage the integration of urban and rural policies by working towards a common national agenda. National government should encourage better integration across policy sectors, such as between agricultural and regional development policy. This can foster a dialogue between rural and urban actors that might otherwise work in isolation. Moving towards a common national agenda for urban and rural policy can help better manage urban and rural integration and take advantage of complementarities. Also, each level of

government should participate in and support the working parties and forums that are engaged in policy debates about rural-urban partnership. One way to do this is through better alignment of national and regional strategies on urban and rural development with locally devised projects and plans.

- Promote an environment that supports rural-urban partnerships. Facilitating dialogue and co-operation between actors in functionally integrated urban and rural areas can be achieved by promoting inclusive governance approaches that overcome the challenges of mismatched size, resources, capacity and political power. Legal and regulatory policies that encourage rural-urban partnership should be introduced. One way of achieving this is by giving territories (local authorities) greater flexibility to find the most suitable form of co-operation for their particular needs. Another way is developing trust by encouraging co-operation around “win-win” issues.
- Clarify the partnership objectives and related measures to improve learning and facilitate the participation of key urban and rural actors. Monitoring and evaluation should be based on a few clear indicators, defined and agreed upon in advance, that account for short-, medium- and long-term change. Being able to measure success in early stages on the basis of accepted indicators can support co-operative approaches in the future. Identifying difficulties early allows partnerships to be more effective because they can more easily revise existing arrangements. National government can set the criteria, while regional government can engage and help the partnership in the operational phase. The extent of monitoring activities should be related to the scope and the objectives of the partnership. Smaller projects require less intensive monitoring.



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