CTCN Yerevan Workshop

Session 2: Opportunities for Private Sector Engagement
1 October 2015
13:30 – 15:45
Outline

• Reasons for Public-Private Cooperation
• Types of Public-Private Cooperation
• Specific Examples
• Best Practices, Evaluating, and Learning
Reasons for Public-Private Cooperation

- Leverage Private Sector Investment and Know-How
- Enable Market Development
- Encourage Innovation
- Build Broad Support
TYPES OF PPCS AND THE ROLE OF LABS
Types of Public-Private Collaboration

- **Mostly Public Discretion**
  - Public-private partnerships
  - Contracts for shared risks
  - Applied when: government knows desired outcome

- **Shared Discretion**
  - Applied when: broader engagement is needed to coordinate and negotiate actions

- **Mostly Private Discretion**
  - Government support for private sector leadership
  - E.g., regulations, policies, funding
  - Applied when: governments are open to outcomes

Source: Green Growth Best Practices
PUBLICATION-COLLABORATION (PPC)
Enhancing public policy effectiveness and efficiency.
Diverse PPC options: government-led, private-led, collaborative governance

Examples of green growth outcomes advanced by PPC* and PPC roles

SPURRING INNOVATION AND CREATING MARKETS
- Provide long-term certainty for private sector innovation investments
- Deliver mentoring and capacity support to stimulate 'green' entrepreneurship
- Support research networks to advance innovation outcomes

MANAGING NATURAL RESOURCES
- Build shared public-private ownership and responsibility for natural resources
- Establish shared valuation and awareness of natural resources
- Achieve effective compliance and enforcement

GREEN INFRASTRUCTURE DEVELOPMENT
- Enhance efficiency of large infrastructure investments
- Mobilizing resources and support for smaller scale infrastructure projects
- Unleash entrepreneurial innovation for infrastructure in new growth areas

Source: Green Growth Best Practices
Public Interventions to Mitigate Investment Barriers

- ENABLING POLICY FRAMEWORK
- PUBLIC BUDGET SUPPORT
- GOVERNMENT FINANCIAL INSTRUMENTS

Increasing immediate and long-term private investment + Public finance exit strategy

GREEN ECONOMY

Source: Green Growth Best Practices/OECD 2012a
Barriers to Investment

- Higher costs of climate technologies
- Technology development risks
- Conflicting subsidies
- Lack of capital markets
- Lack of consumer finance
- Lack of capacity and information

Source: Green Growth Best Practices
Public Interventions to Mitigate Investment Barriers

- Mitigate Risks
- Generate Investment Opportunities
- Improve Return on Investment by Increasing Returns

Source: Green Growth Best Practices /OECD 2012a
Framework for Derisking Renewable Energy Investments

• UNDP framework and tool for derisking renewable energy investments.
  • “Waterfall" of risks that can then be addressed individually to create the enabling environment to make RE investments more attractive
  • Webinar: https://www.youtube.com/watch?v=UwFFuAyjtOA.

• Framework, tool, a Tunisia case, guidance materials and case study
  • http://www.unsdp.org/content/undp/en/home/librarypage/environment-energy/low_emission_climate_resilient_development/derisking-renewable-energy-investment.html
NREL’s Solutions Role

Reducing Investment Risk

- Integrating technology at scale
- Enabling basic and applied clean energy technology innovation
- Accelerating technology market introduction and adoption
- Encouraging collaboration in unique research and testing partnering facilities
- Providing analysis and expertise to inform decisions and catalyze market adoption
Laboratory Snapshot

Only National Laboratory Dedicated Solely to Energy Efficiency and Renewable Energy

• Leading clean-energy innovation for more than 37 years
• 1,763 employees with world-class facilities
• Campus is a living model of sustainable energy
• Economic impact at $872M nationwide
• Owned by the Department of Energy
• Operated by the Alliance for Sustainable Energy
Scope of Mission

Sustainable Transportation
- Vehicle Technologies
- Hydrogen
- Biofuels

Energy Productivity
- Residential Buildings
- Commercial Buildings

Renewable Electricity
- Solar
- Wind
- Water: Marine Hydrokinetics
- Geothermal

Systems Integration
- Grid Integration of Clean Energy
- Distributed Energy Systems
- Batteries and Thermal Storage
- Energy Analysis

Partners
- Private Industry
- Federal Agencies
- State/Local Government
- International

Renewable Electricity
- Distributed Energy Systems
- Batteries and Thermal Storage
- Energy Analysis

Vehicle Technologies
- Hydrogen
- Biofuels
Labs and PPCs

Labs and PPCs

1. Joint R&D projects and roadmaps with industry,
2. Enterprise growth forums and entrepreneur support
3. Testing and certification
Labor Market

Implement Skill and Education Policies

- Education
- Vocational Training
- Re-/Up-Skilling

Anticipate Bottlenecks

Assess and anticipate effects on employment – often in collaboration with the private sector

Green Transformation

Structural change of the economy and increasing demand for green jobs

Source: Green Growth Best Practices
SPECIFIC EXAMPLES
NREL PPC Examples

NREL provides technical assistance and trainings to a variety of public institutions and have engaged with the private sector in a number of ways:

• **Helped the public sector engage with the private sector.** For example, we just worked with Detroit's energy office (a non-profit that they fund to run their energy office) engage with DTE (utility) on an active RFP.

• **Reviewed all kinds of RFPs and responses for tribes**

• **Called in the private sector entities to help with our tribal trainings**

Source: GGBP
NREL PPC Examples (Continued)

- **Solar Access to Public Capital**: An assembly of over 200 leading organizations in the fields of solar deployment, finance, counsel, and analysis. The group's efforts are directed toward **opening the capital markets to the solar asset class and building investor confidence in solar-backed investments**.

- **Activities include**:
  1. **Standardization of power purchase and lease contracts** used by solar developers, installers, and integrators at the commercial and residential level
  2. **Development of standards** for PV installation, operations and maintenance, evaluation criteria, and other aspects of project development and performance;
  3. **Submittal of mock pools** of solar assets to ratings agencies for unofficial ratings guidance
  4. **Collection of performance and credit data** for use by ratings agencies, investors, and other stakeholders
UNDP Examples

- **Colombia** is looking to target the private sector as they begin to implement their low-carbon development strategy at the sub-national level.
- **Chile** will conduct studies to identify a portfolio of incentives by public policies to foster private sector investment for mitigation and co-benefits.
- **The Philippines** will develop a private sector roadmap for LEDS and build a recognition system for private sector good practices on mitigation and develop a GHG reporting protocol and platform for the private sector to do voluntary reporting.
- **Zambia** will engage private sector actors such as business associations in defining the enabling environments and stimulate investment in low-carbon actions.
- **Vietnam, Thailand, Indonesia, Chile and Ecuador** are about to begin piloting a methodology for mapping private sector finance:
  - [http://lowemissiondevelopment.org/lecbp/docs/resources/UNDP_LECB_Methodology.pdf](http://lowemissiondevelopment.org/lecbp/docs/resources/UNDP_LECB_Methodology.pdf). This exercise can be useful for helping governments understand the effectiveness of public policy in mobilising private funds and Support decision making on the use of public funds to incentivise private sector investments, among others.
Additional Examples

• **Biodiesel in West Africa**
  • Local foundations in Mali and Burkina Faso to improve farmers’ capacity to grow Jatropha
  • Mali and Burkina Faso governments created enabling environments for investment and provide technical assistance.

• **Mobile phones and agriculture**
  • Governments can provide agricultural information to farmers with mobile phones. Can also enable mobile phone financial services, including for insurance, loans, and other payments

• **South Africa Green Economy Accord**
  • Agreement between private sector, government, and labor unions to support economic growth and job creation through investment and improved policies in a variety of sectors.

Source: Green Growth Best Practices
BEST PRACTICES, EVALUATING, AND LEARNING
Lessons for Effective PPCs

• Get the right folks in the room from the start
• Need to balance having sufficient representation while also having a group that is a manageable size
• Utilize local champions to build enthusiasm and engagement
• Need to address concerns and skepticism
• Must include not only proponents but also potential opponents
• Need to have a willingness to collaborate
• Collectively develop a shared vision supported with clear objectives
• Evaluate the costs and benefits
• Define roles and responsibilities

Source: Green Growth Best Practices, United Nations Development Programme
Discussion Questions

• What private public partnerships have you implemented in your country or have considered implementing (even for non climate technologies)?

• What do you see as the key benefits and challenges to engaging the private sector, especially based on your local experience?

• Could you see a private sector engagement as part of a CTCN technical assistance request or as a follow-on effort?
Resources

• Green Growth Best Practices Report
• United Nations Development Program
  • Private Sector Engagement Workshop reports
• Mobilising Private-Sector Engagement in LEDS and NAMAs: Lessons Learned from the UNDP’s Low Emission Capacity Building Programme: http://www.lowemissiondevelopment.org/lecbp/docs/Private_Sector_LEDs_and_NAMAs_r5.pdf.