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KEY CONCLUSIONS

AGREEING ON THE NEED TO EXPAND ACTIVITY BEYOND AGRICULTURE

This international conference on the future of rural policy, organised by the OECD and the Province of Siena, confirmed the important role that agriculture plays in many rural regions despite the fact that it is not clear whether current agricultural policy has effectively promoted rural growth and development. Developing the differentiation and increasing the quality of agricultural products may increase the contribution of agriculture to rural development. Proposals from the mid-term review of the Common Agricultural Policy released by the European Commission on 10 July were regarded as consistent with this objective but provoked debate as to whether the reforms went far enough.

Many of these issues are elaborated in the OECD's *Territorial Review of Siena, Italy* released at the start of the conference. As a predominantly rural province that has enjoyed considerable success, the study provides insight for formulating new rural development strategies. Fabio Ceccherini, President of the Province of Siena has proposed developing a network of other rural areas that are also pursuing, or wish to pursue, development that is based on the full valorisation of a territory's natural and cultural amenities.

This conference concluded that the policy shift requires both a broader definition of the countryside as well as the recognition of the inter-dependence of rural and urban areas. To guarantee the future vitality of rural areas, rural policies should shift from focusing on a single sector – agriculture – to developing a wide range of economic activities.

Two additional key policy changes were identified:

- A shift from distributing subsidies to support specific activities toward mobilising investment in emerging opportunities that take full advantage of local resources and capabilities. Tapping the

potential in rural areas is often hindered by the need for collective action.

- Continuing the shift from top-down incentives to the development of bottom-up projects targeting co-ordinated development. A bottom-up approach stresses the ability of rural citizens to identify problems for intervention, to formulate strategies and to be full partners in implementation.

A critical issue that must be resolved in policy reform is the difficulty in replacing old policies. Successful pilot projects of place-based development in Europe and the Americas hold substantial promise. But can territorial policies, such as the European Union LEADER initiative, the Mexican Micro-region programme, and local pacts and policies in Italy and France, form a comprehensive basis for reform?

It has been suggested that place-based policies are, in any case, likely to do a better job of fulfilling social demands than the current sector-based policies. A demand for analysis to examine the effectiveness of cross-cutting policy was one of the principle outcomes from the conference. These issues will be examined in a follow-up conference to be held in Washington, DC in 2003, organised by the Federal Reserve System and the OECD.

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