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**How do Partnerships in International Cooperation Contribute to Inclusive Green Growth**

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**Title: How do partnerships in international cooperation contribute to Inclusive Green Growth??**

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**Abstract**

The traditional model of domestic taxation for global public good provisioning and international cooperation is under increasing pressure. Since international cooperation is essential for *Inclusive Green Growth*, new forms need to be found to finance and safeguard global public good provisioning like climate change mitigation and adaptation, ecosystem service provisioning and biodiversity protection but also poverty eradication, infrastructure development, education and health in countries which cannot afford these investments themselves. Partnerships with the private sector are increasingly sought to overcome financing and organisational problems in the realm of global public good provisioning. At the same time private sector parties are expected to contribute to stimulating economic growth and development, creating employment and enhancing the efficiency of resource use in developing countries. Evaluation of the contribution of partnerships to the goal of Inclusive Green Growth is lacking however, also because the array of partnerships that is currently being developed is very wide and diverse.

We focus our analysis on The Netherlands, one of the frontrunners in the approach to use partnerships for international cooperation. The formation and facilitation of partnerships currently is a widely used policy instrument by the Dutch government, including the ministry of Foreign Affairs and Directorate General of Trade and International Cooperation. In the partnerships initiated by the ministry, actors from the private sector, non-governmental organisations and the government closely cooperate and coordinate activities around topics such as water and sanitation, renewable energy and crop yield improvement, but also around more complex issues such as sustainable supply chain management, river basin management, food security and climate change. The amount of government funds is fixed and limited, while the private sector is supposed to crowd in substantial amounts of matching funds, in cash and in kind. The explicit objective of the partnerships is thereby the provisioning of both private goods, making it an attractive business investment, as well as public goods such as enhanced environmental protection and resource use efficiency. Local stakeholders are supposed to benefit from partnerships through knowledge and technology transfers, social and economic benefits and reduced environmental externalities. The vehicle is thus understood to be well-placed to achieve the goal of *Inclusive Green Growth*.

To analyse the extent to which partnerships can be expected to contribute to *Inclusive Green Growth* we conducted semi-structured interviews with various stakeholders in partnerships, including resource persons within and outside the Directorate General for Trade and International Cooperation, private sector parties and NGOs. We considered a wide range of partnerships, including ones that target agricultural development, resource use efficiency and renewable energy, but also ones that aim to facilitate more sustainable governance structures in land and water management. Interviews primarily

focused on the processes through which *inclusive* and *green* are safeguarded in partnerships and how partnerships deal with trade-offs between growth, green and inclusiveness.

Our preliminary findings indicate that attention for *Inclusive* and *Green* is rather marginal in most partnerships. For example, in many cases participation of NGOs is conceived as a guarantee to ensure *inclusive growth*. With regard to *green growth* adherence to guidelines like the OECD guideline on corporate social responsibility or the CBD are regarded as being sufficient to safeguard environmental sustainability, partnerships thus seeming to adhere rather to the principle of “do no harm” than of *Inclusive Green Growth*. Also, representation of marginal and vulnerable stakeholders is weak in most partnerships, and there is a serious risk of elite capture in processes of consultation and participation. Thus, our preliminary conclusion is that partnerships do not unequivocally deliver private and public benefits.

In many of the partnerships considered, the incentive structure for private sectors changed minimally, making it unlikely that they will substantially increase the supply of public goods. This is an interesting finding from the perspective of contract design, as it allows for an exploration of possible incentive structures to ensure that partnership outcomes are more *inclusive* and *green*. Guided by the literature on public sector economics, contract design and participatory decision-making we will reflect on alternative incentive structures for partnership contracts in this paper, considering both regulatory mechanisms and market incentives like certification and reputation effects. Still, it is important to note that partnerships are subject to selection effects. They are only formed in those instances where objectives of the various partners coincide. This leaves many issues unresolved, indicating that partnerships cannot be the full answer to declining public support for international cooperation and global good provisioning, and that tax revenues will remain important to fund and safeguard international cooperation in *Inclusive Green Growth*.