



Net-zero Investment Lab:

Public and Private Collaboration on Accelerating Green Investment in SIDS

Tuesday, 30 March 2021 | 12:00 – 14:00 BST

Summary

Government representatives of Small Island Developing States (SIDS), along with representatives from the private sector and multilateral institutions, met virtually on 30 March 2021, 13:00 – 15:00 CET, to discuss ways to accelerate the mobilisation of investments and finance in SIDS for climate action through energy transitions for improved livelihoods and poverty eradication. By highlighting the need of greater participation in SIDS' energy transitions from the private sector, public entities and international financial and expert institutions, the event showed how leveraging existing platforms, such as SIDS Lighthouses, can help meet the priorities and needs of SIDS.

The event was co-organized by the High-level Climate Champions for COP25 and COP26 and the International Renewable Energy Agency (IRENA) as the coordinator of the SIDS Lighthouses Initiative that is operationalizing the Ambitious SIDS Climate Package. The representatives engaged in an interactive discussion on accelerating investments to support the energy transition in SIDS, ensuring that they build a climate resilient future whilst recovering from the COVID-19 pandemic.

Key Points from the Discussion

The meeting highlighted the importance of public and private collaboration on accelerating green investments in SIDS. Speakers from the private sector and multilateral banks addressed their respective experiences in financing and development while working in SIDS, including barriers and benefits of the involvement of the public, and shared some of their experiences in island settings. Multilateral banks provided their perspective on the limitations of renewable energy development in SIDS due to infrastructure and capital, and the need to strengthen the enabling environment in areas including the regulations for network connections, the regulations for transport and cooling and heating sectors. The World Bank presented the Solar Risk Mitigation Initiative, which was launched to reduce risks through policy measures, guarantees for residual risk and climate finance blending.

There is a great need to diversify financing instruments tailored to SIDS to include equity and guarantee instruments in order to guarantee that the transition benefits the local people of the islands. Enabling policy and regulatory frameworks to facilitate accessibility to private sector is essential for accelerating the energy transition in SIDS, as the transition brings an opportunity to the private sector in the form of small businesses, local ownership and partnerships. It will also serve to protect the markets from the introduction of outdated and inefficient technologies.



It was important to note the importance of moving beyond the power sector to address leveraging synergies between renewables and end-use sectors such as transport, food, water and health, as well as economic growth, poverty alleviation and sustainable development to contribute to the livelihood and climate resilience of SIDS, which can be further supported by public private collaboration in SIDS, in addition to investment from independent power producers and private stakeholders.

In addition to the fragile environments in SIDS, which are further exacerbated by the recurring natural disasters and severe impacts of climate change, these countries must also deal with land scarcity, limited access and unreliable electricity supply due to aged infrastructures. However, this provides an opportunity for SIDS to be a training ground for innovative energy transition solutions. Energy transition to renewables in SIDS is also stimulating post pandemic recovery, socio-economic benefits such as job creation, gender equality and local business opportunities. Through transitioning, it is also important for SIDS to address stranded assets and ensure the diversification of the available financial instruments to support the deployment of renewables.

The SIDS Lighthouses Initiative, as a partnership framework supporting SIDS energy transition is also supporting SIDS in their Nationally Determined Contributions (NDCs) enhancement and implementation whilst at the same time synergising with the Climate Investment Platform and the investment forums to promote and scale up investment for the implementation of the ambitious SIDS NDCs.