



A FRAMEWORK FOR ASSESSING POTENTIAL PUBLIC-PRIVATE PARTNERSHIPS (PPPs) TO ACCELERATE GREEN GROWTH

What is a PPP?

A PPP can broadly be defined as an alliance between public institutions and private actors designed to address a common purpose as well as satisfy the interests and needs of its members, participants and stakeholders. Analysis of past PPPs suggests that they are successful when there is a sufficient alignment of interests between the private and public actors and the partnership to allow the group to overcome barriers that they would have been unable to conquer alone.

For 3GF, the PPPs that are relevant are defined as a *coordination mechanism between the activities of public and private actors that enable an accelerated transition to an inclusive green economy, with a particular focus on achieving speed-to-scale across borders*. This definition has several critical elements:

- As a **coordination mechanism**, a PPP serves as a forum or medium to coordinate on-going activities between multiple parties to overcome market failures which no single actor could deal with alone.
- Through this mechanism, **public and private sector actors**, which are loosely defined as governments and international organizations on the public side and businesses and civil society on the private side, work together towards a common goal.
- This common goal is to **accelerate the transition to a green economy**, in part by increasing the growth rate of markets for new products which have an advantage due to their higher natural resource efficiency or lower negative environmental externalities, but which may be constrained by factors such as transaction costs, lack of externality pricing and/or immaturity of the new, greener technologies.
- The objective of this acceleration is to achieve **speed-to-critical scale in the transition to an inclusive green economy, which usually requires international impact, such that the**

relevant new market(s) reach the inflection point of a classic adoption s-curve, implying continued market growth into the future without substantial additional intervention.

Public-private partnerships can play a leading role in shaping tomorrow's markets, effectively overcoming policy and market weaknesses and failures by catalysing policies, creating standards, strengthening price signals, mobilizing and directing capital, and supporting technology development.

How can PPP's accelerate Green Growth?

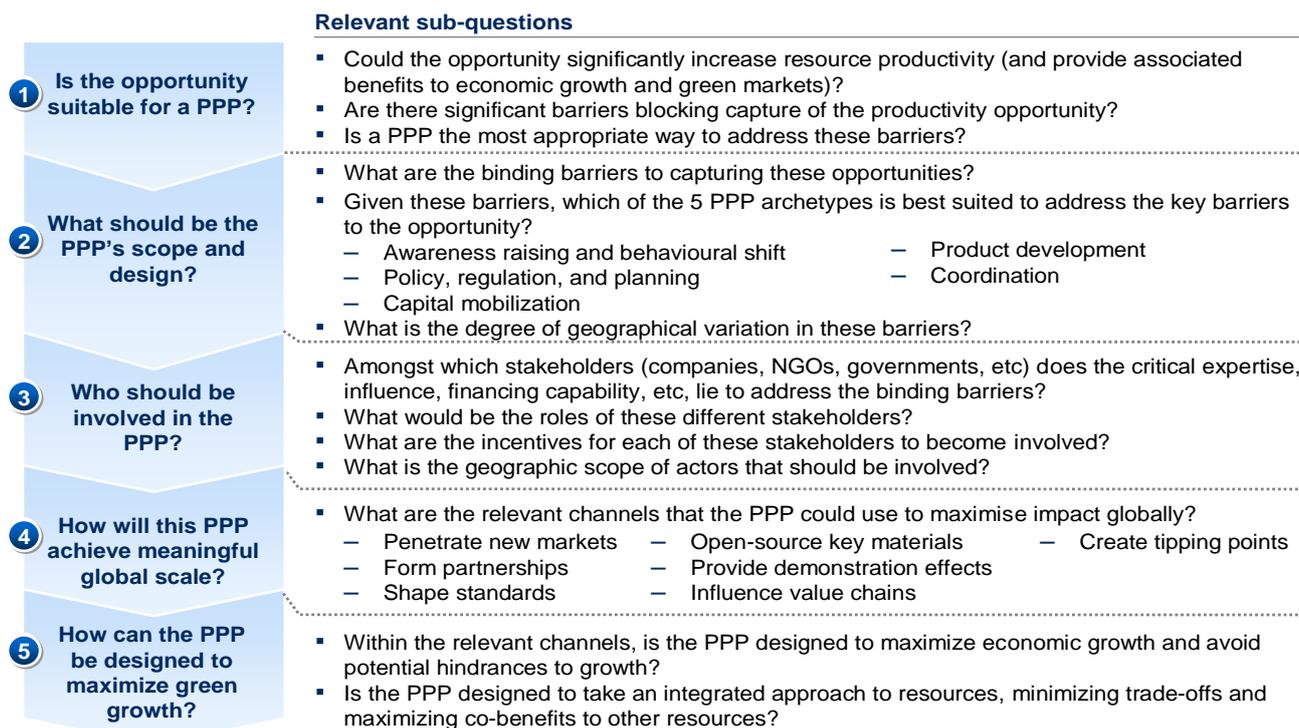
It is important to have a robust methodology for understanding the potential for public-private partnerships to accelerate a transition towards a green economy, with a particular focus on speed to scale across international borders. This approach can then be used to (a) identify areas where a PPP would make sense (and not make sense); (b) ensure that a new PPP is designed appropriately to capture the opportunity; and (c) evaluate existing PPPs and understand where there may be gaps that need to be addressed. To our knowledge, this is the first time that a methodological bridge has been built between green growth and public-private partnerships.

Such a robust approach needs to be conscious of what it takes to overcome barriers, who needs to be at the table, and how best to avoid unintended and unwanted consequences. There is no need to overly conceptual or complex, rather, the need is to be strategic and systematic. A simple, useful framework has been developed through a review of existing successful (and failed) PPPs, a series of expert interviews and the insights gained from leaders and participants of the PPPs that are currently being profiled and supported through the 3GF. The framework is still a work in progress, with the expectation that the approach will be refined with further input from 3GF members and other key experts and stakeholders.

5 Key Questions

There are five key questions for understanding whether a PPP can enable an accelerated transition towards green markets of a critical scale (Exhibit 2):

There are 5 key questions for understanding whether a PPP can enable an accelerated transition to a green economy



Once the PPP is defined, it is then important to ensure it has the right organizational design to deliver against its objectives (e.g., clear vision, strong personal leadership, etc)

1. *Is the opportunity suitable for a PPP?* This involves understanding (a) whether the opportunity has transformative potential to significantly accelerate resource productivity and create new green markets; (b) whether there are significant barriers (market and policy failures) preventing the capture of the opportunity; and (c) whether a PPP is the right form of intervention to address those barriers.
2. *What should be the PPP's scope and design?* This involves understanding which of the barriers preventing the capture of the opportunity are truly binding in order to help focus the PPP's efforts. The appropriate archetype of PPP can then be developed based on those barriers, including a consideration of the degree to which there is regional variation in those barriers (either in terms of their importance or in their nature), which can suggest the appropriate geographical area of focus.
3. *Who should be involved in the PPP?* This involves understanding the critical stakeholders (e.g., companies, NGOs, governments, etc) who will need to be included in the PPP if it is going to be successful and ensuring that there are incentives for them to participate. This also involves a review of existing PPPs to understand the degree to which they already fulfil these requirements and where there may be incremental action required.
4. *How will this PPP achieve meaningful global scale?* This involves understanding the appropriate channels for scaling the impact of the PPP across national boundaries, ranging from providing demonstration effects to influencing global value chains. The appropriate scaling mechanism will depend on the nature of the barriers and the degree of complexity involved in transferring knowledge and capabilities to other regions.
5. *How can the PPP be designed to maximize green growth?* Within the relevant channels for scaling the impact of the PPP, it is important to ensure the PPP is designed to maximize economic growth and avoid potential hindrances to growth. It is also important that the PPP is designed to take an integrated approach to resources, minimizing trade-offs and maximizing co-benefits with other resources.