

# **Enhancing energy security and improving access to energy services through development of public-private renewable energy partnerships**

## **Background:**

The recent global energy and food crisis has exacerbated challenges to sustainable development and highlighted the importance of addressing energy security and access to energy services, particularly in rural areas. Even since before the crisis, more than 2.4 billion people around the world have had little access to energy services and primarily rely on traditional biomass to meet basic energy needs. It is recognized that alternative sources of energy, particularly new and renewable sources, i.e., solar, wind, biomass, and small hydro, present important options for sustainable development through harnessing of locally available resources, diversifying energy sources and providing important investment and employment opportunities. It can also contribute to the mitigation of air pollution, the improvement of public health and the reduction in greenhouse gas emissions.

In view of the above, the World Summit on Sustainable Development adopted the Johannesburg Plan of Implementation with a strong emphasis on renewable energy. The General Assembly further reviewed this issue in 2008, and in resolution 62/197 on promotion of new and renewable sources of energy it welcomed initiatives that aim to improve access to reliable, affordable, economically viable, socially acceptable and environmentally sound energy services for sustainable development, in order to contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals. In the same resolution, the General Assembly encouraged the United Nations system to continue to raise awareness of the importance of energy for sustainable development, including the need for the promotion of new and renewable sources of energy.

In many countries, provision of energy services is often constrained by poor energy infrastructure owing to limited resources from Governments and the international community. Engaging the private sector in providing energy services in rural areas through public-private partnerships is seen as a viable strategic option. Successful public-private partnerships initiatives in rural areas require government agencies to work closely with community-based businesses and entrepreneurs in all stages of project development and operation. This approach enhances government's capacity to develop integrated and innovative solutions to benefit from private sector capital, technical skills and operational experiences. It also promotes private sector active participation in providing energy services, expanding rural energy markets and sharing business risks.

The project seeks to build capacity of Governments and other stakeholders on public-private partnerships for promoting renewable energy services in rural areas. Different modalities of public-private partnerships and their merits and prospects of success will be examined and demonstrated in different regions/areas based on economic and social conditions. The project will focus on countries with special needs taking into account lessons learned and experiences from different regions. Through high-level regional and subregional forums and networking, policy options, good practices and lessons learned in

terms of scaling up and replicating successful public-private partnerships models will be shared among all participating countries.

This project will draw from the experience of ESCAP in implementing the flagship project on "Providing basic services to the poor through public-private partnerships: ESCAP follow-up to the World Summit on Sustainable Development". ESCAP will collaborate with the DESA and the other regional commissions (ECA, ECE, ECLAC and ESCWA) to implement project activities so that regional experiences and good practices on public-private partnerships for enhanced energy access can be gathered and shared. The project will also engage institutions and centres of excellence in each region to actively participate in organizing capacity-building activities, establishing networks, and undertaking dissemination and outreach activities. Upon completion of the project, this network of organizations is expected to provide assistance to Governments in undertaking further capacity-building activities based on the project training materials and in scaling up successful public-private partnerships initiatives. Furthermore, the project is expected to demonstrate to the stakeholders, especially the private sector, the benefits and merits of public-private partnerships in improving access to energy services in rural areas.

### **Objective:**

To build capacity of policymakers, civil society and the private sector for engaging public-private partnerships to enhance energy security and improve access to energy services.

### **Expected accomplishments:**

- Enhanced capacity of target groups to develop effective policies and programmes to scale up the use of renewable energy for integrated rural development and create an enabling environment to deploy public-private partnerships in enhancing energy security and widening access to renewable energy services in rural areas of developing countries
- Development and application of policy measures with regard to establishing public-private partnerships for better access to energy services through collaboration among existing regional and subregional institutions and centres of excellence
- Increased use of locally available renewable energy resources, such as biomass, small hydro, solar and wind, through the development and implementation of demonstration projects and initiatives on public-private partnerships

## Implementation status:

The project received budget allotment advice in Nov 2010. As the leading agency, ESCAP provided financial authorization to all regional commissions (ECA, ESCWA, ECE, and ECLAC) in February 2011. The project conducted an inception meeting at Geneva in April 2011 at the occasion of Global Energy Efficiency 21 (GEE21) attended by all Regional Commissions (except ECA). The overall budget management, schedule and outputs were agreed upon.

In August 2011, Regional Commissions submitted a budget revision request (no changes to project document or overall budget allotment) to customize the budget lines to appropriately reflect the activities in the region. A key highlight from this revision request is that ECE would lend its expertise to develop generic training material and modules for the project theme of 'Public-Private-Renewable-Energy-Partnership'. Other Regional Commissions, upon receiving the generic guidelines from ECE, would customize it to suit their specific context. The revised budget was approved in the subsequent month i.e. September 2011.

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Although the project was conceived earlier than the launching of the SE4All, the project touches upon key elements in attaining the goals of SE4All. Access and Renewable Energy.

The focus of the project has been to promote private sector participation in developing renewable energy projects. For ESCAP and ECA, "Pro-Poo" has been added to the PPP as widening access to energy services is a major constraint. Hence at these two regional commissions, demonstration projects are currently under development to develop a business model that will attract private sector investment. The model does not imply that such projects will be financed 100% by the private sector. Indeed, identification of investment is one of the major component of the project. Other important components of the model is to ensure long-term sustainability of the project through community participation to enable productive use of energy through micro-small-medium enterprise development, increasing capacity of the nodal institution in identifying strategic stakeholders to support the implementation of the project as well as identify appropriate policy measure. The project will eventually attempt to identify appropriate policy measure to support the development of such business plan with private sector participation.

For ECE, ECLAC and ESCWA the focus of the project is more on engaging private sector for renewable energy projects at a larger scale. ECLAC has been advising member States on the formation of PPP on renewable energy and its legal implications. ECE based on its extensive experience on PPP has developed training materials and modules in developing PPPs for renewable projects.

Some of the findings of the project have been compiled in the recent Global Assessment Report "Partnerships for Universal Access to Modern Energy Services". The publication has collected various models in forming PPPs as well as introduced a number of case studies on PPP for access to energy services and renewable energy.

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