Role of private sectors in increasing the uptake of renewable energy

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As a leader in decarbonization with advanced energy systems, the E.U. faces unique challenges on its path to carbon neutrality. Meeting ambitious targets is complex, especially in balancing energy security and reducing vulnerability to price fluctuations.
Private sectors as locomotive of innovation

- The E.U. faces its own set of intricate challenges in its journey towards achieving carbon neutrality when striving to fulfil ambitious targets.
- To accomplish this multifaceted transformation, **innovation** and **new technologies** are indispensable.
- The involvement of the **private sectors** is particularly crucial due to their agility to adapt changing market conditions and technological advancements, potential to bring substantial financial resources to the table, implementation and scalability of innovative solutions, equipping human resources with advanced skills in the field, and collaboration with academia, research organizations and other stakeholders.

**Recommendation:** Leverage flexible models of **public-private partnerships (PPPs)** and novel forms of cooperation between the public and private sectors for innovation and clean-tech.

**Examples:** European Technology and Innovation Platforms (ETIPs) and European Institute of Innovation and Technology (EIT) Knowledge and Innovation Communities (KICs)
The E.U. focuses on goals like affordable energy, robust industry, climate targets, and strategic supply chain adjustments to tackle a triple threat of energy, climate, and de-industrialization risks.

To significantly ramp up technological advancements, manufacturing output, and the installation of net-zero products and energy sources are imperative.

The involvement of the private sectors is particularly crucial due to their industrial expertise and deep understanding of various industries, markets, and technologies, ability to influence supply chains and consumer behaviour, experience in commercializing products and services, implementation and scalability of manufacturing innovative products and solutions, and potential to bring substantial financial resources to the table.

**Recommendation: Collaborative planning** involving private companies, government entities, and other stakeholders ensures that a diverse range of perspectives is considered, leading to more well-rounded and effective strategies.

**Example:** Recently established Clean Energy Industrial Forum (CEIF)
Other 17+ Countries of the Greater Europe
Balkans, Black Sea, Southern Caucasus and Central Asia

Leave no one behind, leave no country behind. Amidst substantial barriers and challenges, there exist substantial untapped potentials for green transition and decarbonization.
Market prioritization to attract private sectors

- Time is running short to reach the goals of the Paris Agreement, progress is less than needed and most countries are still heavily dependent on fossil fuels, with relatively smaller shares of renewables in their total final energy consumption.
- The acceleration of green investments is necessary, but having policies and climate related targets are not sufficient for actualization and accessing finance is not easy.
- **Recommendation**: Prioritization of green investment areas and green projects **customized for each country** presenting greater commercial and financial appeal while also exhibiting fewer technical and other obstacles to overcome. Furthermore, ideally offering a greater potential for achieving carbon emission reduction in a considerably shorter timeframe.

1. Determine priority areas for **green investments**
2. Develop a **green project** selection methodology covering the priority green investment areas
3. Issue **secondary regulations** to open/accelerate the market for **private sectors** focusing on the priority green investment areas
4. Encourage the creation of replicable and scalable new **business models** in the market
Financing facilities to attract private sectors

- Achieving decarbonisation goes beyond a mere policy or technological challenge as the primary obstacles lie in the lack of **implementation capacity** and adequate **funding**.
- **Recommendation:** Active participation of Development Finance Institutions (DFIs) and Multi-lateral Development Banks (MDBs) can play a pivotal role in addressing these challenges effectively by creating **Financing Facilities (FFs)** covering prioritized green investments/projects.
  1. FFs create reliable financial structure to attract **additional funds** in regions with a limited financial ecosystem capacity.
  2. Beyond direct financing for large projects, collaborating with local partner financial institutions (PFIs) as intermediaries is an effective approach for funding smaller projects. FFs also assist PFIs in building their capacity to evaluate and fund green projects.
  3. As part of the FF's free **technical assistance**, engineers may assess and approve alternative technologies and project designs, ensuring that the feasibilities are correctly evaluated. This educates clients on benefits and encourages adoption.
  4. **Business development** builds a stakeholder network, spreading awareness and extending the FF's impact.
  5. Constant market assessment refines **financial tools** and creates new ones, adapting to changing dynamics for enhanced efficiency.
Thank you!

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