On the Role of Policy Support in Stimulating Investments in Renewable Energy Projects

Dr. Dhamir MANNAI
Director, Climate and Energy Section
ADDE Tunisia
What can a good policy do for renewable energies?

A lot more than what we think

✓ Without good policies, nothing happens!

✓ With good effective policies, many good things can happen
Good Policies can trigger tremendous private investments and growth in renewable energies
Good regulation can trigger tremendous growth
Germany 1990-2010:
from 3% to 25% clean Power (35-40 until 2020?)
A Policy is the highest-level of governance for Renewable Energy and Energy Efficiency.

Policy = Heart of the entire system, everything else can be fixed!
A Good Policy is one that increases enablers and reduces obstacles
Policy making: the Process, the Tools, the Goals, and Expected Outcomes  (3/3)

The Tools

✓ Legislative framework  (Laws and implementation texts)
✓ Institutional & Regulatory framework (Including implementation institutions)
✓ Freeing some sectors (like rooftop) from licensing – Like Albania
✓ Fiscal measures and incentives
✓ Non-fiscal incentives
✓ Monitoring compliance with the Policy
✓ Public pressure and Civil Society support (Climate and Energy Access)
The complex process of designing / making national Renewable Energy Policies (2/2):

Issues, Stakes, and Dynamics between Stakeholders

✓ Inadequate Political Will
✓ Differences in learning curve
✓ Conflicting stakeholder interests
✓ Lack of cooperation of some stakeholders (to each its reasons)
✓ Protectionism of turf (utilities, concession holders, etc.)
✓ Financing difficulties
✓ Beware of technical arguments as pretext to avoid compliance with Policy

✓ Resistance to change
✓ Analysis-Paralysis, resulting in inadequate reactivity
✓ Existing concessions and international agreements incompatible with new vision of the Policy
✓ Existing complex and/or ambiguous legislative and regulatory frameworks
✓ Public vs Private Infrastructure Ownership and Operations

Strong **Political Will is the solution**: Political will that is strong, committed and continuously-engaged
In the UN ESCWA Region ...

✓ Existing policies have improved significantly (at least they exist) but they remain inadequate, incomplete, and un-achieved in most countries

✓ Implementation of Policy in some countries lead to creation of legal and regulatory frameworks, and some institutional frameworks, but did not reach the implementation phase of the objectives of the policies

✓ Put in place and empower the regulatory institutions (regulators, etc.)

✓ Successes in some countries like Morocco (institution-driven) and Jordan (legal and regulatory) are encouraging
Lessons learned from effective and ineffective processes of making national RE policies (1/2)

Characteristics of Effective Policy-Making Experiences:

✓ Clear and realistic goals (achievable)
✓ Completeness of the legislative and regulatory frameworks
✓ Assuring institutional feasibility
✓ Measurable targets, clear mandates, adequately allocated resources
✓ Clear controls for assessing effectiveness and efficiency of implementation measures
✓ National awareness and Public Support
✓ Adherence and true commitment of main stakeholders (perseverance)
Key messages (1/2)

✓ Situational awareness (Political/Economic/Geopolitics)
  ▪ Identify the supporters ➔ Support them and keep them interested
  ▪ Identify the hesitants ➔ Convince them
  ▪ Identify the blockers ➔ Be sensitive to their concerns but do not let them distract you

✓ Comprehensive and Complete Framework that make economic sense (incomplete frameworks get nowhere).

✓ Be swift with Policy Development (avoid dangerous uncertainty periods)

✓ Simplify things for first projects. New policy frameworks need first implementation successes to be validated and accepted

✓ Keep an eye on the Action Stakeholders: Investors and Project Leaders
Key messages (2/2)

✓ Policy anchored in the reality of the country
✓ Lead by those who truly believe in it
✓ Has political Support at the Highest Levels of Government
✓ Usefull additional measures for implementation:
  ✓ Help De-Risk Investments (exchange rates, etc.)
  ✓ Transparency in process of giving licenses
✓ Announce clear and stable previsions for RE inclusion in Energy Mix (short-term, medium-term, and maybe long-term)
This is only possible if you have the needed strong political will.

Policy = Heart of the entire system, everything else can be fixed!

Thank you!