



Green Growth and Rural Areas

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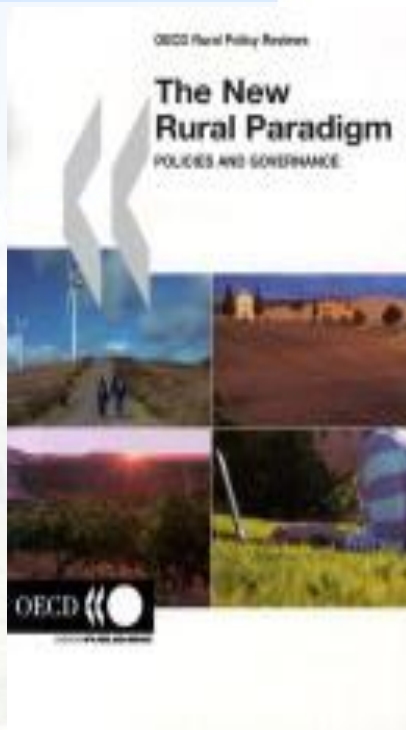
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Main Issues

- *The OECD new Rural Paradigm (1)*
- Europe 2020 Strategy and the Green Paper on Territorial Cohesion (2)
- Green Growth and Governance Innovation (3):
 - The **Italian Regional Strategy** and the **Renewable Energies (3a)** *Interregional Cooperation*
 - The **OECD Renewable Energy Project (3b)** *International Networking*
- **Conclusion**

Green Growth and OECD Rural Working Party (1a)



	Old Paradigm	New Paradigm
Objectives	Equalization. Focus on farm income	Competitiveness of rural areas
Key target sector	Sector based	Holistic approach to include various sectors of rural economies
Main tools	Subsidies	Investments
Key actors	National governments, farmers	Multilevel-governance

A New Image of Rural Areas (1b)

- Not all Rural Areas are declining!
- A very differentiated world ...
- Three main drivers of growth: Migration (Human Capital); Diversification and Accessibility
- Rural areas produce several “**Essentials of Life**”: food; water; forestry; ecosystems; energy!
- With city population expansion: demand for these essentials of life will raise

The European 2020 Strategy: a new strategy for long term recovery (2)

- **Smart Growth**: fostering Knowledge, Innovation, Education and Digital Society
- **Inclusive Growth**: raising participation at the labour market and fighting against poverty
- **Sustainable Growth**: *competitive low-carbon economy; developing new green technologies and production methods; consumers green choices*

- TARGETS**: - *reducing green-house gas emission by 20% (1990-2020)*
- *increasing the share of **renewables** in final energy consumption **to 20%***
 - *moving towards a **20% increase in energy efficiency***

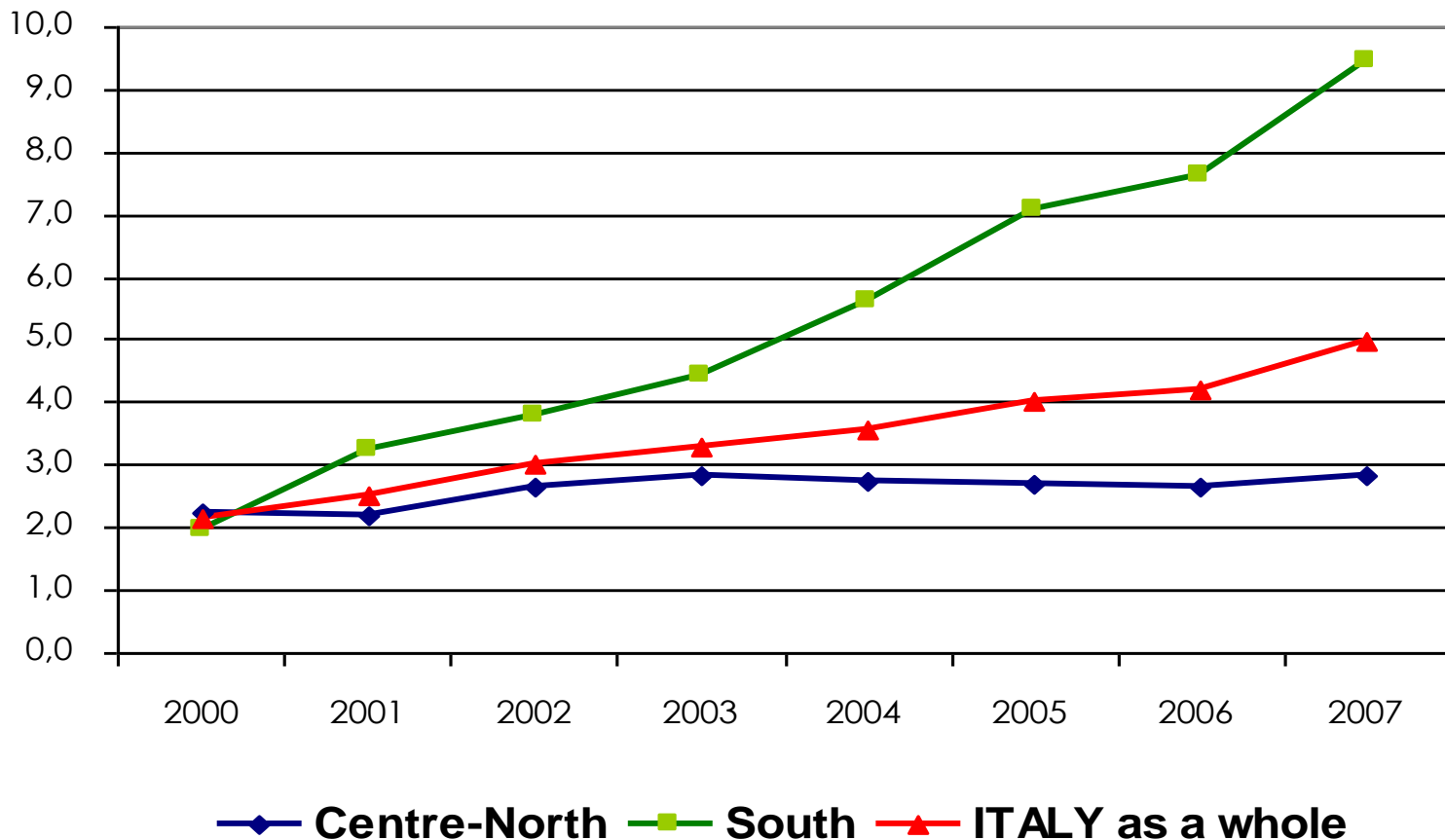
REGIONAL POLICY HAS TO CONTRIBUTE AT THE EU2020 STRATEGY

The governance of green growth: Energy and Regional Policy in Italy (3a)

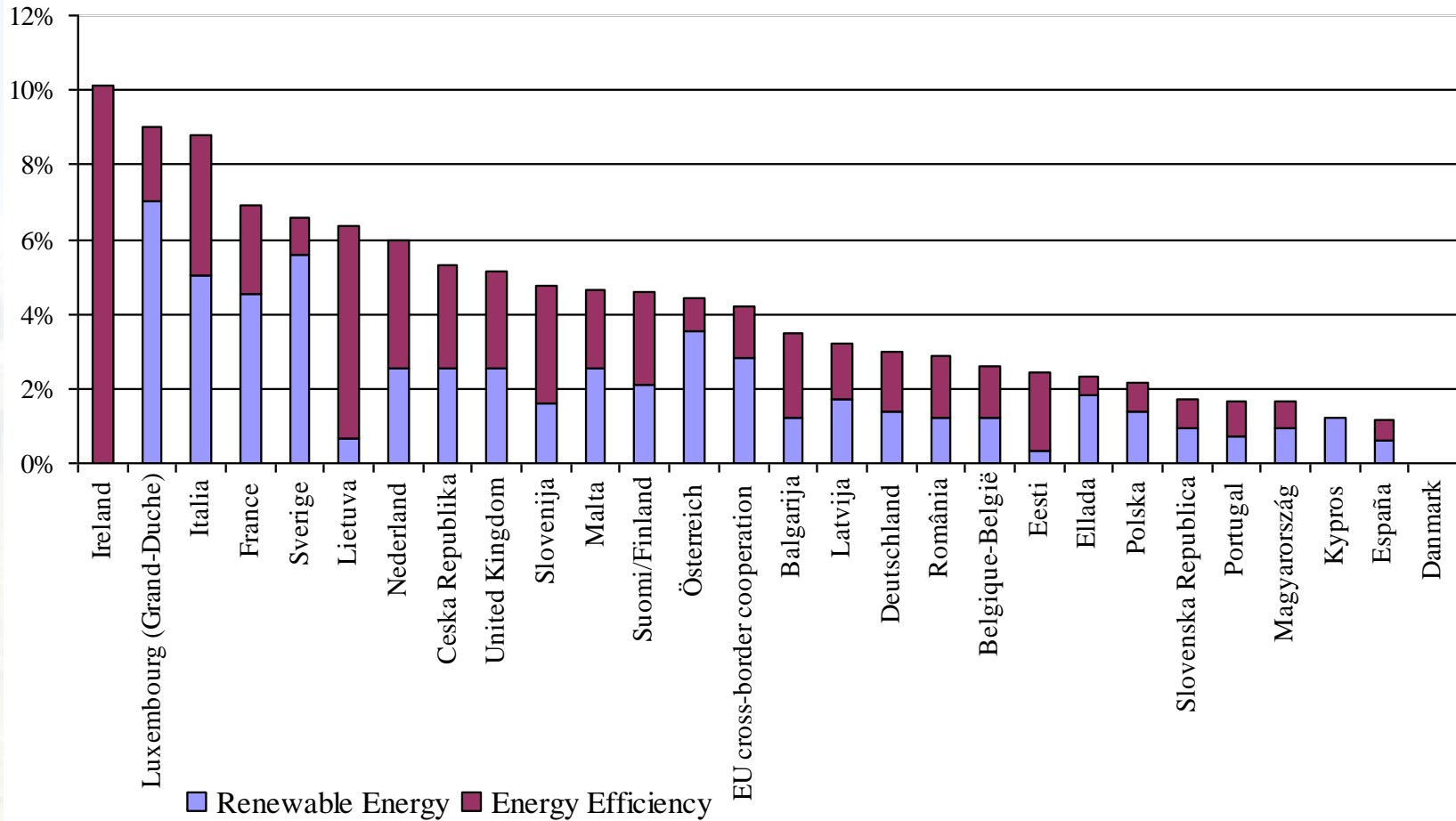
- Among EU member states, Italy appears to rely **heavily on structural funds** to boost innovative energy project
- Two main environmental objectives:
 - to foster local development opportunities through the development of renewable production chains;
 - to guarantee sustainable environmental conditions for people and enterprises
- Looking at ERDF funded regional programmes only, energy measures accounts for about **4 bn. €**
- Why? The potential of energy sector in the South of Italy ...

The renewable energy sector is dynamic in Italian Mezzogiorno

- Renewables (hydropower not included):
- percentage share of installed capacity (2000-07)



ERDF 2007-13 for EU-25: Shares of Renewable & Energy Saving Projects



Renewables and Energy Efficiency: Indicative Funding Allocation within OPs

Nominal Values in Mil €

Territorial breakdown	Natural Gas	Renewables					Energy Efficiency	ENERGY TOTAL
		Wind	Solar	Biomass	Hydro /Geo	TOTAL		
Centre-North	0	57	133	141	129	460	336	797
South	64	106	585	671	420	1.782	495	2.341
ITALY	64	163	718	812	549	2.242	1.686	3.992

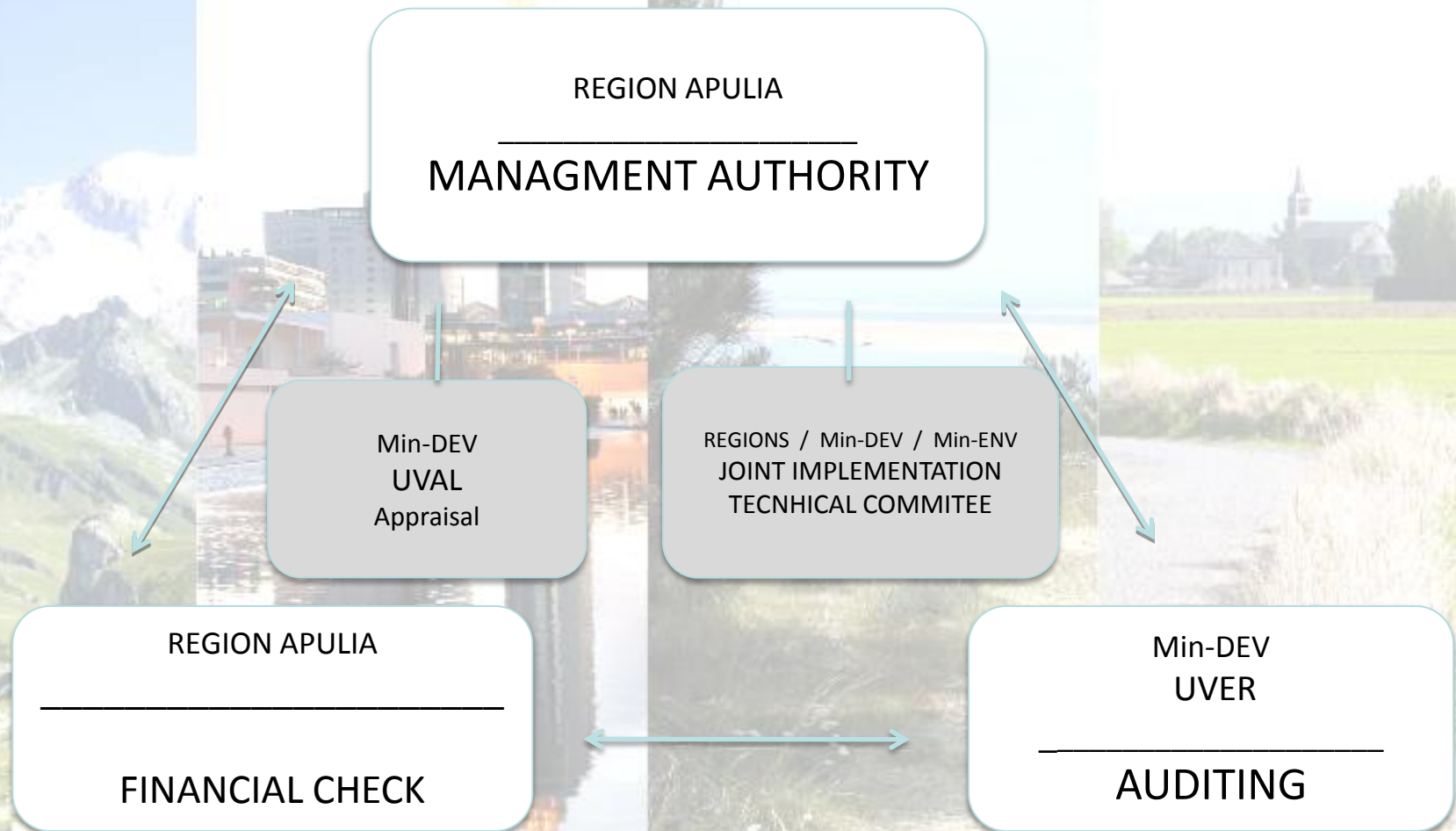
Green Growth and Governance Innovation: The Italian EDRF Interregional Operational Programme “Renewable and Energy Efficiency”

- The Operational Interregional Programme “*Renewables and energy saving*” is aimed at the 4 Convergence Regions (Calabria, Campania, Apulia and Sicily)
Functional Area Philosophy
- ***General Objective: to remove systemic obstacles overcoming the regional dimension***
 - » ***Lack of interregional production chains***
 - » ***Inadequate distribution grids***
 - » ***Not enough common knowledge on housing energy efficiency***
 - » ***Local conflicts to accept interventions***
- 1,6 billion Euros to reap the social, economic and natural potential in the fields of renewable generation and energy efficiency/saving in the 4 Regions

Elements of Governance Innovation

- Integration between National and EU resources: Programme is funded through Structural Funds (Convergence Objective) and National budget provisions (FAS, *Underdeveloped Areas Fund* for the “Mezzogiorno” as a whole – 8 Regions)
- Functional Area Philosophy and horizontal cooperation between Objective 1 Regions (Calabria; Campania; Puglia and Sicilia) + other 4 Mezzogiorno regions (Abruzzi, Basilicata, Molise and Sardinia)
- A complex governance, including vertical cooperation with Ministry of Economic Development and Ministry of Environment

Implementation Framework



Programme's Specific Actions

- Supply side
 - New renewables generation plant
 - R&D supporting state-of-the technologies for renewable energy conversion
 - Local procurement to supply environmentally compatible biofuels
- Demand side
 - Improving energy efficiency in housing, manufacturing and General Government
 - Co-Gen, 3-Gen and DG in district heating/cooling

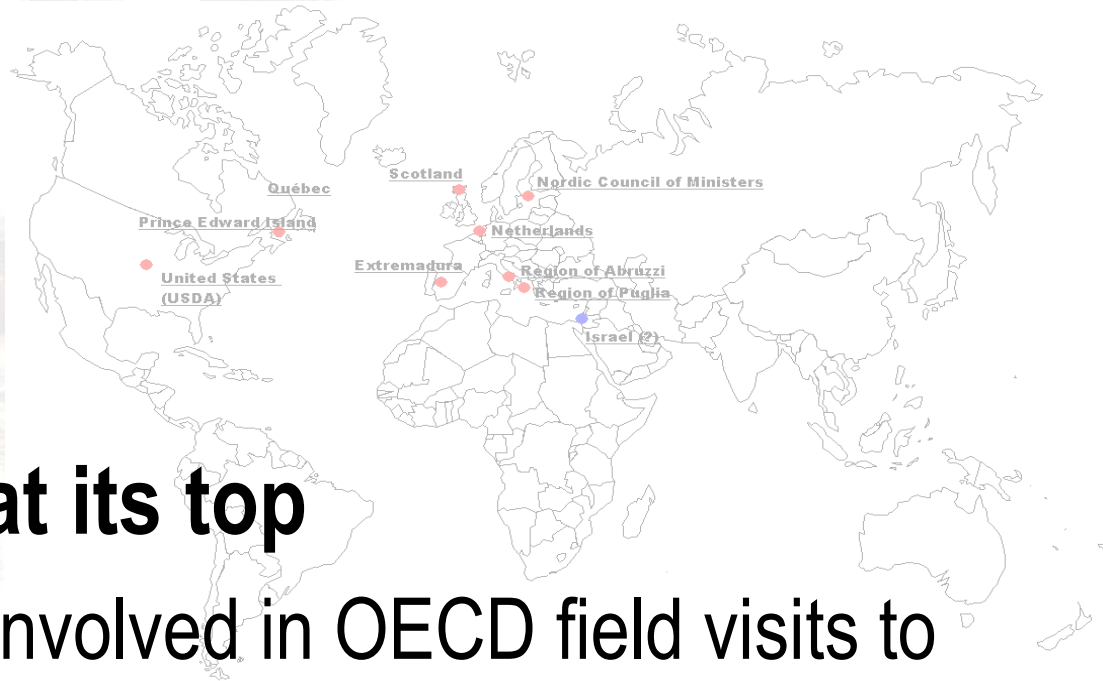
The OECD Regional International Networking (2b)

- Within the OECD Rural Development programme the project:
- The Production of Renewable Energy as a regional development policy in rural areas
- A Network of 15 regions from different OECD Countries (Canada; the Netherlands; Israel; Italy; United Kingdom; USA)

The OECD Project

- A network of regional and national governments

15 case-studies



- Peer reviewing at its top
 - Partners will be involved in OECD field visits to regions other than their own to act as experts/peer reviewers.

Impetus

- Many countries have identified “green power” as a major rural development opportunity. Examples include:

- Spain – solar and wind
- Italy – as a regional growth key factor
- England – off-shore wind and wave
- Finland – forest based cellulosic ethanol and wood co-generation

Worldwide investment in renewable energies, other than large hydro power, grew from **USD 22 billion in 2002** to **USD 173 billion by 2008**.

- Need for a shift from a “**normative** perspective” to “**positive**” one

- How much of this is possible? Where is it possible? And will “green power” be a major driver of rural development?

Key research questions

Is the production of renewable energy in rural areas a way to:

1. Create new and viable jobs?
2. boost investment (e.g. improve innovation/skills/delivery of services)?
3. Empower local communities and governance mechanism?

First results: Green Governance

From *Not-In-My-Back-Yard* (NIMBY) to
Yes-In-My-Front-Yard (YIMFY)

Accurate technical
analysis should
support and guide
regional
specialisation.

Education and
debate are
needed to inform
local populations
about the shift
taking place and
earn their support

Civic participation,
support and
involvement

Co-operation among different level of government and the private sector
(**Multilevel Governance**)

Issues for discussion

Renewable Energy is a great opportunity for rural areas, provided that policy..

Acts rapidly: the faster the displacement takes place, the greater the industry's annual installations and economic impact in terms of jobs and output.

Focuses on job multipliers: supports those activities that create more valuable and stable jobs (e.g. manufacturing related to renewables)

Retools and retrain workers: uses community colleges and schools to offer free or low-cost training to local workers.

Avoids the “lottery effect” when allocating resources: Accurate evaluation should guide the allocation of public resources in local initiatives. Need for a long term strategy and cooperation with private sector

Educates and informs: transparent debate is needed to inform local populations about the shift taking place and earn their support.

Conclusions

- Green growth is growing importance in both rural development and regional development debate;
- We went through two innovative governance example of green growth
- The Italian Case: An ex ante analysis; a common strategy; a functional areas perspective and an interesting governance structure
- The OECD project: the building up of an international network and the in deep analysis of linkages (and conditions) between green growth and regional growth