

Public-private partnerships: The 3GF way

PPPs are defined as a coordination mechanism between 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.

The 3GF PPP-tool consists of an analytical framework that through 5 key questions helps identify whether a PPP can accelerate green growth:

Question No1: What is the opportunity for a PPP?

To understand whether an opportunity is suitable for a PPP it is important first to identify barriers preventing green growth such as lack of awareness and behavioural failures, policy failures, capital failures, technology failures; and coordination failures. Secondly, one needs to assess whether these barriers require joint action from public and private players, hence making a PPP the most appropriate way to address these market failures.

There are five key types of barriers which prevent green growth

		Description	
①	Awareness & behavioural failures	Information failures	Lack of consumer/business awareness or difficulty in changing behaviour
		Entrenched behaviours	
②	Policy failures	Regulatory support	Lack of policy support to create the proper incentives for actors
		Political feasibility	
③	Capital failures	Capital intensity	Lack of access to the capital necessary for implementation
		Capital availability	
④	Tech-nology failures	Technological readiness	Immature technology to pursue the opportunity
⑤	Coordination failures	Network effects	Insufficient market participation or infrastructure
		Supply chain bottlenecks	

Question No. 2: What is the scope of the PPP

In defining the scope 5 key archetypes of PPPs can be identified:

There are 5 key archetypes of public-private partnership

The “binding” constraints or barriers can be used to identify the appropriate form of PPP design. In some cases, this may be a combination of different archetypes.

	Description	Geographic focus	Example PPPs
①	Awareness raising and behavioural shift <ul style="list-style-type: none"> Creates transparency to costs and benefits of different products to improve decision making power of actors Provides training or mindset shift required to support behavioural change 	<ul style="list-style-type: none"> Cross-border 	<ul style="list-style-type: none"> Roundtable on Sustainable Palm Oil (RSPO) Forest Stewardship Council (FSC)
②	Policy and regulation <ul style="list-style-type: none"> Changes market structures through regulatory reform or development of new instruments A commitment device to build the political will needed to address a challenge 	<ul style="list-style-type: none"> Multi-local (primary) Cross-border (e.g., international trade) 	<ul style="list-style-type: none"> Water Resources Group (WRG)
③	Capital mobilization <ul style="list-style-type: none"> Supports the mobilization of private capital by reducing associated risks such as currency risk, country risk and policy risk, and by overcoming start-up challenges (e.g., providing loan guarantees to local banks to spur lending) 	<ul style="list-style-type: none"> Cross-border 	<ul style="list-style-type: none"> GAVI Alliance
④	Product development <ul style="list-style-type: none"> Promotes early-stage product development by enabling critical research and development activities, and supporting project developers and trial projects 	<ul style="list-style-type: none"> Cross-border 	<ul style="list-style-type: none"> Global Carbon Capture and Storage Institute (GCCSI)
⑤	Coordination and delivery <ul style="list-style-type: none"> Brings together actors from relevant industries to accelerate overcoming initial network effects Combines logistical capabilities, infrastructure, local networks, and project management expertise that no single organization possesses alone 	<ul style="list-style-type: none"> Multi-local 	<ul style="list-style-type: none"> “Moving the World” programme (TNT / WFP) WBCSD Urban Infrastructure Initiative (UII)

Question No.3: Who should be involved?

A thorough understanding of the barriers of the PPP is going to address, will help define the critical stakeholders. Next step is to identify the stakeholders’ incentives for participating. For example are there potential returns available that will exceed the relevant hurdle rate of the private sector companies: is the issue aligned with the key concerns of relevant NGOs; can the PPP help achieve government policy objectives and thereby warrant government involvement?

Question No. 4: How will this PPP achieve meaningful global scale?

This involves understanding the appropriate channels for scaling the impact of the PPP across boundaries.

There are seven ways through which a PPP can create scale

Type	Description	Situations when most relevant
Penetrate new markets	<ul style="list-style-type: none"> Expand operations of existing partnership to cover new regions 	<ul style="list-style-type: none"> Similar barriers across regions provides opportunities to expand; high "learning by doing" effects
Form partnerships	<ul style="list-style-type: none"> Join forces with other institutions or bring new players into the partnership through building alliances 	<ul style="list-style-type: none"> Barriers require additional stakeholders to help address the challenge
Shape standards	<ul style="list-style-type: none"> Spur international institutions to adjust trade requirements or international standards, compelling change more broadly 	<ul style="list-style-type: none"> Agency issues and information failures are the primary barriers
Open-source key materials	<ul style="list-style-type: none"> Publicly provide knowledge-base aimed at enabling other institutions in other regions to mimic impact 	<ul style="list-style-type: none"> Information failures primary barrier consistently across regions; relatively low complexity in implementation
Provide demonstration or "lighthouse" effect	<ul style="list-style-type: none"> Demonstrate potential of new approach, inspiring others to mimic 	<ul style="list-style-type: none"> Information failures primary barrier consistently across regions; medium complexity in implementation
Influence value chain	<ul style="list-style-type: none"> Spur local efforts that compel broader regional or global industries to adjust value chain 	<ul style="list-style-type: none"> Large share of opportunity concentrated in a few supply chains of key players
Create tipping point	<ul style="list-style-type: none"> Drive scale and cost competitiveness more broadly through local investments 	<ul style="list-style-type: none"> Technological readiness is primary barrier

Question No. 5: How can the PPP be designed to maximize growth and avoid exclusion?

PPPs may impact on the market in a way that only benefit part of the business community or some countries. 3GF focusses on balanced participation of enterprises and governments in PPPs in order to promote global inclusive green growth where trade-offs are minimised and co-benefits maximised.

PPPs need to be designed carefully to avoid adverse consequences to economic growth and resource efficiency

	Description	Measures to avoid risk	Example measures
Rebound effects	<ul style="list-style-type: none"> Resource efficiency measures lead to a spike in demand that offsets savings 	<ul style="list-style-type: none"> Include behaviour measures to change attitudes and actions of participants 	<ul style="list-style-type: none"> Denmark maintained oil price at consistently high-level through taxation, with proceeds used to lower labour taxes
Trade barriers	<ul style="list-style-type: none"> Countries ban or otherwise punish imports in their efforts to promote resource efficiency 	<ul style="list-style-type: none"> Include broader sets of participants including both large and small organisations as well as broad international groups 	<ul style="list-style-type: none"> UN Global Compact has half of its signatories from outside of the OECD Bonsucro (Better Sugarcane Initiative) has members from Europe, North America, Africa, Latin America, and Central America
Inefficiently deployed capital	<ul style="list-style-type: none"> A drive for resource efficiency leads to investment in projects that deploy capital less efficiently than other potential projects 	<ul style="list-style-type: none"> Create transparency to capital investment projects 	<ul style="list-style-type: none"> Use of reverse auctions to create more transparency in feed-tariffs

Source; The 3GF PPP Tool: [Accelerating Green Growth Through Public-Private Partnerships](#)