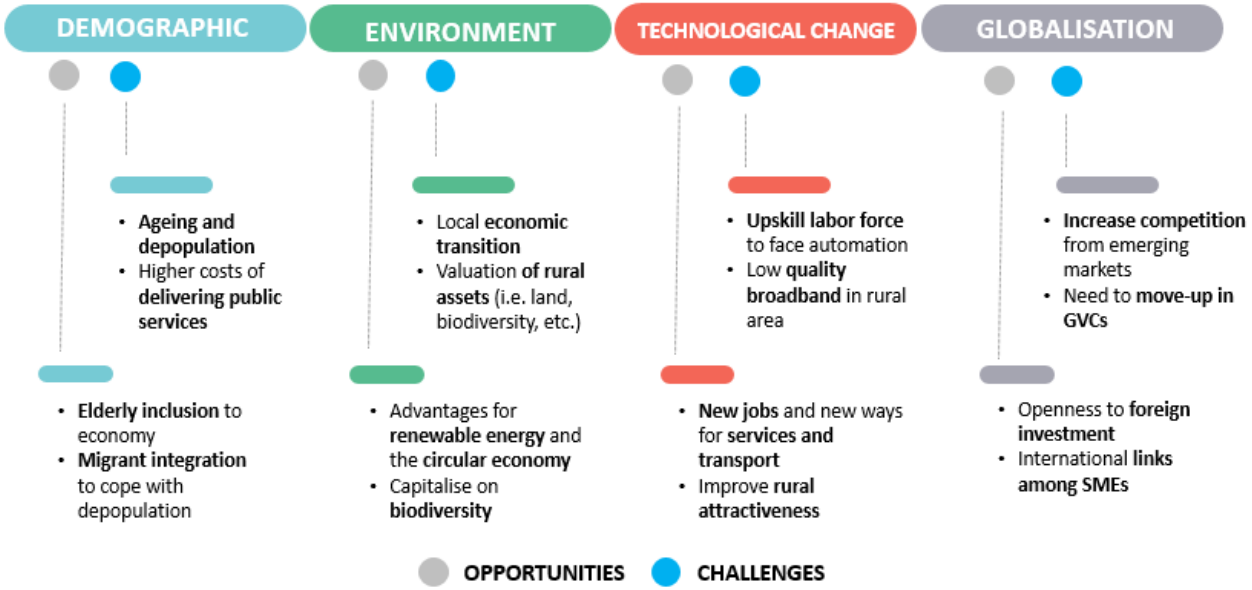
POLICY LAB
THE RURAL AGENDA FOR CLIMATE ACTION (RACA)

Territorial development for the green transition: Harnessing the potential of rural communities

19.09.2024

Jose Enrique Garcilazo – Deputy Head of Division and Head of Regional and Rural Policy Unit

The climate agenda is transforming rural places



EU Green Deal and IRA largest public investment programs since Marshall:

- On a global scale, including OECD and EU contributions, climate finance **reached a record high in 2021**
- total flows estimated between **$850 billion and $940 billion** - *around 150% of Sweden's economy*

Who will be winners and losers? What can/should policy do?

Five stylized facts – rural and the green transition

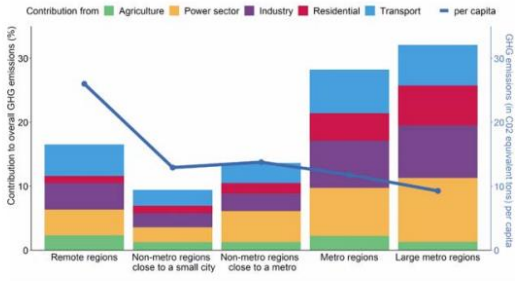
#1 Rural areas cover 80% of the territory in OECD countries and are home to **30% of the population**, (64% in rural close and 36% in remote).

#2 High per capita greenhouse gas emissions, dependency on carbon-intensive industries.

- Average emissions per capita are **three times higher** in remote rural regions (26.3 tons of CO2) compared to large metropolitan regions (9.3 tons of CO2).

Production-based emissions per capita are highest in remote rural regions

Contribution to GHG emissions (bars) and GHG emissions per capita (line) by type of region, 2018



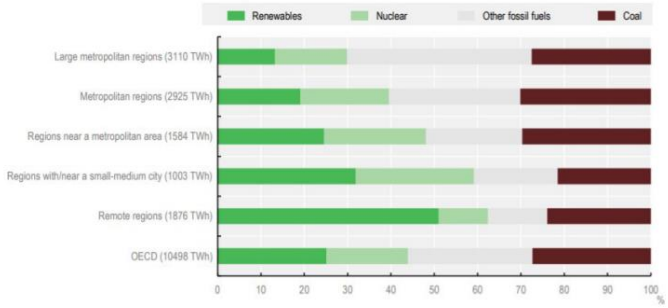
Source: OECD 2021 Regional Outlook

#3 Rural regions, **are leading in renewable electricity production**.

- Rural regions contribute more **than 50% of total** renewable energy production in OECD countries.

Rural regions, especially remote ones, are leading in renewable electricity production

Sources of electricity production, 2017



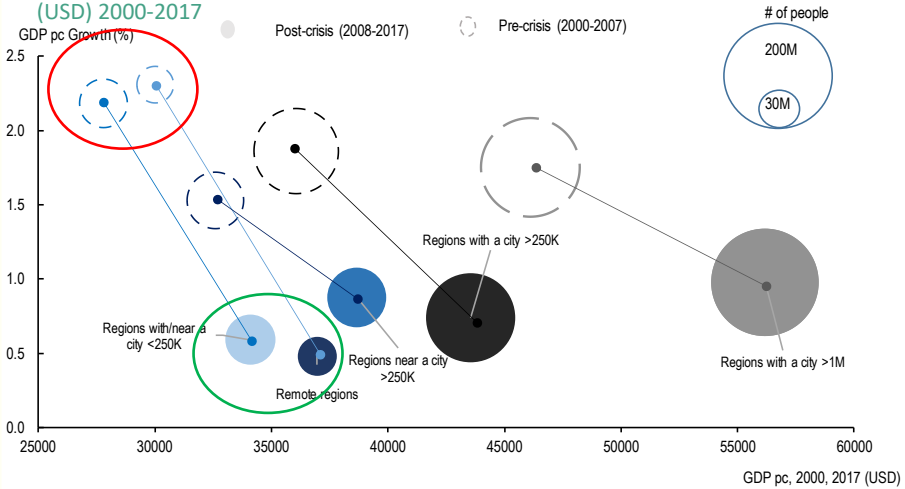
Source: Adapted from OECD Regions and Cities at a Glance 2020

Five stylized facts – rural and the green transition

#4 Rural-urban divides have grown since the global financial crisis

- The income gap increase by **15% between 2008 and 2020**.

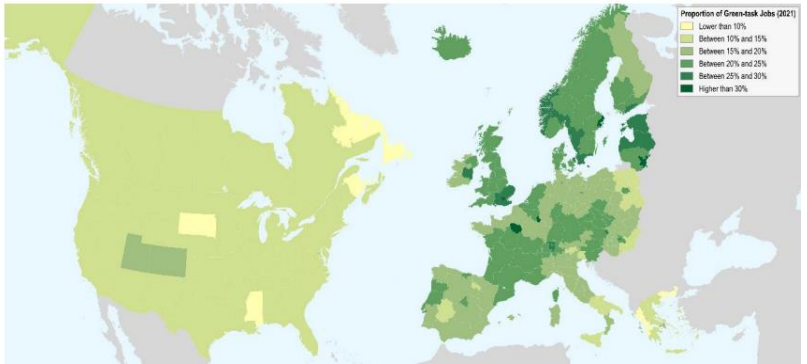
Figure. **GDP pc growth (%)** with respect to **regional typology** and **GDP pc**, (USD) 2000-2017



#5 Green Jobs are more concentrated in metro regions

- **70% of jobs** in sectors related to the green economy are in **metropolitan regions**.

Figure. The **proportion of green-task jobs in regional labour markets**, OECD regions, 2021 or last available year



Navigating farmers' crises and rural discontent

What are the root causes and regional characteristics

Economic Impacts: Environmental regulations can sometimes lead to increased costs for businesses and consumers, leading to concerns about job losses and economic hardship.

Social Inequality: If the burdens of environmental policies are not distributed equitably, and benefits are not occurring in rural places, it can exacerbate existing social inequalities and lead to resentment

Cultural Backlash: In some cases, environmental policies may conflict with cultural norms or values, leading to resistance from certain groups.

Place-blind regulation: Climate change regulations have not delivered so far to rural places (e.g., costs on environmental regulations, nitrogen crisis, diesel tax,…).

Current policies are facing backlash “Greenlash” in some rural communities

Renewable Energy
Large land use, limited local jobs → **Visual/noise impacts, land conflicts.**

Mining
Environmental damage, few local benefits → **Distrust and regional discontent.**

Infrastructure
Disruption of communities/ecosystems → **Polarization and exclusion if mishandled.**

Investments
RE deployment disconnected from local ecosystems → **Lack of opportunities**

Climate change efforts are not perceived to benefit rural places

Better and more effective policy responses are needed

Placed-based policies	Geography of opportunities	Local empowerment	Improved access to quality services
Customize policies to degree of rurality (close to cities, and remote).	Coordinate sectoral investments (e.g., energy and agriculture) to promote integrated development and local job creation.	Allow local governments and communities to make decisions, ensuring solutions are tailored to their unique requirements.	Upgrade services (education, health, transportation, digital,…) to reduce distance penalty, isolation and improve quality of life.

Areas of opportunities in transformation to net-zero economy for rural areas

Renewable Energy Production: Rural areas have a comparative advantage in renewable energy production (land and pop. density)

Bioeconomy and Circular Economy: Opportunities to develop sustainable local economies

Sustainable Mobility: Potential for rural regions to benefit from community led and social mobility solutions.

Biodiversity: Protect and enhance biodiversity by conserving natural habitats and species, supporting ecosystem services.

Community Involvement: The need to ensure that rural communities are **actively involved and benefit from the green transition**.

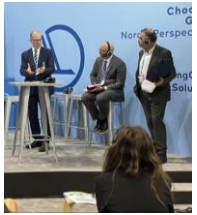
OECD Rural Agenda for Action

Launched at COP26 event series in 2021

- **Builds on** the objectives set out in **OECD Member countries' mandate** related to climate change and environmental protection

- **Draws attention** to the role rural areas play in **accelerating much needed reforms to reach net-zero emissions** and **calls for a stronger role of rural policies in reaching climate change goals.**

- Supports the **implementation** of climate related work:
  - collecting best practices (including incentives),
  - outline necessary actions for individual policy topics though case studies and reviews,
  - building partnerships,
  - dissemination of work.


Effective policy responses for rural places

Economic measures:

- Improve availability of data and information.
- Incentives and measures to support rural entrepreneurs and businesses including skills and digital skills.
- Promote tech in agriculture and rural economy for added value and promote rural eco-system.
- Develop effective public and private partnerships and civil society.

Better access to markets and planning:

- Invest in roads, railways, and quality internet to improve connectivity.
- Planning -- adaptation and mitigation to climate change and extreme weather (scenario building, foresight, planning & response measures).

Enhanced quality of life and building capacity:

- Services -- promote affordable housing and utilise telemedicine and online learning for better healthcare and education.
- Capacity building & partnerships -- empower local governments and communities to tailor and implement effective programs.

Next steps and options for further work

- Gather further **support and promote** the Rural Agenda for Climate Action and bring countries together though events and workshops

- In collaboration with countries, develop **new comparative data and indicators** of climate impacts for rural regions

- Put together a **checklist of tools** to manage the green transition in rural regions – governance challenges and capacity building

- Compendium of **leading practices**

- Develop **country case studies** focussing on one or more action areas and help rural regions elaborate environmental and net-zero transition strategies

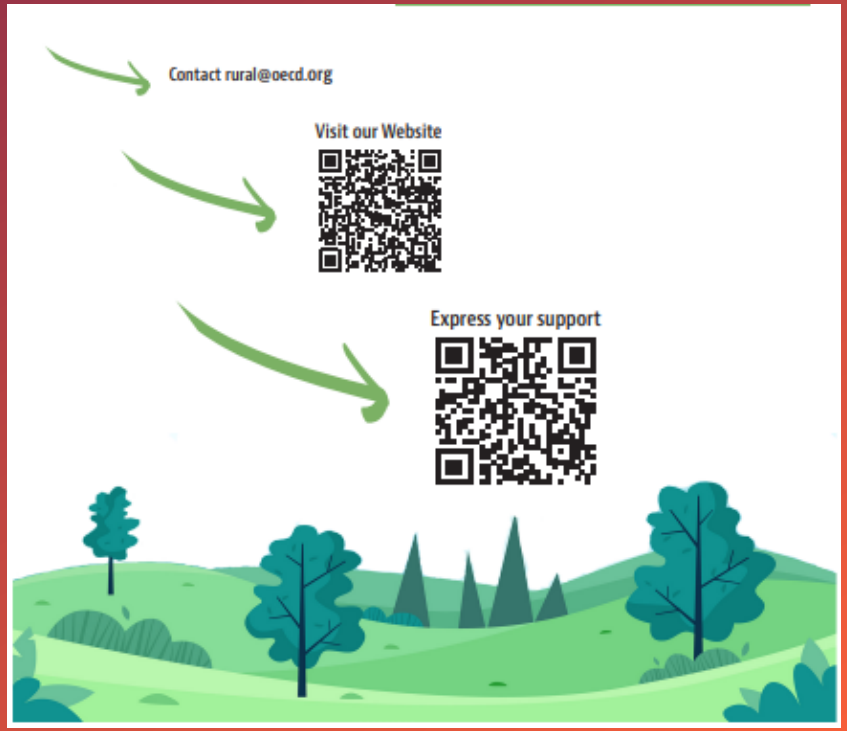
Thank you!

JoseEnrique.GARCILAZO@oecd.org

Twitter: @OECD_local
LinkedIn: www.linkedin.com/company/oecd-local
Website: www.oecd.org/cfe

OECD

Express your support to the Rural Agenda for Climate Action:



Successful stories

GreenLab

Circular economy model sharing energy/resources; Converts agricultural waste into biogas/biomass.

- Created **100 permanent jobs**;
- Attracted **€135M in private investments**, serving as a model for low-carbon growth.

Peatland ACTION

Restores degraded peatlands, aiming for 250,000 hectares by 2030; Provides funding and technical support.

- Restored **35,000 hectares**, boosting climate resilience; Creates rural jobs and enhances skills in land management.

Celtic Renewables

Low Carbon Biochemical Production: Converts whisky distillery residues into biofuels/chemicals; Pioneered bio-butanol as a renewable fuel.

- Supports **green jobs** and Scotland's **bioeconomy**;
- **Reduces carbon emissions and resource waste**, with global expansion planned.

Mesa Brasil

Redistributes surplus food to socially vulnerable populations;

- Supports over **157,000 people** annually across **44 municipalities**; **Reduces greenhouse gas emissions** and **promotes rural income** by paying farmers for surplus produce.