



PBL Netherlands Environmental  
Assessment Agency

# Stimulating Inclusive Green Growth through Public Private Partnerships

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## Introduction

- Inclusive Green Growth or **growth which improves the welfare of current and future generations** has many public (good) dimensions which are historically the responsibility of governments
- **Inefficient government provisioning** and lacking funds are increasing role and influence of the private sector
- Public-private partnerships in public good provisioning can increase efficiency, but problems with **incomplete contracting** (Williamson, Besley& Ghatak, Mookerhjee)
- Public-private partnerships can also help address problems of poor representation, implementation and enforcement by **combining governance roles** (Pattberg)



## Partnerships for Inclusive (Green) Growth

- Initiator:

Dutch Ministry of Foreign Affairs,  
Department of Trade and International cooperation

- Type of Partnership programs

Food security program (approx. 125 million public funding)

Water program (approx. 125 million public funding)

Partnerships for Renewable energy (100 million public funding)

- Conditions

Private sector, NGO and public authority partner

Substantial co-funding from partners (money, in kind)

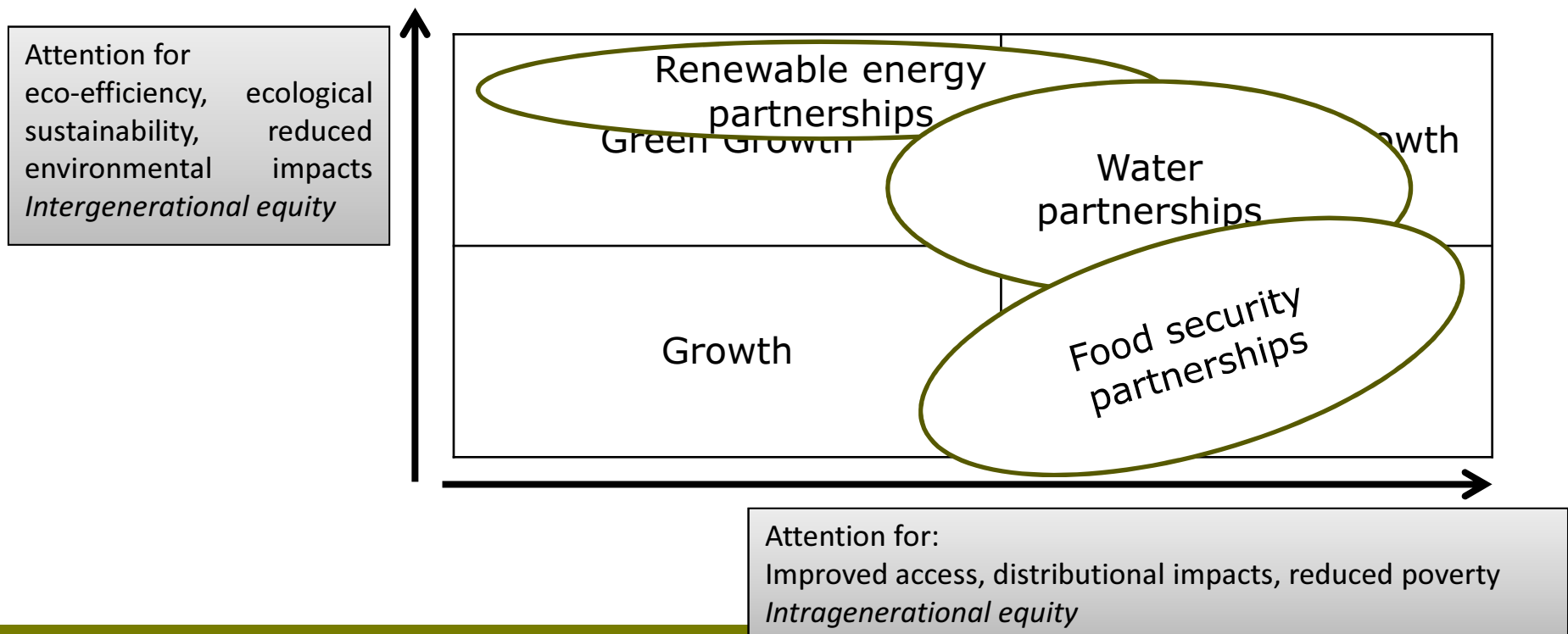
Address program objectives, be inclusive

Clear business case: self-sustaining after max. 7 years



	Direct (project level) effects	Indirect (systemic) effects
<b>Partnership characteristics</b>	<ul style="list-style-type: none"><li>- Partner expertise and role in partnership</li><li>- Partnership objectives</li></ul>	<ul style="list-style-type: none"><li>- Partner authority, influence and (local) commitment</li><li>- Attention for systemic factors in objectives</li></ul>
<b>Factors influencing partnership performance</b>	<ul style="list-style-type: none"><li>- Design of partnership agreement (financing, risks/responsibilities)</li><li>- Internal organization</li><li>- Internal monitoring &amp; enforcement</li></ul>	<ul style="list-style-type: none"><li>- External accountability</li><li>- Stakeholder participation</li><li>- Learning and flexibility</li><li>- Involvement local authorities</li><li>- Long term cost-recovery</li><li>- External monitoring &amp; enforcement</li></ul>
	<b>Context</b> <ul style="list-style-type: none"><li>- Conditions of the partnership facility</li><li>- Prior experience with topic/in region</li><li>- Institutional and socio-economic context</li></ul>	

- We classified the 47 partnerships in terms of their (**project level**) **contribution** to Inclusive Green Growth...
- ...and selected 9 partnerships for further analysis (**document analysis + interviews**)





## Preliminary findings

- Partnership characteristics vary widely per theme

**Water:** lead by private actor (water company, coffee federation) that co-invests in institutions for integrated water management and water use efficiency (with local water authorities)

**Food security:** lead by NGOs that supports private sector to invest in diversification, improved productivity and better land management of smallholder farmers (local authority not involved)

**Renewable energy:** very different partnerships, 2 directed at investment with large economic interests (lead by private sector), 1 directed at access (lead by social entrepreneurs)



## Preliminary findings - Growth

(+) Partnerships have invested in **learning platforms** for knowledge sharing and network building. This has resulted in **innovations** that are often institutional and sometimes technical

Partnerships have **potential** to generate **sustained growth**,  
(+/-) but in some cases project activities are not related to partner's **core business** (e.g. CSR)

Although service delivery, credit provisioning and other  
(-) private sector facilities enhance growth they may also create **monopoly position**, and allocation of risks often unclear



## Preliminary findings - Green

- (+) Green not always an explicit objective, but several partnerships use **landscape or watershed based approach**  
Nice examples of **private sector investment** in soil fertility, integrated water management ...
- (+/-) .. but indications that this will only continue if private sector can reap benefits (**long term contracts?**)
- (+/-) Only **voluntary measures** to stimulate water use efficiency
- (-) In general, in partnership design **little attention** for contract (**self**) **enforcement, monitoring and control**
- (-) **Renewable energy** projects have huge **economic interests**, trade-offs with other sustainability issues hardly addressed





## Preliminary findings- Inclusive

- (+/-) **Inclusiveness** is largely seen as **responsibility of the NGO**, but NGOs play **multiple roles** (social entrepreneur, consultancy etc) and do not necessarily represent local interests
- (+/-) Local organizations or companies **well-represented**, but not always clear who they represent
- (-/+ ) Partners accountable to ministry, but their **accountability** to each other and to the stakeholders is less clear
- (-/+ ) **Difficult to reach the poor** in food security projects, water projects partly target poor, renewable energy mixed
- (-/+ ) **Transparency** not institutionalized, depends on partnership



## Discussion

- **Substantial leverage effect**: more than doubling of public funds
- To early to judge whether (public) benefits are indeed delivered, but **partnerships have potential**
- This comes at a **cost**: the private sector wants to reap benefits, which could have adverse effects (**monopoly rents**)
- Note that we focused on the **most innovative partnerships**: many others are less green or less inclusive
- Extra important to **strengthen partnership contracts**, pay more attention to accountability, transparency...
- ..make **green objective** and **built institutions** for inclusiveness