

FIFTH INTERNATIONAL FORUM ON ENERGY FOR SUSTAINABLE DEVELOPMENT

14:00 to 14:45 hrs, 6 November 2014

Session 1: Outcomes of Enhancing energy security and improving access to energy services through the development of public-private renewable energy partnerships



Introduction

- Session Objective:

- **Share the lessons learned and opportunities in developing public-private partnerships (PPP) for renewable energy to widen access to energy services for the rural poor.**

- Programme Framework:

- 1.2. billion people do not have access to electricity, while 2.8 billion rely on wood or other biomass to cook and heat their homes.
- This programme is aligned with the Secretary General's Sustainable Energy For All (SE4All) initiative.
 - Specifically by working towards: “providing universal access to modern energy services” through the use of PPPs for the poor

“Energy is the golden thread that connects economic growth, increased social equity, and an environment that allows the world to thrive.”

– UN Secretary General Ban Ki-moon

Overview

- The United Nations Development Account project entitled: “Enhancing and improving access to energy services through development of public-private partnerships” has been ongoing from 2010 through December 2014.
- Project implementation led by ESCAP in collaboration with ECA, ECE, ECLAC, ESCWA & DESA.
 - Each Commission and DESA undertook specific activities gathering regional expertise and good-practices on PPP for enhanced energy access.
- Project Objective:
 - To build the capacity of policy makers, civil society and the private sector for engaging in public-private partnerships to enhance the application of renewable energy and improve access to energy services.

Outcomes

The project has produced the following key outcomes:

1. Demonstration project sites under ESCAP and ECA;
2. Policy studies: “Partnerships for Universal Access to Modern Energy Services: A Global Assessment Report on Public-Private Renewable Energy Partnerships;”
3. Trainings, materials and guidelines on PPPs in the energy sector have provided structure and guidance to the implementation of such initiatives, specifically for replication and up-scale;
4. Regional forums, expert group meetings and workshops have gathered policy makers, the private sector, NGOs and other stakeholders to identify policy mechanisms for enhancing renewable energy PPPs globally.

Experience from ESCAP



- **Based on the success of the Cinta Mekar experience ESCAP developed the Pro-Poor Public Private Partnership (5P) business model.**
 - Works to enhance pro-poor economic development through access to energy services.
 - The objectives have been achieved through the establishment of multi-level stakeholder partnerships, including PPPs, in which community mobilization and co-ownership of the energy utility has proven to be key to 5P project sustainability.
- **Demonstration projects**
 - (1) Lao PDR, (2) Nepal
 - Mini-grids of approximately 12-18 kW

Experience from ECA

- 5Ps is about empowerment of rural population through inclusive development - paradigm shift on energy for rural areas
- Regional assessment on policy options, good practices and business models for PPPs on provision of RE services in rural areas
- Integrated planning – energy provision in the context of employment creation, SME development, health and education
- Regional capacity building training for policy-makers and decision makers
- **Establishment of a community based demonstration plant on clean energy in Lesotho**
- Improved dialogue among all NB stakeholders in Lesotho (Country Team concept)

Experience from ECLAC

- **strongly supported (both technically and financially) the design of the Geothermal Development Fund (GDF) for Latin America in association with CAF and KfW.**
 - 1) “Geothermal Risk Mitigation Fund” adapted to mitigate upfront exploratory risk;
 - 2) “Financing Windows” to provide tailored financing for actual follow-up investments in geothermal generation and delivery infrastructure;
- **promotion of the geothermal pilot-project in San Juan province, Argentina (“Despoblados” project)**
 - the first commercial development that will be implemented under PPP scheme in all Latin America.
 - In August 2014, the legal reference framework for a PPP-type scheme has been signed by Barrick Gold (private mining company), EPSE (the governmental utility) and GASA (a private geothermal developer).
- **Regional Workshop on “PPP’s on Renewable in Latin America”** (Buenos Aires, Argentina - April 2014), has been organized, in cooperation with GSEP and the Government of Argentina.

Experience from ECE

- Developed a set of guidelines and training material on good practices and business models for PPPs on RE in rural areas (presented at Nov. and Dec. Meetings) – Global 5Ps Development
- Proposal of converting the manual under the e-learning platform
- Link of the project with existing mechanisms such as ECE's International Centre of Excellence in PPP

Experience from ESCWA

- National Training Workshop on the Role of Public-Private Partnership in the Implementation of Renewable Energy Projects in Rural Areas, 3-4 June 2014, Amman, Jordan
- Report and Pamphlet on Assessment of Renewable Energy (RE) Public Private Partnerships Case Studies in Poor & Rural Areas in Jordan (English & Arabic)
- Exchange of lessons learned with other regional commissions

Key Lessons Learned



When initiating the 5P approach, an overall policy analysis and framework must be drawn up in order to better define the project within the country's context.

- When engaging in a PPP, it is important to avoid pre-selected technologies when a project site has already been selected. Resource assessment, environmental impact assessment and social impact assessment are all necessary prior to technology selection;



Lessons Learned

1. Rural electrification must be linked with enterprise development activities and access to financing for pro-poor development to be achieved;
2. Strong linkages must be made between the ground and policy level for effective PPP and electrification policy development;
3. Communication across ministries for energy planning and policy development is necessary to prevent overlap and ineffective field implementing activities.



Lessons Learned

- Establish linkage with ongoing government initiatives
- Establish linkage with project's objectives to various Development partners
- Bringing together various stakeholders in the government, private sector and civil society
- Sharing of good (and bad) practises
- Reduce subsidies for fossil fuels and electricity as these constitute a serious obstacle for adopting RE applications.
- Seed money to support rural/remote areas with grants: the 5P policy (Pro Poor Public Private Partnership).
- Increase benefit from large partnership initiatives in the area of local community services

Policy recommendations

- put an obligation for IPPs (thermal generation) to install or to finance a certain percentage of the capacity of their power plants as renewable energy projects
- For rural electrification, to adopt mini-grid to start to provide electricity for users with a possibility to connect in the future with the national grid.
- Use hybrid systems (solar, biomass and wind) when necessary.

Policy Recommendations

- **Importance of the champions to drive the initiative** – dedicated group/individuals to provide leadership
- 5Ps initiatives will never succeed if there is no dedicated policy initiative – therefore government policies should be aligned
- **The importance of multi-stakeholder forums** to address rural energy development, as energy in rural areas cuts across various government bodies, the private sector and various layers of civil society
- Communication and “low-hanging fruits” are important as catalyst for community involvement – and also creating success stories.

- **Increase the availability of financial instruments for renewable projects to be developed under PPP schemes (e.g. the GDF)**
- **Identify, spread and promote proposal and prospect of private-public associations for the development of renewable projects (e.g. Despoblados geothermal project)**
- **Carry out dissemination events for the discussion of best international practices on PPP for renewables, with the active participation and contribution of both public and private companies**
- **Review and improve national regulatory frameworks, aiming at duly stimulating PPP solutions for renewables**

Thank you.

