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Lessons from the forest: Bringing power to the people

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Abbreviations

CSO	Civil society organisation
GHG	Greenhouse gas
INGO	International non-governmental organisation
MoU	Memorandum of understanding
MRV	Measurement, reporting and verification
NGO	Non-governmental organisation
NICFI	Norwegian International Climate and Forest Initiative
REDD+	Reducing Emissions from deforestation and forest degradation and enhancing forest carbon stocks
UNFCCC	United Nations Framework Convention on Climate Change

Summary

In 2011, the Norwegian Government launched the International Energy and Climate Initiative (Energy+) to support efforts of developing countries to achieve universal access to sustainable energy services and reduce GHG emissions by implementation of renewable energy and energy efficiency measures (Figure 1).

To date, Energy+ is still being shaped and the roles of CSOs and governments are not yet fully developed. WWF-Norway was one of the leading promoters of Energy+. WWF, as a global network, is now one of its main partners and seeks to gain further insight.

This report draws together the lessons learnt from five years of engagement in the Norwegian REDD+ initiative, and considers how these lessons can shed light on the most effective and appropriate roles in the development and implementation of the Norwegian Energy+ initiative, targeting *CSOs as important facilitators in delivering Energy+*. Where feasible, this report also provides recommendations for *the Norwegian Government as founder and funder of Energy+*; and *the national governments of target countries as legislative and executive bodies*.

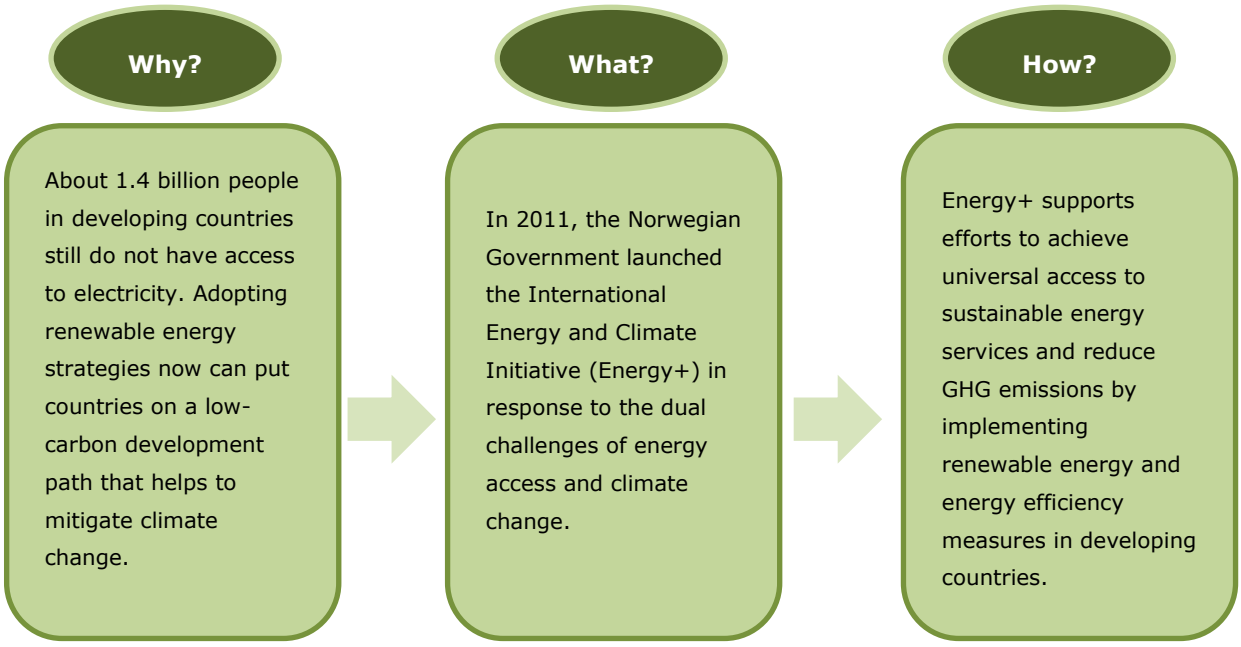

Figure 1 Energy+: the case for action

Our analysis indicates that key roles for CSOs include:

Shaping the debate. CSOs have an important role in shaping the international, national and sub-national REDD+ policy debate, shifting its focus from "forests" to "forests and people". Similar to their role in REDD+, CSOs can ensure that "bringing power to the people" is a high priority on the Energy+ policy agenda. They have a key role in raising awareness of the importance of increasing energy access, particularly in rural areas, and in providing examples of best practices of how this can be achieved. Multi-stakeholder platforms and networks provide excellent fora for CSOs to facilitate discussions that are sometimes overlooked by policy makers and private sector participants, such as social and environmental safeguards.

Capacity building. As with REDD+, CSOs will have a crucial role in sharing knowledge about the complex issues of Energy+ and in building capacities that enable particularly local actors to participate in the initiative. Access to information at the grassroots level is often not easy; and where information is available, the dense technical language surrounding Energy+ has to be "decoded" to make core information explicit. CSOs can also help to increase the sensitivity of government institutions and private sector participants to social, economic and cultural characteristics of targeted end users to ensure the adoption of new technologies.

Demonstration projects. For decades, CSOs have worked on the development and implementation of low-cost, small-scale renewable energy projects that are well adapted to local conditions. By sharing lessons learnt on the acceptance of technologies, their potentials and limitations, CSOs can support the scaling up of energy access programmes within Energy+.

Enable financing. CSOs are involved in REDD+ finance as recipients and distributors of funding as well as being watchdogs of how money is spent. CSOs are well-placed to help create a similar enabling environment for investments in renewable energy access and efficiency programmes by private sector and government parties through a watchdog role, identifying key lessons and in communicating best practices. CSOs can also manage funds that provide financing to rural households and communities who have difficulty obtaining credits from formal lenders.

Key roles identified for the Norwegian Government and national governments of developing country partners in Energy+ include:

Shaping policies, regulations and institutions. Clearly, the national governments of developing countries have the primary responsibility for developing the appropriate policies, regulations and institutions for increasing access to energy and energy efficiency in their countries. A well-defined, transparent policy framework with clear signals on long-term commitment is critical to promote national and international investments in access to energy programmes. In REDD+, civil society engagement paired with governments' willingness to provide an enabling policy environment have created a fertile ground for transformational change. Both national governments and the Norwegian Government should include CSOs in the Energy+ development process.

The Norwegian Government should take care to develop bilateral agreements that balance flexibility to address national circumstances while promoting long term success of Energy+ through proposing appropriate indicators for success and MRV systems.

Capacity building. National governments should facilitate and invest in the capacity building and training of actors working in the rural energy sector on topics relevant to the needs of both the private sector and local communities.

The Norwegian Government can support the initiative by hosting information exchanges between participating countries to encourage brainstorming and sharing best practices.

Demonstration projects. In REDD+, demonstration projects have delivered desired outcomes where institutional arrangements and responsibilities and implementation activities were well defined among different actors. National and local governments should participate in demonstration projects to establish good working relationships with stakeholders that will have a crucial role in the scaling up of energy access programmes. Participation in these projects will show commitment of the government, which can help to increase international and private sector investments in Energy+ related activities.

Enable financing. Financial incentives provided by national governments and the Norwegian Government will have an important role in leveraging private sector investments supporting access to energy and energy efficiency programmes. Incentives include subsidies to lower upfront capital costs, tax credits to reduce

capital or operating costs, loans and guaranties to enable investments, and carbon credits to increase revenue streams. National governments should avoid too generous subsidisation schemes to encourage the development of viable business models for Energy+.

1 Lessons from the forest: bringing power to the people

Access to clean, modern energy sources is crucial to improving the living conditions of people in developing countries and to promoting social and economic development. About 1.4 billion people still do not have access to electricity and almost twice as many people depend on traditional biomass fuels for cooking, heating and lighting. Over 95 percent of these people live in Sub-Saharan Africa and developing Asia (IEA, 2010).

Clean energy is also linked to climate change. Greenhouse gas (GHG) emissions from the global energy supply sector contribute about 26 percent of total annual GHG emissions and are projected to increase by over 50 percent by 2030 with current energy production and consumption patterns (IPCC, 2007).

The current contribution of poor developing countries to these emissions is minimal; yet, economic growth is projected to drive energy demand up sharply over coming decades. Adopting modern energy strategies now can put developing countries on a low-carbon development path that promotes national sustainable development and benefits the global climate as well.

In 2011, The Norwegian Government launched the International Energy and Climate Initiative (Energy+) in response to the dual challenges of energy access and climate change. Energy+ supports efforts to achieve universal access to sustainable energy and reduce GHG emissions by implementation of renewable energy and energy efficiency measures in developing countries.[1]

Energy+ was inspired by positive experiences with the Norwegian International Climate and Forest Initiative (NICFI) – a flagship of Norway's international efforts to help keep global temperature rise below 2 degrees Celsius. The NICFI supports developing countries efforts in *reducing emissions from deforestation and forest degradation and enhancing carbon stocks* (REDD+).[2]

[1] The Energy+ Initiative supports the UN Secretary-General's Sustainable Energy For All initiative which aims to ensure universal access to energy, double the share of renewable energy and double energy efficiency improvement by 2030.

[2] The Norwegian Government pledged to fund NICFI with up to US$ 500 million per year at the initiative's launch during the UNFCCC climate negotiations in Bali in December 2007.

Energy+ is still being shaped and the roles of CSOs and governments in Energy+ are not yet fully developed. WWF-Norway was one of the leading promoters of Energy+. WWF, as a global network, is now one of its main partners and seeks to gain further insight.

This report draws together the lessons learnt from five years of engagement in the Norwegian REDD+ initiative, and considers how these lessons can shed light on the most effective and appropriate roles in the development and implementation of the Norwegian Energy+ initiative, targeting *CSOs as important facilitators in delivering Energy+.* Where feasible, this report also provides recommendations for the *Norwegian Government as founder and funder of Energy+;* and the *national governments of target countries as legislative and executive bodies.*

The main focus of the report is on potential roles for CSOs and governments in increasing energy access in rural areas through off-grid energy systems, since over 60 percent of people with no energy access live in those areas.

This report defines CSOs as "[…] *the wide array of non-governmental and not-for-profit organisations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Civil Society Organisations (CSOs) include: community groups, non-governmental organisations (NGOs), labour unions, indigenous groups, charitable organisations, faith-based organisations, professional associations, and foundations* "[3]. CSOs can be active on a local and/or an international scale.

This analysis addresses several questions using a variety of information sources including:

What has been the role of CSOs in REDD+ so far? We examine CSOs' involvement in NICFI's collaboration partner countries that receive support for REDD+: Brazil, Democratic Republic of Congo, Guyana, Indonesia and Tanzania.

What are potential roles for civil society in Energy+? The analysis incorporates a review of current Energy+ materials as well as key findings from consultations on the Energy+ initiative: a private sector consultation in Washington D.C. in 2011; private sector consultations in Nairobi and Rio de Janeiro in 2012; and a consultation with CSOs and government representatives during a WWF workshop on the Energy Sector Transformation Project in Eastern Africa in Nairobi in February 2013.

[3] Available at: http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:20101499~menuPK:244752~pagePK:220503~piPK:220476~theSitePK:228717,00.html

What are CSO's key contributions in REDD+ and Energy+? Results from REDD+ evaluation reports and consultations on Energy+ highlight key contributions of CSOs in four broad categories:

- Policies, regulations and institutions;
- Implementation of new projects and programmes;
- Capacity building and awareness raising (for all sectors in society);
- Access to finance.

How can the contribution of civil society be enhanced in new and innovative ways? Recommendations also address how CSOs and governments can be involved in Energy+ and incorporate key themes from the REDD+ and Energy+ data as well as broader best practices on effective stakeholder roles for transformational change initiatives.

2 REDD+ and Energy+ - what do they have in common beyond the "+"?

Like REDD+, Energy+ promotes transformational change beyond the sector. This requires collaboration between many different actors. The Government of Norway recognizes the complexity of Energy+ and encourages the building of strong partnerships to support its design and implementation.

2.1 Energy+ stakeholders and their roles in improving access to renewable energy

The *Energy+ Partnership* brings together developing and developed country governments, international organisations, civil society and the private sector (Figure 2). It seeks to coordinate and leverage efforts and financing to promote access to efficient energy services, and to mitigate energy's impacts on climate.[4]

The Norwegian Government cooperates with developing country governments to provide finance for the development of commercially viable business models for renewable energy sources and energy efficiency measures. The Energy+ Initiative seeks to use public funds to leverage private sector capital to cover the investment needs for increasing access to renewable energy. Public finance is also used to encourage investments in rural energy markets, which are often perceived as too risky by private sector investors. Participating developing countries currently include: Kenya, Bhutan, Liberia, Ethiopia, Maldives, Senegal, Morocco, Tanzania, Nepal, Mali, Grenada and Mozambique[5]. To date, Norway has signed bilateral agreements with Bhutan, Liberia, Kenya and Ethiopia.

National governments of developing countries are responsible for providing a favorable policy environment, which is fundamental for the successful implementation of renewable energy programmes. Significant policy barriers must be removed in many countries to improve access to energy of rural communities. These barriers include: national energy strategies that do not address rural energy; expensive and inefficient approaches to grid expansion into rural areas; uneven subsidies regimes that distort markets; and unattractive business climates for clean energy enterprises in the off-grid market (UNF,

[4] http://www.regjeringen.no/en/dep/ud/campaigns/energy_plus/about/keys.html?id=673050
[5] http://www.regjeringen.no/en/dep/ud/campaigns/energy_plus/about/energy_background.html?id=697734

2012). In addition, government banks at the national and local levels can also support energy access projects with loans.

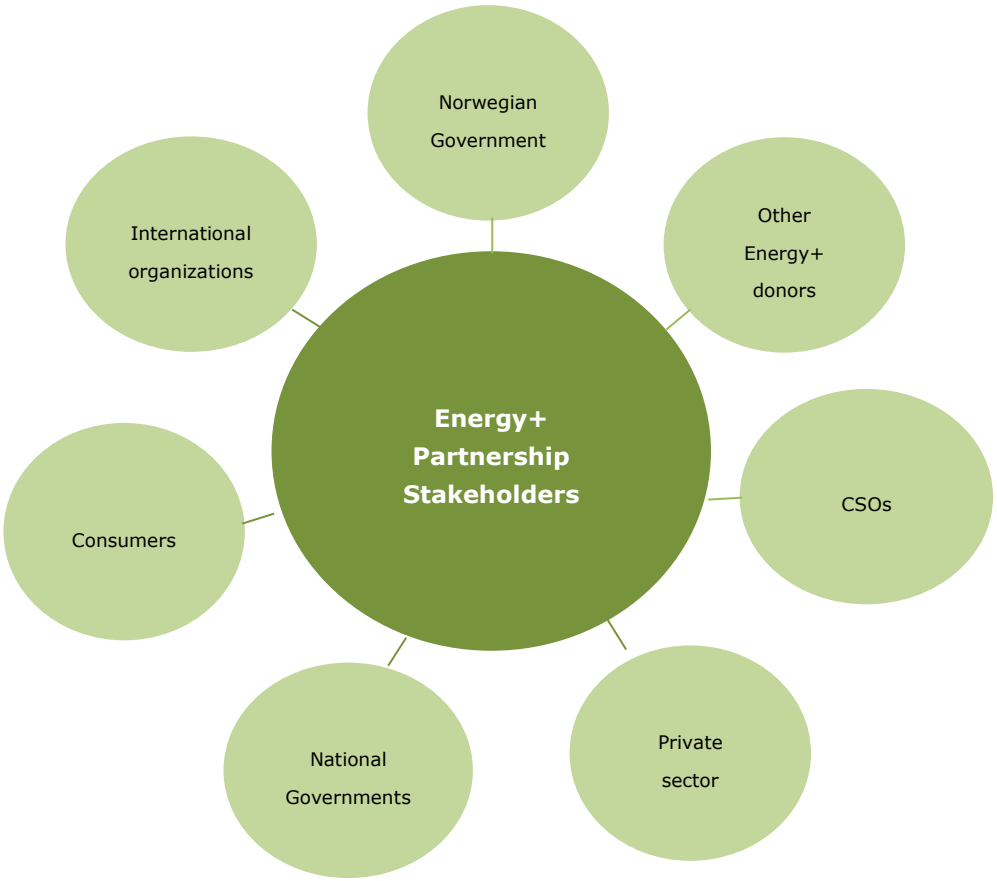

Figure 2 Stakeholders in Energy+

To date, energy access in remote rural areas has often relied on different practitioners, including NGOs. These entities have been working diligently over the last two decades to remove barriers to access to energy for the poor, which has been a challenging task due to unsupportive policy environments, inadequate financing for users, and insufficient resources for developing innovations and capacity building support (UNF, 2012). Despite these obstacles, many NGO-led projects and programmes have managed to provide rural households and communities with renewable energy sources. Examples include Ethiopia's National Biogas Programme that provides rural households with biogas digesters, or the

Solar Sister's programme that supports women with training, products and financing to launch small-scale businesses in different countries of Africa.

CSOs have an important role in transnational and global issues, including climate change. They also serve as a mediator between societal interests and political regulations (Fries and Walkenhorst, 2010). CSOs can have a leading role in scaling up clean energy programmes by sharing lessons learnt and providing capacity building to stakeholders that have few or no previous experience with rural energy programmes, including private sector participants and governments.

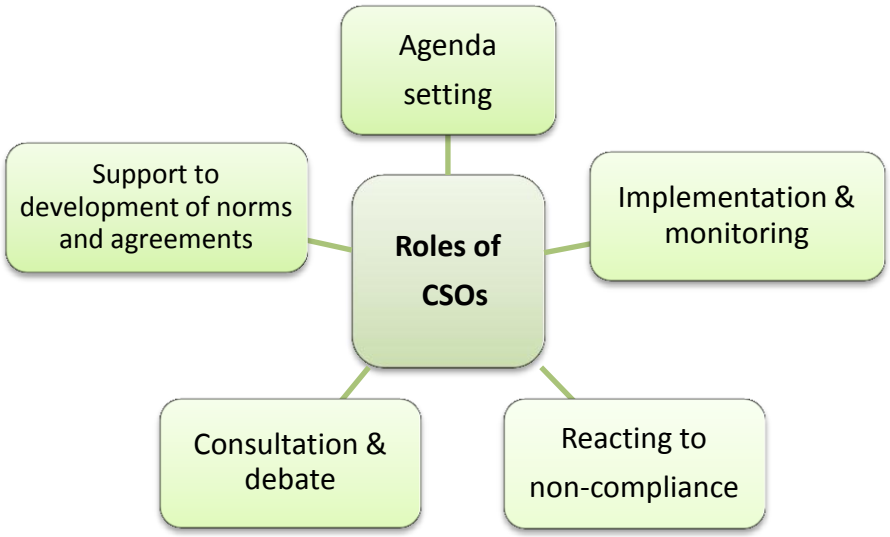

Figure 3 Roles of CSOs

Source: Adapted from Fries and Walkenhorst (2010)

2.2 The Energy+ framework

Energy+ promotes a sectoral approach integrated into a broader low carbon framework, for example, a national low-carbon development strategy. The "+"stands for the integrated effort of increasing energy access and reducing GHG emissions.

Energy+ builds on the conceptual framework of REDD+. The core concept is a payment by result, where payments are conditional to the demonstrated achievement of a specific goal, measured against an agreed baseline.[6] Developing country governments receive payments upon verifiable progress on increased energy access and energy efficiency (Figure 4). Energy+ rewards countries for the increase in access to energy and energy efficiency (green arrows in Figure 4) compared to a pre-defined baseline.

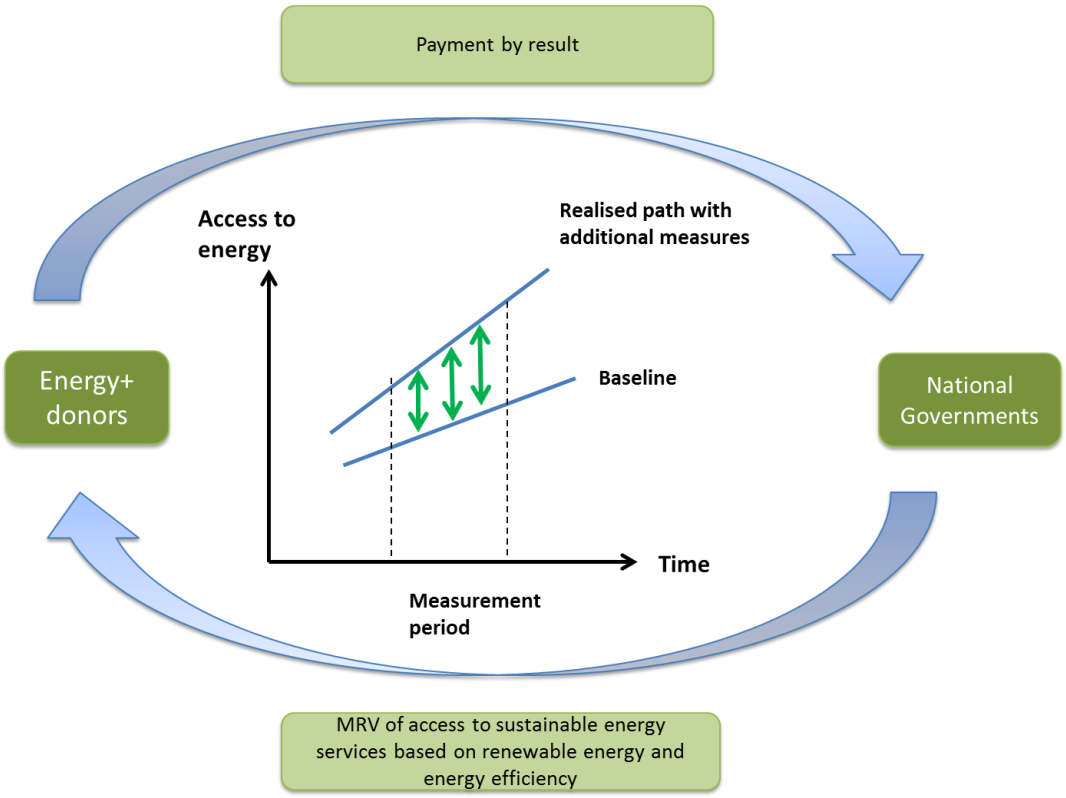

Figure 4 Payment by result scheme of Energy+
Source: Adapted from Energy+ Initiative[7]

[6] The measurement, reporting and verification (MRV) process has to be determined between the country and the Initiative.

[7] http://www.regjeringen.no/en/dep/ud/campaigns/energy_plus/about.html?id=673042

It is a long process from planning to full-scale implementation. Energy+ uses a *phased approach,* as in REDD+, to allow countries to gradually prepare all necessary elements (Figure 5).

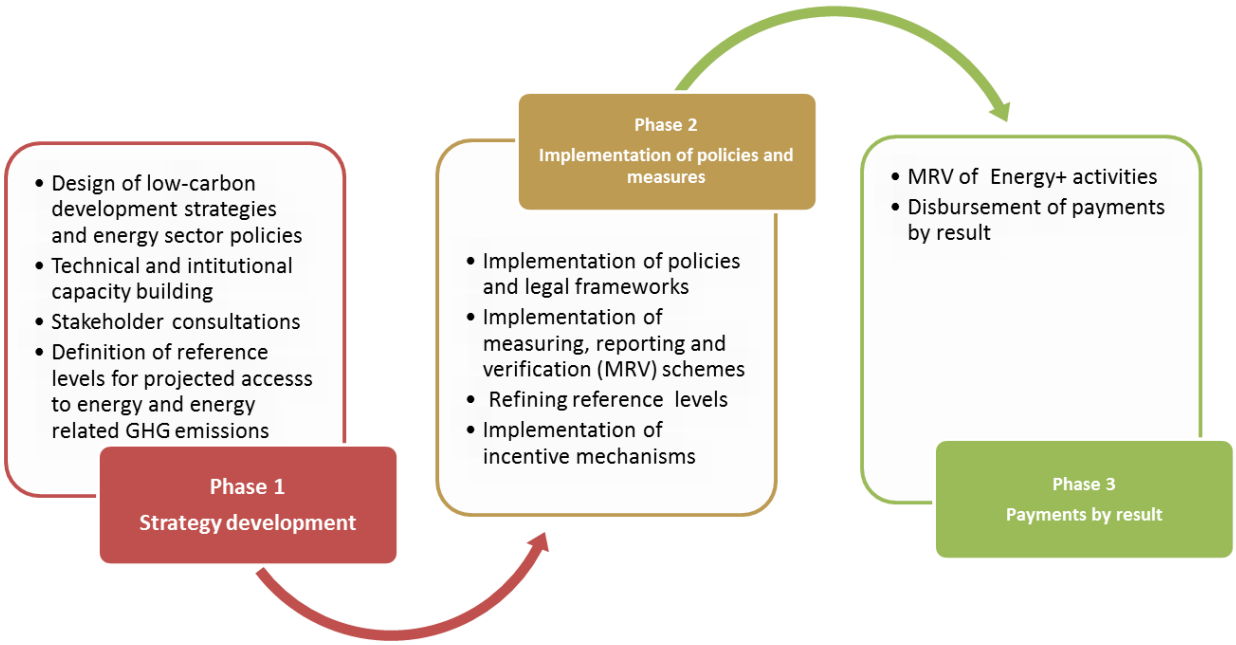

Figure 5 Activities under a phased approach of Energy+
Source: Adapted from Energy+ Initiative

The phased approach is flexible to account for the different needs and capacities of countries and includes (Energy+ Initiative, 2013)[8]:

- Phase 1: support for strategic planning (e.g. low-carbon and energy sector strategies) and policy and regulatory reforms, where needed,
- Phase 2: incentivising governments to implement required policies and incentive mechanisms for transformative change, and build the necessary capabilities (including MRV) to allow performance based support at sector level, and
- Phase 3: payments by result offered to developing country governments for successful delivery against agreed country-level indicators.

[8] [8] http://www.regjeringen.no/en/dep/ud/campaigns/energy_plus/about.html?id=673042

3 Critical contributions of CSOs in REDD+ and Energy+

CSO involvement has been crucial in many areas of REDD+, such as lobbying for the inclusion of social and environmental safeguards into the REDD+ policy agenda, capacity building of local communities and the development and implementation of demonstration projects. CSOs have been particularly active in Brazil; their engagement is therefore highlighted in several sections of this chapter.

Engaging CSOs in the design and implementation of Energy+ is believed to be as important as it is in REDD+ since both initiatives have a strong focus on working with local communities, use similar conceptual frameworks, and share the common objective of contributing to climate change mitigation.

However, CSO's role in Energy+ will not only depend on how they define their own role but also on how it is defined by other stakeholders based on their perception of CSO's competence. As with REDD+, the role will likely vary by country, depending on the local context and other market actors.

While CSOs were the primary focus of this study, our analysis uncovered several themes relevant for both the Norwegian Government and governments in target countries.

3.1 Preparing the framework: shaping policies, regulations and institutions

3.1.1 Lessons learnt from REDD+

CSOs have an important role in shaping the international, national and sub-national REDD+ policy debate, shifting its focus from "forests" to "forests and people".

The role of CSOs and their degree of involvement in REDD+ policy processes differs from country to country. In Brazil, for example, CSOs have a long history of participation in policy debates on deforestation and climate change. Civil society engagement paired with the government's willingness to provide an enabling policy environment have created a fertile ground for reducing deforestation at the national level and paved the way for the inclusion of REDD+ on the international climate change agenda (May et al., 2011).

Already in 2003, Brazilian environmentalists introduced the idea of a compensation mechanism for developing countries that contribute to climate change mitigation by reducing emissions from deforestation and forest degradation. Three years later, the Brazilian Government proposed the concept to the UNFCCC. Shortly after that, nine NGOs launched a "Zero Deforestation Pact" and called on the Brazilian Congress to commit to reducing deforestation in the Amazon to zero by 2015. The government responded to this request with a series of concrete actions, for example, with the development of a National Climate Change Plan and a formal commitment to reduce deforestation in the Amazon by 80 percent by 2020 (May et al., 2011).

Platforms to facilitate multi-stakeholder dialogues at different levels have become an important element in Brazilian climate change policy and REDD+ development processes, and CSOs are recognised by the government as important partners in decision-making processes concerning environmental policy. Several Amazon states have well-structured climate change and REDD+ forums involving diverse stakeholders. At the national level, the Brazilian Forum of NGOs and Social Movements and the Climate Observatory are good examples of spaces where national legislation and other relevant issues are discussed and members of civil society participate. They led, for example, the discussions on the National Climate Change Plan, suggesting important topics and relevant issues to be considered by the ministries involved in their creation (May et al., 2011).

In many REDD+ countries, CSOs have organized themselves in groups or associations to provide guidance to national and subnational governments on REDD+ policy development. For example, in the Democratic Republic of the Congo (DRC), CSOs founded the Climate & REDD Working Group in 2009 with funding from the Norwegian Agency for Development Cooperation (NORAD) and technical support from Rainforest Foundation Norway, and their participation in the national REDD+ development process is well established. The group focuses on facilitating stakeholder participation in REDD+ strategy development at provincial and local level and advocating reforms in land tenure and the forestry sector (Hoefsloot and Eba'a Atyi, 2011).

When REDD+ entered the stage of the UNFCCC climate change negotiations, the debate focused on technical aspects of forest carbon sequestration. NGOs and indigenous people's groups have been crucial in putting topics like social and environmental safeguards on the international REDD+ policy agenda, broadening the definition of the mechanism, which was primarily designed to reduce GHG emissions (Angelsen and Neill, 2012). At the country level, NGOs are similarly active in lobbying governments on safeguards and policy and legal reforms that are necessary, for example, to secure land tenure and define carbon rights.

These processes have been supported by national and international research organisations and development and environmental NGOs that have included REDD+ into their work programmes. Studies and proposals highlight, for example, the importance to link REDD+ initiatives to strengthening of forest governance in such areas as multi-stakeholder dialogue, institutional coordination, transparency and capacity-building among local communities and indigenous people

But the level of engagement of CSOs depends often on the space that is given to them by national governments. In Indonesia, the Government initially took strong leadership in the development of a national REDD+ strategy, leaving little room for the participation of other actors, including CSOs. Donor support has helped to build CSOs' knowledge on REDD+ relevant themes, especially on safeguards, which has enabled them to increase advocacy on these topics (Mackanzie et al., 2011).

3.1.2 Implications for Energy+: CSOs

CSOs can play a vital role in shaping the enabling policy, regulatory and institutional environment necessary to lower barriers to energy access and increase access to renewable energy, particularly to the poor.

CSOs can help create a more conducive enabling environment for the growth of viable renewable energy business models through[9]:

- **Lobbying – as influencer of policy and legislation** to provide a more conducive environment for renewable energy accessibility, and in providing a 'voice' for poor stakeholders or mobilising poor consumers to have a voice.

  As in REDD+, CSOs have to make sure that "bringing power to the people" is a high priority on the Energy+ policy agenda. Raising awareness of the importance of increasing energy access in rural areas and providing examples of best practices of how this can be achieved will be a crucial role of CSOs in Energy+.

- **Watchdog – for social and environmental safeguards**, keeping an eye on the private sector and government to ensure they minimise harm to the environment and to people and maximise social and environmental benefits.

[9] These findings were supported by feedback from CSO consultations and workshops addressing Energy+

Multi-stakeholder platforms or networks provide an important space to bring together different stakeholder groups' representatives in facilitated and structured processes of analysis, negotiation, consensual decision making and action. CSOs' participation in these fora offer the opportunity to bring topics into the discussion that are often overlooked by policy makers and private sector participants, such as environmental and social safeguards. Where these networks do not yet exist, CSOs can lobby for their creation.

- **Process facilitators- bringing stakeholders together,** e.g. consumers, private enterprises, government and financial institutions to conduct collective analysis, decision making and planning.

  In REDD+, CSOs use participatory methods that have proven to be very effective in engaging the 'voiceless' in stakeholder consultation meetings and processes. There may be no need to 'reinvent the wheel'; many of these approaches and methods can be applied to Energy+.

3.1.3 Implications for Energy+: Governments

Avoid one size fits all. Tailor to local needs and existing mechanisms.

Energy+ is intended to scale up access to renewable energy sources and increased energy efficiency through existing programmes and institutions, to the extent feasible. Using a country-driven, sectoral approach means that implementation will be tailored to local circumstances, impacted by local political stability, regulatory barriers, cost and access to capital, competition with fossil fuels and existing enabling infrastructure. In practice, this means that some countries will have existing programs and institutions already in place, but many will need to make adjustments to facilitate efficient Energy+ implementation—particularly in the area of developing subsidy frameworks, indicators for success and MRV systems. A well-defined, transparent policy framework and clear signals on long-term commitment are critical to promote national and international investments in access to energy programmes (UNF, 2012).

Clearly, the national government has the primary responsibility for developing the appropriate policies, regulations and institutions. While the exact role will depend on the national context, national governments should seek to take advantage of other market actors, such as CSOs and the private sector. This is particularly important to leverage limited resources. For example, our consultations consistently indicated that a current and

comprehensive energy plan was important to facilitate Energy+. Stakeholder engagement is also important to facilitate support for the initiative and to identify hidden barriers to implementation.

Existing bilateral agreements already seek to clearly outline roles between the Norwegian government and the specific developing country. The Norwegian Government should take care to develop bilateral agreements that balance flexibility to address national circumstances while promoting long term success through appropriate MRV systems and indicators of success. The specific offer should depend on the national setting and should only be extended where high-level political commitment and the ability to increase local infrastructure is clearly evident.

3.2 Setting the stage for REDD+ and Energy+: awareness raising and capacity building

3.2.1 Lessons learnt from REDD+

CSOs have an important role in shedding light on the complex issues of REDD+ and in building capacities that enable other actors to participate.

For decades, national and international environmental NGOs have been crucial in increasing awareness on deforestation. In Brazil, for example, awareness raising campaigns have been an important instrument of national and international CSOs to induce actions that address the drivers of deforestation in the Brazilian Amazon. In 2006, the Brazilian Government enforced a moratorium on soy bean production on newly deforested land after a strong lobbying campaign from CSOs. Brazilian companies as well as a European alliance of soy bean consumer companies supported the moratorium which was renewed since it proved to be effective. Inspired by this success story, Greenpeace and other NGOs pushed for a meat moratorium which is supported by the Government, Brazilian ranchers, meatpackers, food sellers and footwear companies (May et al., 2011; McNeish et al., 2011).

Through decades of campaigning against deforestation, CSOs were well prepared to lobby for the inclusion of REDD+ on national policy agendas when the topic emerged. International NGOs (INGOs) and bigger national NGOs, in particular, have been quick in realising and using the opportunities that REDD+ offered for highly visible work and access to new sources of finance.

The situation for local NGOs and community groups has been different. Although they often have a long history in working on the practical components of REDD+, for example on sustainable forest management, REDD+ brings a highly complex political and technical dimension into the forest business. REDD+ is a rather abstract concept because the commodity to be sold – carbon stored in forests - is invisible. The framework being prepared to trade the commodity is equally complex. REDD+ policy discussions at the international and national level have to be constantly tracked to keep up with the latest developments and to understand their implications for practical actions on the ground. For local community groups and NGOs, this is challenging and requires deliberate effort to actively engage them in REDD+ discussions.

Some INGOs and bigger national NGOs have concentrated their efforts on the capacity building of local organisations to enable them to define their own national REDD+ agendas and take ownership of local projects. To get to this point, several steps can be necessary.

First, awareness has to be raised around the REDD+ topic and its relevance, both in terms of work and impacts on livelihoods where local community groups are potential beneficiaries of REDD+ payments. Access to information at the grassroots level is often not easy, and where information is available, the dense technical language surrounding REDD+ has had to be "decoded" to make core information explicit. Issues of trust and skepticism have also had to be overcome and expectations around the benefits carefully managed, particularly in situations where they have previously been raised and not met.

INGOs and national NGOs have often recruited local staff or collaborated with local NGOs to work on REDD+, but sometimes failed to involve them in defining the objectives or scope of work. In some cases, such divergences in power between INGOs, national NGOs and the local NGOs they work with, has resulted in situations of mistrust which makes a fruitful collaboration between NGOs impossible (Hardcastle et al., 2012).

3.2.2 Implications for Energy+: CSOs

CSOs can play a key role in supporting implementation of Energy+ through awareness raising and capacity building tailored to local needs.

Implementation of Energy+ will depend on the local context and mechanisms selected. In general, Energy+ seeks to scale up existing mechanisms rather than to create entirely new

local programmes. CSOs can facilitate awareness raising and capacity building for the growth of viable renewable energy business models, such as through:

- **Workshops.** Energy access and energy efficiency are complex topics. CSOs can help build capacities in Energy+ related topics through information exchange workshops that are tailored to different stakeholders groups. For example, they can help to increase sensitivity of governmental institutions to social, economic and cultural characteristics of targeted end users to ensure the adoption of new technologies. Teaching end users to install, operate, and maintain technologies can help to maximise their benefits.

- **Strengthen local CSOs.** The need to strengthen weaker, local CSOs, notably community representation, was highlighted during consultation workshops as being very important. Providing capacity building for local CSOs is seen as a suitable role for international and larger national NGOs. Participants also suggested that CSOs must more affectively organise themselves and work together better in coalitions to be a more coherent voice for accessible renewable energy.

- **Original research.** CSOs can assist national governments with the preparation of energy plans and feasibility studies to provide the private sector with information needed to make sound investment decisions.

For Energy+, a strong focus will be on renewable energy technologies and viable business models to scale up their use. During private sector consultations, a lack of technical capacity of local partners was frequently brought up as a nearly insurmountable barrier to the scaling up of renewable energy projects. Building up these capacities through training of local people, to take over installation and maintenance for example, could be a critical contribution of CSOs to the success of Energy+.

During consultations with CSOs on Energy+, a very interesting divergence arose with regards to the view of their own role in incubating viable business models – with views at each end of the spectrum — some think CSOs should play an essential role, whereas others think CSOs should stay completely away from this activity.

In follow up discussions, this divergence was elaborated on by the two camps. One group sees CSOs as playing an important role in themselves transforming into social enterprises, because, in the words of an interviewee, "they will consider the environmental and social good in the enterprises they develop, not only profit"; whereas the other camp firmly believed that CSOs simply do not have the business acumen to set up viable business models. This group felt that CSOs should focus on what they are good at – being a

watchdog, lobbyist, etc. – helping develop an appropriate enabling environment that provides incentives for private sector engagement in renewable energy access, but leaving the enterprise development to the private sector itself. The ideal role will likely vary by country depending on the strengths of the CSOs active in the region, and their acceptance by other market actors.

Knowledge exchange and capacity building support between international, national and local NGOs will be important to move forward with the development of Energy+ initiatives, but experience from REDD+ has shown that collaboration does not always run smoothly. NGOs (as well as CSOs in general) are not a homogenous group, and their actions can often be driven by diverse interests and visions of how the initiatives should look like.

3.2.3 Implications for Energy+: Governments

National governments should invest in capacity building and training technicians working in the rural energy sector on topics relevant to the needs of both the private sector and local communities (UNF, 2012). Training programmes for workforce development can be designed in collaboration with CSOs and private sector practitioners.

The Norwegian Government influences the Energy+ debate through participating in the Partnership as well as entering in bilateral discussions. They can further support the initiative by hosting and financing information exchanges between participating countries to encourage brainstorming and sharing best practices.

3.3 Putting theory into practice: leading and implementing new projects and programmes

3.3.1 Lessons learnt from REDD+

CSOs are early movers in implementing REDD+ pilot projects to test the concept on the ground.

Many developing countries are currently working on the development of a national REDD+ strategy and hundreds of pilot projects are being implemented. INGOs and national NGOs are the main drivers behind the development of REDD+ pilot projects. While many important questions around REDD+ remain unanswered, for example where long-term finance for the mechanism will come from, pilot projects are a way to test REDD+ on the

ground to generate lessons learned that can inform national and international policy discussions. Especially at the sub-national level, REDD+ pilots have demonstrated their value as a good platform for partnership building between CSOs and governments.

For example, in Brazil, the State of Amazonas was the first to authorize REDD+ projects, followed by other Amazonian states. The Juma Sustainable Development Reserve Project was Brazil's first pilot project. It was jointly implemented by the State of Amazonas and the NGO Sustainable Amazonas Foundation with financial support from Marriott International. The project has a well-defined institutional arrangement which distributes responsibilities and implementation activities among different actors. The Sustainable Amazonas Foundation is responsible for implementing the project's benefit-sharing mechanism for compensations and incentives for forest owners and communities while Marriott and the state are responsible for financial support.

However, without coordination, pilot projects run the risk of developing in parallel to national policies, thus failing to help build the capacity of government structures and processes (Luttrell et al., 2012). In Indonesia, for example, national conservation NGOs were quick to see the scope for REDD+ could serve their objectives and many became involved in pilot projects. These activities pushed the government to react quickly to not lose control over the REDD+ development process. The Indonesian Ministry of Forestry (MoF) issued regulations on the implementation of REDD+ pilot activities and a decree on establishing a Working Group on Climate Change for REDD+ (Mackenzie et al., 2011).

An evaluation of CSO support commissioned by NICFI (Hardcastle et al., 2012) finds that a portfolio approach to REDD+ related projects is needed to avoid duplication of efforts and to increase their effectiveness by exploiting synergies. The report further raises the concern that at some CSOs use REDD+ more as a vehicle to achieve their own internal goals, with apparent disregard for REDD+ objectives.

3.3.2 Implications for Energy+: CSOs

CSOs have quickly gained experience over the last years in developing and implementing low-cost, small scale renewable energy projects that are well adapted to local conditions.

There are already many NGO-led projects that provide rural households and communities with renewable energy sources. By sharing lessons learned and providing capacity building to stakeholders that have little or no previous experience with rural energy programmes, including private sector participants and governments, CSOs can have an important role in the scaling up of Energy+.

During the Energy+ consultation workshop in Kenya, however, many participants pointed out that past demonstration projects have focussed heavily on developing and giving technologies out, often directly or indirectly subsidised, but were not sufficiently focused on the viability of the business model or, more broadly, on the entire system around the technologies, such as customer service, aftercare and maintenance.

Some CSOs pointed out that they are starting to shift their focus more to economics and business acumen, acting as business advisors in supporting the private sector; for example, by providing existing successful renewable energy enterprises with guidance on how to achieve scale. CSOs said that focusing on supporting enterprises to achieve scale was much more efficient than trying to develop successful enterprises from scratch. This kind of tactical, economic world view of how to support private sector-driven energy transformation indicates that some CSOs are moving toward increasing their relevance to a more business oriented energy transformation process.

Interestingly, CSOs identified "incubation of viable renewable energy business models" and "scaling up successful business models" as the least suitable role for themselves in Energy+. This view was shared by government participants in the consultation.

3.3.3 Implications for Energy+: Governments

As there are a variety of mechanisms addressing renewable energy and/or energy efficiency the most appropriate Energy+ strategy will also vary from country to country. However, any strategy should focus on creating sustainable business models that will thrive once the support funding expires. Governments can seek assistance from CSOs and the private sector to identify best practices most relevant for their circumstances.

REDD+ demonstration projects have delivered desired outcomes when the institutional arrangement and responsibilities and implementation activities are well defined among different actors. National and local governments should participate in demonstration projects to establish good working relationships with stakeholders that will have a crucial role in scaling up energy access programmes. Participation in these projects will demonstrate the commitment of government, which can help to increase international and private sector investment in Energy+ related activities.

3.4 Making action possible: helping finance flow

3.4.1 Lessons learnt from REDD+

CSOs are involved in the REDD+ finance arena, both as recipients and as distributors of funding, and as watchdogs of how money is spent.

Most REDD+ funding is distributed through bilateral channels, multilateral institutions, and large NGOs (Angelsen and McNeill, 2012). NICFI, for example, allocated about 80 percent of its REDD+ funding between 2009 and 2012 to international organisations and northern-based INGOs; although, more recently, there seems to be a move towards more inclusion of southern and southern-based organisations (Hardcastle et al., 2012).

A substantial part of REDD+ funding has flowed through projects operated by conservation and development NGOs who work at local or sub-national level in developing countries. This is largely due to such organisations being considered the best prepared to quickly "absorb and spend" available donor money for REDD+ related activities (Angelsen and McNeill, 2012). INGOs and national NGOs also manage small grant facilities to support the work of local NGOs and community organisations. In some cases, NGOs spent REDD+ donations to finance existing or previously designed programmes, raising the question of additionally of this support (Hardcastle et al., 2012).

In Brazil, for example, NGOs proposed the creation of an "Amazon Fund" to the federal government to finance actions to strengthen forest governance, support for indigenous communities and the provision of economic incentives for reducing deforestation and forest conservation. The idea of the Amazon Fund was put into practice in 2008. The fund was designed as a mechanism that collects donations to finance activities that lead to verifiable emission reductions in the Amazon. The Norwegian Government made an initial donation of US$ 100 million and announced to contribute up to US$ 1 billion over 10 years. The fund is

administered by the Guidance Committee of the Amazon Fund, established by government decree, and is composed of members from the federal government, Amazon state governments, CSOs and industry. CSOs have been vocal in highlighting some of the fund's weaknesses, such as its complexity and the lack of transparency in application and evaluation procedures.

In the State of Amazon, the NGO Sustainable Amazonas Foundation channels REDD+ donations to beneficiaries through "Bolsa Floresta", a payment for environmental service scheme (PES) that was established in 2007. The NGO administers the scheme that rewards families and traditional communities with a monthly payment for activities directed at stopping deforestation. To be eligible for the programme, potential beneficiaries must commit to zero deforestation and participate in training workshops on environmental awareness and budget management. Weak participation in the first year of programme implementation showed the importance of well-designed participatory processes to increase community commitment, compliance, and understanding of the PES scheme itself.

Subnational initiatives, like the Bolsa Floresta, provide many valuable lessons for the development and implementation of the national REDD+ architecture. During the establishment of the Amazon Fund, for example, the importance of outreach to isolated local communities and the facilitation of participation processes from the initial phases of project planning were taken into account. To also ensure the ability of local communities to access funding, NGO members of the Guidance Committee of the Amazon Fund introduced the creation of a small grants facility for community-level projects and networking on REDD+.

New potential sources of income for forest- dependent communities are explored by NGOs in a few REDD+ projects. However, much more research needs to be done in this area, since REDD+ will require forest communities to shift to income activities that do not involve deforestation, which might therefore have a significant impact on their livelihoods. Since the bulk of REDD+ funding is expected to come from carbon markets and donations, REDD+ pilot projects have not focused on developing business models around sustainable forest management. Certification mechanisms, such as for cocoa, timber or palm oil, are indirect market mechanisms that could be used to scale up private sector finance (Streck and Parker, 2012).

The uncertain policy environment currently provides few incentives for private sector investment in REDD+. Some private sector funding is coming from voluntary carbon markets, motivated by factors like corporate social responsibility (Streck and Parker, 2012). How to involve the private sector at a larger scale to help finance REDD+ is still a

largely unexplored topic. In this regard, CSOs have sometimes been criticized for their unwillingness to cooperate with the private sector. For example, based on a decision by the Guidance Committee of the Brazilian Amazon Fund, private sector investments in the Amazon Fund are excluded. The unwillingness of the Committee to even discuss the possibility of funding to the private sector is seen by some as a sign of an unhealthy suspicion by CSOs towards the private sector. The exclusion of the sector is regarded as a missed opportunity to access additional funding and know-how for the development of technologies and patents to benefit community level initiatives (Source: McNeish et al. 2011).

3.4.2 Implications for Energy+: CSOs

As in REDD+, CSOs can have an important role in the Energy+ finance arena as distributers of funding to rural communities – if they are willing to accept this role.

Energy+ aims to use public funds to leverage private sector investments in renewable energy and energy efficiency measures in developing countries.

Yet, CSO participants ranked "helping to develop models for appropriate finance access" as one of the least appropriate roles for their involvement in Energy+. They regard themselves as better positioned to help other market actors find middle ground by facilitating negotiations between private sector, finance institutions, consumers and governments.

The emphasis of Energy+ on supporting viable business models, catalysing a vibrant private sector engagement and the general self-recognition by CSO members of their inexperience in developing viable business models is a good sign. It provides encouragement that CSO engagement in Energy+ and the programme itself will follow a different path to the threat of developing only perpetually subsidised projects.

Examples like the NGO-administered Bolsa Floresta programme in Brazil demonstrate that NGOs can have an important role in facilitating access to finance to rural communities. Lack of credit from official lenders for up-front investments in renewable energy technologies is often an insurmountable hurdle for rural households. Many formal requirements to access credit can often not be fulfilled by this stakeholder group. NGOs could fill this gap by providing credits to households and communities without too many stringent requirements. Providing credits, in combination with capacity building

programmes—as it is practiced by the Bolsa Floresta programme—can lower the risk that borrowers will not pay back their debt. Many demonstration projects have shown that poor households are willing to pay for goods or services if they feel ownership and regard them as useful.

If CSOs take a role in facilitating access to clean energy, they must be careful to avoid potential conflict of interests. For example, if a CSO is providing finance within a renewable energy programme, it would not be suitable for them to also be a watchdog; likewise, facilitating stakeholder engagement processes often requires a clear degree of neutrality.

3.4.3 Implications for Energy+: Governments

"Make fruit lower hanging but do not give fruit away" – finding a balanced business model.

Financial incentives provided by national governments as well as the Norwegian Government will have an important role in leveraging private sector investments in rural energy business models. Incentives include subsidies to lower upfront capital costs, tax credits to reduce capital or operating costs, loans and guaranties to enable investments, and carbon credits to increase revenue streams (UNF, 2012).

Appropriate financial incentives have to be carefully selected. If no incentives are provided, developing new businesses may be too risky a proposition for the private sector for many rural areas. On the other hand, if governments provide too much subsidisation, it will become unsustainable. Some middle ground ha

s to be found. The outcome must be a model where consumers pay a meaningful amount, and private enterprises can make a profit.

New roles for governments as well as CSOs will also require changes to what criteria and MRV indicators are used to measure success. Rather than focusing only on numbers of technology units distributed or beneficiaries targeted – which do not provide any information related to viability of the business model – different criteria is likely required to ensure that the focus remains on paving the way for viable business models. Examples of criteria include:

- **Profit** made by enterprises involved in renewable energy access provision.
- **Consumer satisfaction** with the value from the renewable product or service they purchased.

- **Private sector satisfaction with the enabling environment** they operate in to provide renewable energy services.
- **Viability of business models and scaling up** accessed by a suitable third party expert on enterprises, who conducts cost/benefits analysis and rigorous resilience tests.
- **Market and self-driven growth:** if a business model is viable – growth should become more organic, beyond the direct control of stakeholders.
- **Exit strategy** must be clearly articulated at the beginning of any intervention – with a time frame target specified.

4 Supporting Energy+ in new and innovative ways – a summary of key themes

This section summarises the key themes discussed in more detail above. Table 1 indicates the overall level of involvement in several focus areas for the major Energy+ actors. In all cases, the actor has at least one major role, yet often contributes in other areas as well. The way this involvement manifests will depend on the specific initiative and local circumstances, as well as the level of sophistication of the market actors in a specific country.

	CSOs	Private Sector	Norwegian Government	Governments in Target Countries
Shaping policies, regulations and institutions	●	○	○	●
Capacity building and awareness raising	●	○		○
Implementation of new policies and programmes	○	○		●
Access to finance	○	○	●	○

No green circle = not relevant; small green circle = relevant; large green circle = highly relevant

Figure 6 Key focus areas for market actors

The following tables summarize key roles and recommendations for CSOs, national governments, and the Norwegian Government for their engagement in shaping policies, regulations and institutions; capacity building and awareness raising; implementation of new policies and programmes; and access to finance.

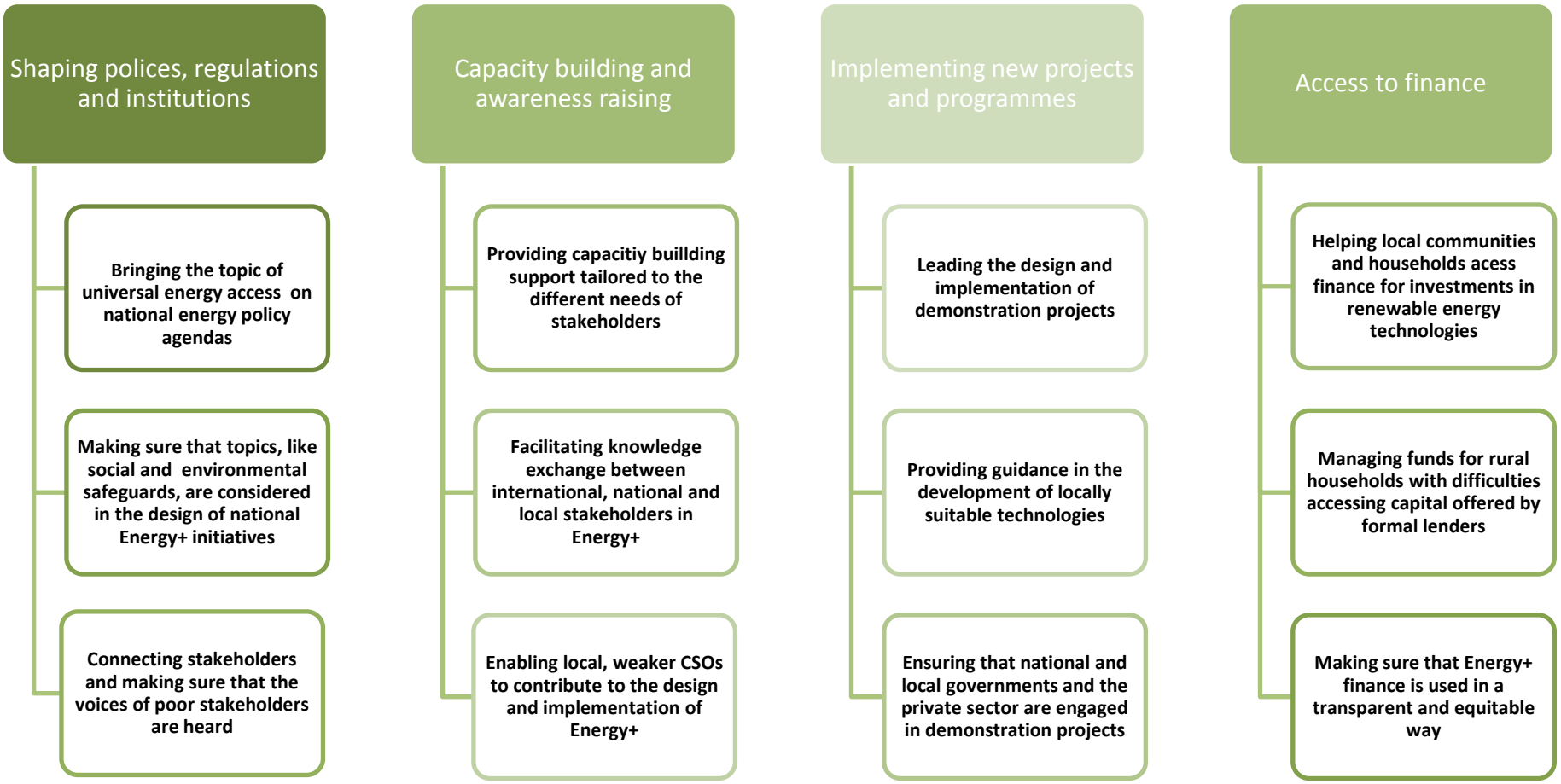

Figure 7 Key roles and recommendations for CSOs

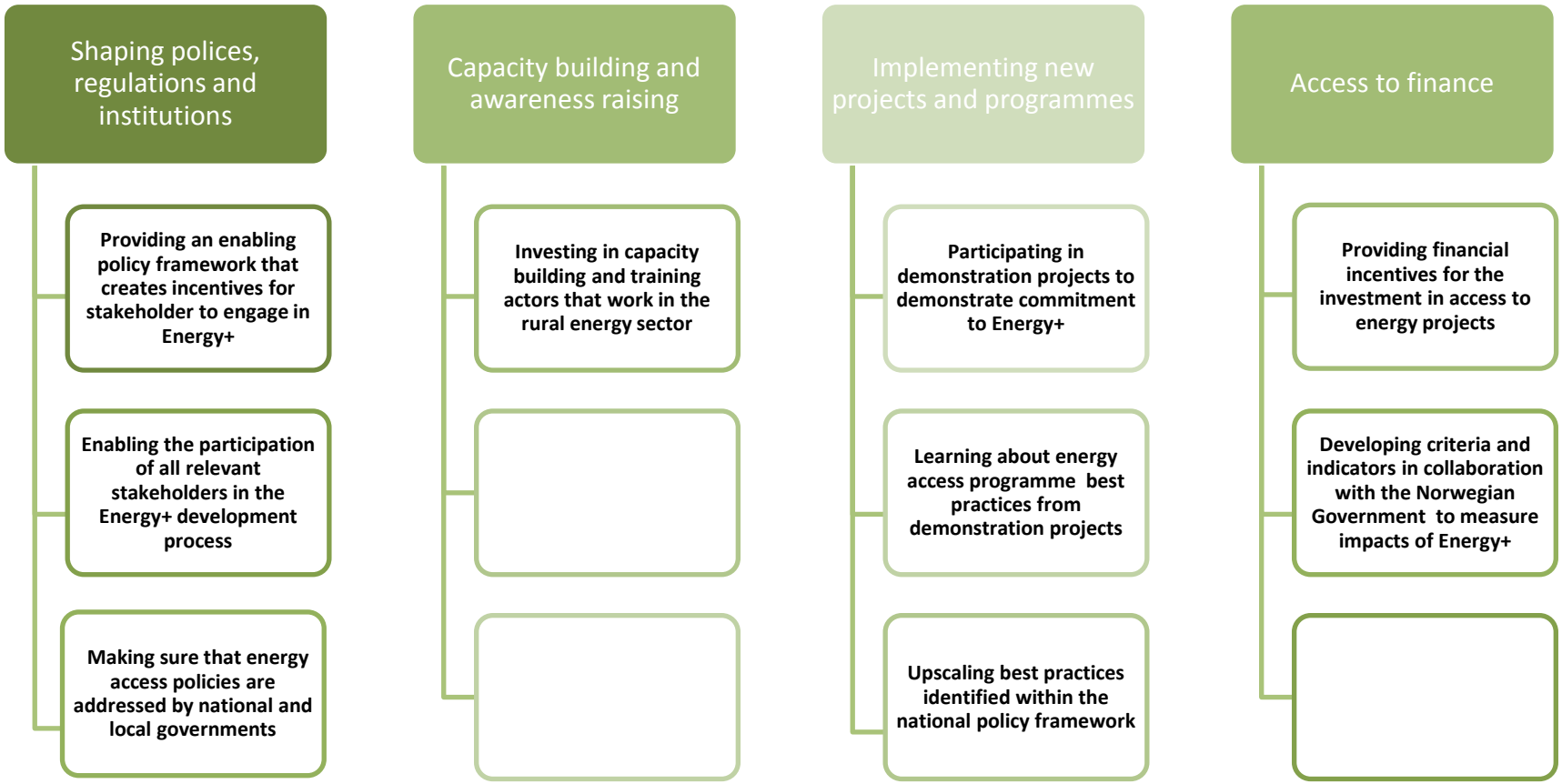

Figure 8 Key roles and recommendations for national governments

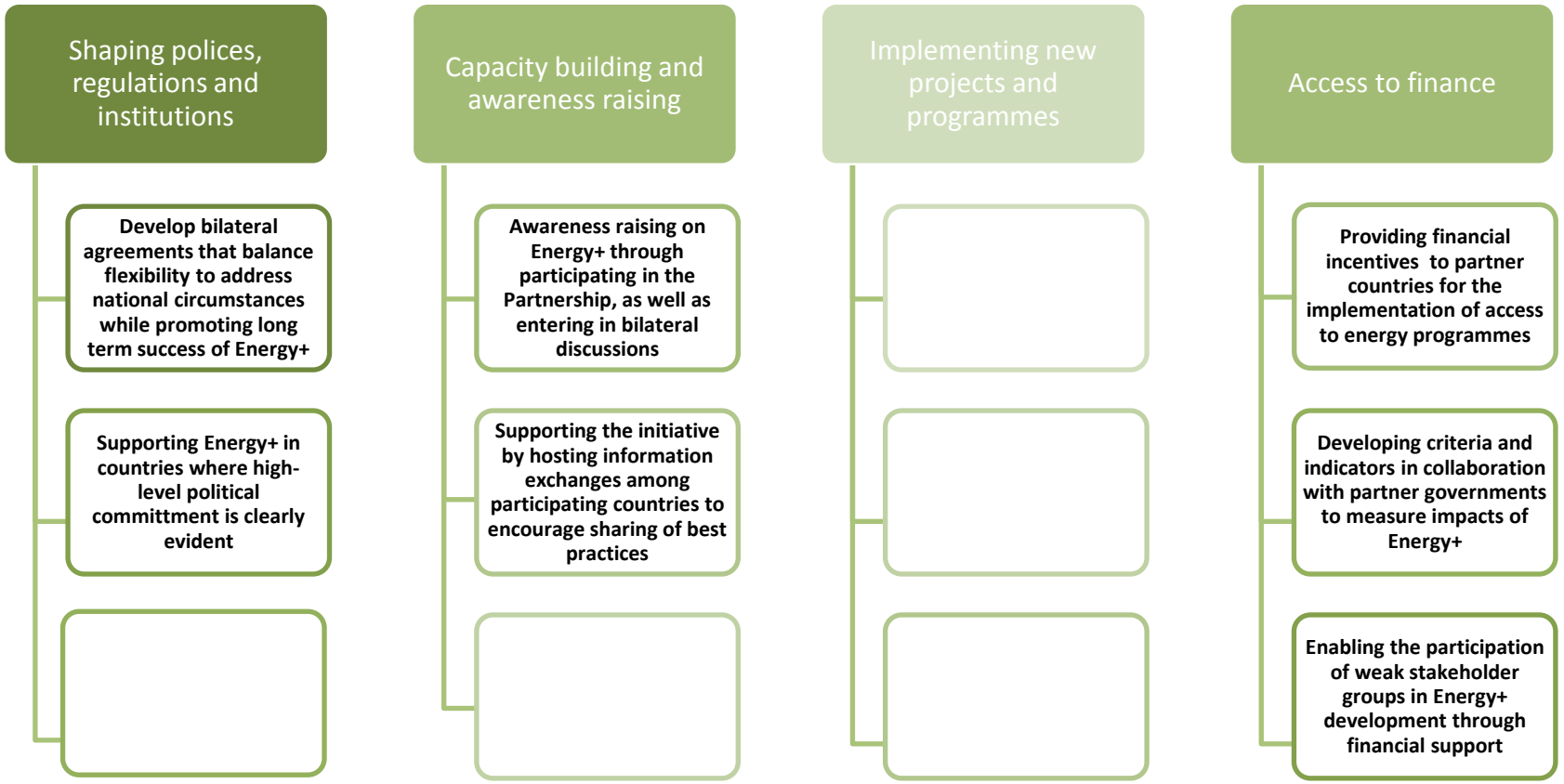

Figure 9 Key roles and recommendations for the Norwegian Government

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