



Event Proceedings

Rural Regions - Realising the net-zero opportunity

Glasgow, Scotland (United Kingdom) - 4 November 2021



KEY MESSAGES

1. Collaboration and sound multi-level governance are key to accelerate the transition. In this process, it is fundamental to create a shared vision with civil society and the private sector;
2. Rural climate policies should be place-based to help create this shared vision among multiple stakeholders; and
3. Bottom-up processes and rural communities' engagement are needed to secure civic legitimacy of rural climate policies.

WELCOME TO THE LOCATION

Gordon Watson, CEO, Loch Lomond & Trossachs National Parks, Scotland, welcomed the audience to the event on behalf of the Loch Lomond & Trossachs National Parks, the Scottish Enterprise and the OECD. He spoke about the important role of Loch Lomond & Trossachs National Parks in reaching the Scottish objective of becoming a net-zero nation by 2045. In particular, national parks could serve as powerful tools to trial innovative and collaborative initiatives, including nature-based solutions for carbon sequestration in peatlands and woodlands and sustainable tourism, highlighting the role national parks can play as planning authorities capable of encouraging developments that have a net benefit on nature. He concluded saying that the Loch Lomond & Trossachs National Parks aim to become net-zero by 2030 and that a system for local GHG data collection and analysis is being implemented to support this objective.



ACCELERATING THE IMPLEMENTATION OF THE RURAL AGENDA FOR CLIMATE ACTION

This session consisted of three parts: (1) an opening high-level panel; (2) a keynote intervention; and (3) an experts' roundtable reacting to the keynote intervention.

The high-level panel was moderated by **Jose Enrique Garcilazo**, Deputy Head of Division, OECD Centre for Entrepreneurship, SMEs, Regions and Cities, who introduced the OECD's Rural Agenda for Climate Action. The high-level participants were:

- **Justin Maxson**, Deputy Under Secretary for Rural Development, United States Department of Agriculture, USA
- **Nadim Ahmad**, Deputy Director, OECD Centre for Entrepreneurship, SMEs, Regions and Cities
- **Lord Offord of Garvel**, Parliamentary Under Secretary of State, Secretary Office, UK
- **Mairi Gougeon**, Cabinet Secretary, Rural Affairs and Islands, Scotland

The panel discussion focused on the opportunities and implementation challenges emerging from the transition to net-zero economies in rural regions:

- **Justin Maxson** spoke about the challenges in scaling up climate action solutions capable of benefiting rural communities. In this regard, he highlighted opportunities emerging from the energy transition as they are often perceived in the USA as clear and tangible examples benefiting communities. Part of this success is because the market is "ready" for these technologies - generating renewable energy is frequently cheaper than producing energy from fossil fuels. Using this example, he emphasised the importance of community and bottom-up renewable energy projects that create new jobs and provide cheaper energy to rural communities willing to accept and invest in such projects. He also mentioned opportunities coming from climate-smart agriculture and the recent USDA initiative to establish a platform to inform farmers about GHG emissions from different agriculture practices. One of the main challenges in accelerating the net-zero transition in rural regions in the USA is to create and coordinate (at the national level) multiple place-based policies in such a big country, making sure new opportunities are created in coal-dependent regions. He concluded by affirming that economic opportunities emerging from climate action can also be used to improve equity (e.g., gender and racial inequality) in rural regions.
- **Nadim Ahmad** focused on how the OECD's Rural Agenda for Climate Action can help build momentum for the transition to net-zero in rural regions. He explained that rural regions come in all shapes and forms and that the OECD's Rural Agenda for Climate Action calls for climate place-based policies sensitive to the conditions in which they are implemented. He also mentioned that the Agenda identifies six action areas that can support national and subnational governments to understand the right policy venues for different rural regions: (1) improving the evidence base at the regional and local level; (2) building local capacity; (3) fostering renewable energy; (4) promoting sustainable land management and higher valorisation of ecosystem services; (5) accelerating the circular and bio-economy; and (6) decarbonising transport. He concluded by stating that the OECD is ready to help countries and subnational governments implement the OECD's Rural Agenda for Climate Action, for instance, by helping them engage with different stakeholders and coordinate policies across all public governance levels.
- **Lord Offord of Garvel** spoke about how to move rural regions to net-zero. He remarked on the importance of collaboration in this process and highlighted that the OECD's Rural Agenda for Climate Action and the current event provided much-needed platforms to exchange ideas and best practices as no country (or region) has all the answers on the best way to advance the transition to net-zero. He introduced many of the UK climate commitments and explained an ongoing national effort to map, collect data, and analyse natural environments in the UK, namely peatlands. He also talked about the need to attract the private sector to finance the transition and remarked that public funding is needed to seed investments and finance actions that might not provide the financial returns expected by the private sector. He concluded by stating that digital infrastructure in rural areas is one of the main bottlenecks slowing the transition in the UK.
- **Mairi Gougeon** talked about the main initiatives Scotland leads to accelerate the transition to net-zero in rural regions. She mentioned massive investments in peatland restoration, ambitious forest targets and the strategic vision of making Scotland a global leader in sustainable and regenerative farming. One of the measures taken to speed this process was to create the Agriculture and Oversight Board to help design packages and incentives to transform Scottish agriculture. This Board is composed of 21 members, including farmers and environmental NGOs that work together and collaboratively. She also spoke about the entrepreneurial environment in rural Scotland, particularly in renewable energy (six islands to become carbon neutral by 2050 - a pioneering work on green hydrogen production), and highlighted the contribution of the Rural Leadership Program to this feature. She concluded by stressing the importance of involving younger people and women in the decision-making of this transition and that one of the main challenges to accelerate the transition to net-zero in rural Scotland is the depopulation of these areas and consequent workforce shortages.

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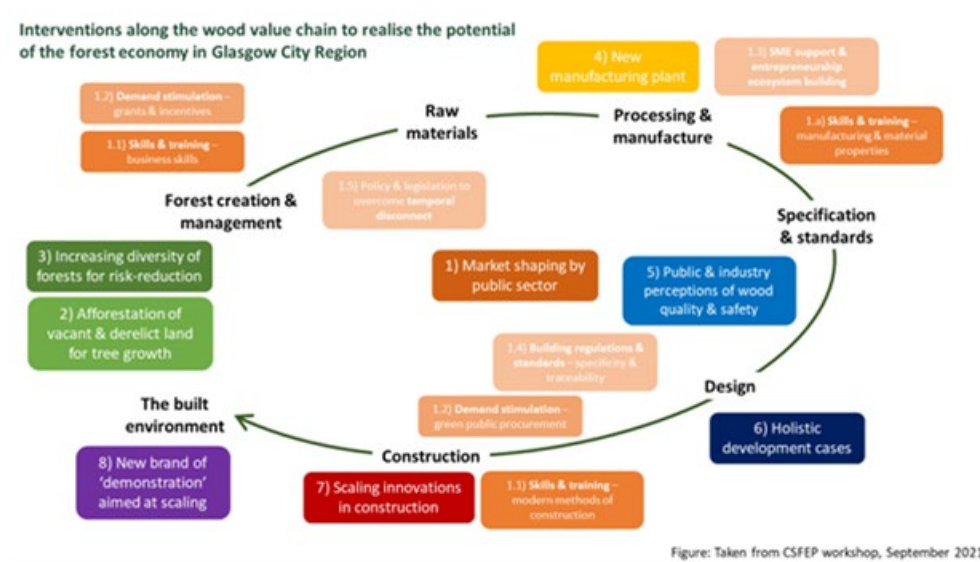


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The keynote intervention was delivered by **Dr. Andy Kerr**, Director for UK and Ireland, Climate-KIC, UK and Ireland. His speech focused on the role of rural innovation in accelerating the implementation of the OECD's Rural Agenda for Climate Action. He said that innovation is essential in this process, but not as we have been doing it as it is too often fragmented, tech-focused, spatially blind, and sector-specific. In his vision, we need a new model of place-based innovation to tackle the climate emergency by using all levers of change at our disposal and capable of transforming places, people, sectors, and value chains. He explained that the role of innovation in the transition to net-zero rural regions should be to catalyse systemic change. In this process, it is fundamental to challenge mainstream paradigms and ask questions such as "Can all wellbeing benefits of nature be captured by monetary valuations?" and "Is the social cost of carbon a static value? How can it be dynamically related to social wellbeing?". He also stressed that successfully implementing the six action areas identified in the OECD's Rural Agenda for Climate Action requires sound multi-level governance, civic legitimacy, and promoting innovation along with all steps of production value chains. Using the example of the wood value chain to realise the potential of the forest economy in Glasgow City Region:



The experts' round-table reacting to the keynote intervention was moderated by **Dr. Martin Valenti**, Director for Net Zero, South of Scotland Enterprise, Scotland. The participants were:

- **Silvia Micheleni**, Director for Rural Development in the Directorate-General for Agriculture and Rural Development, European Commission
- **Dr. Sue Paterson**, MBE, ex-Shell, Director of NE Scotland Climate Action Network, Scottish Enterprise Board Member, Scotland
- **Christopher Sorensen**, CEO, GreenLab Skive, Denmark
- **Javier Estrella**, Secretary of Environment, Hidalgo, Mexico

In their remarks:

- **Silvia Micheleni** talked about the opportunities emerging from the transition to net-zero rural economies and how the European Commission is accelerating this transition. She spoke about the European Commission's goal of reaching climate neutrality by 2050 and highlighted the contribution of the European Green Deal and the Future Common Agricultural Policy to attain this objective.
- **Dr. Sue Paterson** spoke about the role of rural communities in the transition to net-zero. She stressed that they should be in the centre of policy-making as they will have to transform their lives in many ways to secure a global transition to a net-zero economy. She said that, in this process, it is fundamental to disseminate the concept of climate change, its emergency and explain its consequences to rural communities to secure their support to much-needed actions. Sue reminded the audience that small steps count.

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- **Christopher Sorensen** focused on the importance of engaging rural dwellers in the transition to net-zero economies. He highlighted their role as providers (e.g., food and energy) in the world economy and that their buy-in to the transition is fundamental. To this end, he stressed the importance of raising awareness about climate change and promoting a bottom-up policy-making approach to secure a just transition in rural regions.
- **Javier Estrella** talked about the transition to rural net-zero regions in developing countries using Hidalgo State as an example. He said that the transition challenges in these countries include: (1) financial constraints for much-needed investments; (2) establishing sound legal frameworks to attract private sector investment; (3) building technical capacity at the local level; and (4) defining clear roles each stakeholder and governance level should have in the transition. He explained that many opportunities in these regions rely on valorising ecosystem services and establishing international co-operations to fund the transition and address local capacity gaps. He concluded by stating that climate action can be used to create new opportunities for social and economic development and reduce existing inequalities across developing countries.



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PARALLEL SESSIONS: UNCOVERING RURAL OPPORTUNITIES IN THE TRANSITION TO NET-ZERO

On-site attendees joined one of the three parallel sessions dedicated to discussing three of the six action areas presented in the OECD's Rural Agenda for Climate Action.

The sustainable land-use session was moderated by **Andy McDonald**, Head of Low Carbon Transition, Scottish Enterprise, Scotland. Participants included:

- **Francesca Osowska**, CEO, NatureScot, Scotland
- **Lis Eriksson**, Climate Advisor, Greppa Nüringen at Klimatkollen, Sweden
- **Dr. John Rogers**, Executive Director, Scotland's International Environment Centre, Scotland

The renewable energy session was moderated by **Francisco Martes Porto Macedo**, Policy Analyst, OECD Centre for Entrepreneurship, SMEs, Regions and Cities. Speakers included:

- **Nikoalos Komineas**, Mayor, Astypalea, Greece
- **Jamie Adam**, Development Manager, Community Energy Scotland, Scotland
- **Jeremy Sainsbury OBE**, Director, Natural Power Consultants, Scotland
- **Sabrina Lucatelli**, Vice-Chair, OECD Working Party on Rural Policy

The circular and bio-economy session was moderated by **Karen Refsgaard**, Deputy Director, Nordregio. Speakers included:

- **Kendell Culp**, Farmer, USA
- **Julie Ohmen**, New Uses Consultant, Indiana Soybean Alliance, USA
- **Mads Wolff**, Director and senior adviser, Sustainability2030, Denmark
- **Douglas Martin**, Founder and Managing Director, MiAlgae, Scotland



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DISCUSSION OF MAIN TAKEAWAYS AND CLOSING REMARKS

The third part of the event kicked off with the moderators of each parallel session reporting back the discussions they held, followed by the presentation of main takeaways from the event, lessons from subnational leaders on climate policy implementation and closing remarks.

The moderators reported on their parallel sessions:

- **Andy McDonald** summarised discussions on the opportunities and challenges in promoting sustainable land use. They explored the case of peatland restoration in Scotland, where emissions associated with peatland degradation amount to 20% of the country's GHG emissions – the same share of coal power plants. He explained that one of the main challenges is creating a market with a consistent demand for peatland restoration products. He said that overcoming this challenge would enable innovative businesses to flourish and create new social and economic development opportunities in rural regions. He emphasised the importance of engaging local stakeholders (particularly farmers), disseminating knowledge and information (much already available, but often fragmented) and best practices as key elements to overcome these challenges.
- **Francisco Martes Porto Macedo** synthesised the dialogue on how rural dwellers can benefit from the transition to renewable energy in rural regions using the project Astypalea Smart and Sustainable Island in Greece as an example. This is a public-private partnership project involving stakeholders. Volkswagen, the private partner, is responsible for sponsoring the island's transition to renewable energy and decarbonising the island's public vehicles fleet in exchange for using it as a test-bed for new technologies, including autonomous vehicles. He explained that the benefits from this transition are expected to go beyond the energy transition and create new opportunities in sustainable tourism and circular and bio-economy powered by clean energy. He mentioned that a recurring idea in his panel was that "once you have the right framework, the private capital is available, and the main challenge consists in establishing such framework. Additional challenges are: (1) establishing place-based policies (energy transition strategies are often defined at the national level) capable of making use of available local resources and securing the engagement of local communities; and (2) building local capacity (e.g., digital infrastructure and education) already looking at future opportunities. He concluded that 75% of the young rural population in remote areas in Italy wants to stay where they are as long as there are employment opportunities for them.
- **Karen Refsgaard** reported on the discussions focusing on using the transition to a circular and bio-economy to create value for rural communities using the cases of the food and drinks and the wood and energy industries. Discussions revealed that some of the main challenges in this process are engaging multiple stakeholders around one shared vision. In particular, she emphasised frequent difficulties in (1) building local ownership; (2) attracting private investment (reducing risks associated with innovative products or the establishment of new markets); (3) attributing clear roles to all governance levels involved (answering questions such as "who regulates?" and "who makes the markets?"). She concluded by discussing the importance of adopting a clear communication strategy and engaging multiple stakeholders at the early stages of new developments to overcome these challenges and secure that the circular and bio-economy takes off in rural regions.



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- **Justin Keeble**, Global Sustainability Lead, Accenture, UK, presented the main takeaways from the event in three main points. The first point was to use the word "transformation" instead of "transition" as dramatic change is needed to reduce GHG emissions. He described the case of the Danish energy company Ørsted (86% reduction in GHG emissions in 10 years while doubling operating profits) to say that this is possible. The second point was the importance to move with speed and scale. In this process, he described the importance of engaging with local ecosystems (e.g., local communities and resources) and harnessing the private sector to sponsor the transition and unlock new markets. The third point was the role of individual action, in which he highlighted the role of individual responsibility for small actions and leadership in organisations to pioneer transformation and established new standards at the industry level.
- **Omar Fayad**, Governor, Hidalgo, Mexico, spoke about the lessons from subnational leaders on climate policy implementation using the case of Hidalgo as an example. He explained the importance of developing a sound legal framework to lead the climate change mitigation and adaptation agendas. In particular, he talked about the need to coordinate actions at all governance levels and with all stakeholders. In Hidalgo, they have established an intersectoral commission on climate change to coordinate these efforts. This commission is formed by the governor and government bodies, the mayors of the cities in the state, the state-federal representatives and civil society represented by NGOs. He also spoke about the need to collect and analyse data at the local level to guide actions and engage in national and international alliances for funding partnerships, and exchange best practices in multiple action areas.

The closing remarks were delivered jointly by **Jose Enrique Garcilazo**, Deputy Head of Division, OECD Centre for Entrepreneurship, SMEs, Regions and Cities and **Julian Pace**, Head of Partnerships, Scottish Enterprise, Scotland. They thanked speakers for their contributions and Loch Lomond and Trossachs National Park for hosting the event. They summarised the discussions and closed her remarks by stressing the importance of implementing subnational policies for the climate. They also explained how the OECD can support countries implement the OECD's Rural Agenda for Climate Action in three main ways: (1) preparing a compendium of good practices for each of the six action areas identified; (2) undertaking country reviews and regional case studies; and (3) collecting more granular data to help better measure climate progress. They concluded by stating the interest of the Scottish Government in working with the OECD to implement actions identified in the OECD's Rural Agenda for Climate Action.



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