

SEMINAR SERIES: MANAGING ENVIRONMENTAL AND ENERGY TRANSITIONS FOR REGIONS AND CITIES

SEMINAR 4: Managing environmental and energy transitions in rural areas

9 September 2019; 9:30 - 17:00

OECD Headquarter, Chateau Room E, 2 rue André Pascal, 75016 Paris

Background

Rural regions are home to one-quarter of the population and contain the vast majority of the land, water and other natural resources in OECD countries. Rural regions are complementary to cities through connections related to the flow of people, goods and services. The majority of rural people (20% of the total OECD population or 251 million) live in rural regions close to cities, which are defined as territories less than 60 minutes of driving time from urban centres. The remaining 6% of the total OECD population or 75 million people live in remote rural regions.

Rural development is driven by taking advantage of context-specific immobile assets that can bring competitive and absolute advantage. This can include mineral resources, fertile soils and moderate climate, national parks, and high amenity landscapes. Forestry, mining, oil, gas, electricity production, fishing and agriculture are almost exclusively rural industries. Much manufacturing also takes place in rural areas, in particular the first stage of processing natural resources. Rural economies have diversified into areas such as tourism, the production of renewable energy, arts and cultural industries, and services associated with natural resource based sectors. All these activities make a significant contribution to the overall export portfolio and prosperity of countries.

Rural regions will play a crucial role in the transition to a climate-neutral - economy because of their specialisation in resource-based industries. Climate change is already affecting these economic sectors (agriculture, forestry, fisheries, mining and energy), for example, due to dislocation and costs associated with the increasing frequency and intensity of extreme weather events. Further, measures to decarbonise the economy that put a price on carbon disproportionately affect carbon-intensive rural industries such as energy production and agriculture, and rural households and firms due to higher transport costs.

Rural economies are less resilient than urban economies in responding to these structural adjustment pressures because their economies are less diverse with lower levels of human capital. These socio-economic impacts of these trade, policy and technological induced adjustments can generate discontent and blockages to building domestic and international consensus about climate change policies. Rural regions will also play a key role in the fight against climate change through carbon sinks and the provision of eco-system services. However, this value is often not monetised and forces rural communities to make trade-offs between environmental protection and development.

The seminar will explore how to manage environmental and energy transitions in rural areas to address these risks, generate economic opportunities, and secure jobs for the future. Themes that will be explored in the seminar include:

- Transition pathways and policies to a climate-neutral economy in rural areas.
- Socio-economic/ distributional impacts on rural regions resulting from the shift to a climate-neutral economy.
- Relative specialisation of rural regions in carbon intensive industries, future risks for them associated with a climate-neutral economy (e.g. energy, transport, agriculture, mining and industrial processing)
- Economic development opportunities for rural areas associated with renewable energy, the circular and bio-economy and eco-system services.
- Geographic and distributional impacts of a climate-neutral economy on global value chains related to mining and extractive, forestry, and food and agriculture.
- Enabling factors for rural regions to manage environmental and energy transitions, increase resource efficiency, and generate new value-adding activities.
- Development and diffusion of new technologies to improve access to services, and support environmental and energy transitions in rural regions.

Questions to address: Managing environmental and energy transitions in rural areas

- What is the role that rural regions will play in the transition to a carbon neutral economy? How is this role different to urban regions?
- What are the distributional impacts of the environmental and energy transition for rural regions?
- What are the specific risks for natural resource based industries in rural areas (forestry, agriculture, mining, and associated carbon intensive processing and energy generation)?
- How will the environmental and energy transition affect global value chains in these sectors? What is likely to be the geographic and distributional impacts of these shifts?
- What are the economic development opportunities for rural areas associated with environmental and energy transitions (e.g. bio and circular economy)? What are the enabling conditions at a local level to realise these opportunities?
- How can supra national, national, and sub-national climate change responses incorporate rural development objectives, and how can rural development policies best mainstream environmental and energy transition objectives?
- What policy measures help reduce the carbon intensity of natural resource based sectors in rural areas (e.g. agriculture and mining), and enable the development of new value-adding activities? Are there policies that have demonstrated impact and what is the potential to scale them up?
- What is the optimal geographic scale to design and implement policies that help facilitate a just transition for rural regions affected by environmental and energy transitions? What mechanisms and tools ensure alignment across different sectoral policies and between different levels of government?
- What is the potential of new technologies (e.g. digitalisation, automation, 3-D printing) to improve access to services and support environmental and energy transitions in rural areas?