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Linking Renewable Energy to Rural Development: Drivers and Constraints
International OECD Conference
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In most OECD countries, governments and private stakeholders have invested large amounts of resources in renewable energy deployment. Polices have been implemented requiring significant quantities of renewable energy to be sold by energy providers. Total investment, since 2002, amounts to more than 1 trillion US dollars, and renewable energy represents today about 20% of total energy. The bulk of these investments have been targeted to rural regions. But what are the economic impacts of these policies and investments and can renewable energy really help to develop rural economies?

These are some of the questions explored by this study. Drawing on 16 case studies across the United States, Canada, and the European Union, the OECD finds the presence of important bottle-necks hindering the capacity of renewable energy deployment to contribute to rural development and to create new job opportunities. Making a positive connection between renewable energy and economic growth will require more coherent strategies, the right set of local conditions, and a place-based approach to deployment.

The OECD Secretary-General, Mr. Angel Gurría, will open the conference which will gather policy makers from 10 OECD countries to discuss the policy implications of this OECD research. In particular, they will discuss the following findings:

- Presenting renewable energy as a panacea for economic growth has been a mistake in the past. In many cases an over-optimistic narrative has set very high expectations for renewable energy to deliver climate change mitigation, energy security and job creation. However the results have been below expectation, which can hinder public support to renewables in the future.

- The research unveils the limits of renewable energy – a capital intensive industry – to generate employment opportunities and impact on economic development. However, when renewable energy is connected to a rural industry such as agriculture, forestry, or manufacturing, its potential to create jobs and have an impact on growth is much higher.

- There are no short-cuts to economic growth. Investing a large amount of public funds in a region is not a way to promote development. To be effective, the policy should be linked to skill development, empowerment of institutions, and shared visions about the model of economic development to be put in place. .

- Rural is important to the OECD. Local communities should not be considered as mere hosts of renewable energy installations, but as active participants in key policy decisions, otherwise they will oppose renewable energy deployment and consequently increase the cost of achieving a carbon constrained economy.

An executive summary and a policy brief of the report will be available on Thursday on the internet site www.oecd.org/rural/Renewables. The conference will be broadcasted on http://webtv.oecd.org.

For more information about conference "Linking Renewable Energy to Rural Development" and on the OECD's strategic work on renewable energy in rural areas, please contact **Raffaele Trapasso**, Rural and Regional Programme Unit, Regional Development Policy Division, Directorate for Public Governance and Territorial Development (email: Raffaele.Trapasso@oecd.org or tel: +33 145 24 86 08)