

New reports explore roadblocks to and drivers of investment in renewable energy

December 14 2022



Credit: Pixabay/CC0 Public Domain

Today, the Columbia Center on Sustainable Investment (CCSI) at the Columbia Climate School launched two new reports on the roadblocks to and drivers of investment in renewable energy in developing countries.

The first report, titled "Scaling Investment in Renewable Energy Generation to Achieve Sustainable Development Goals 7 (Affordable and Clean Energy) and 13 (Climate Action) and the Paris Agreement: Roadblocks and Drivers," sheds light on roadblocks and drivers of investment in renewables while distilling solutions from international experience. It clarifies where international and national efforts should urgently be focused to address the deterrents of investment in renewables and enable zero-carbon energy security and prosperity.

The second report, "The Role of Investment Treaties and Investor-State Dispute Settlement in Renewable Energy Investments," confirms decades of research that [legal protections](#) in investment treaties do not have a discernible impact on promoting foreign investment flows, including in renewables. In addition, investment treaties can be extraordinarily costly for states and for the broader policy objective of encouraging investment in renewables.

"It is now even clearer that investment treaties are neither effective nor decisive in attracting investment in renewables to developing countries," said Ladan Mehranvar, a senior legal researcher at CCSI.

The zero-carbon energy transition is the solution to the 2022 [energy crisis](#) and a fundamental part of the solution to the global climate crisis. Even though private markets will be essential to this process, significant changes in governmental policies are required to support the transition. Much of this investment will be cross-border in nature.

CCSI's reports not only identify the main roadblocks to investment in renewables but also provide actionable recommendations that developing countries should take to ensure access to affordable, reliable, sustainable, and modern energy for all, and to decarbonize their [energy systems](#) and economies, with a view to achieving the U.N. Sustainable Development Goals and the objectives of the Paris Agreement.

"We hope these reports are a useful tool for investors, while also supporting developing country policymakers to address the roadblocks in scaling [renewable energy](#) investment," said Martin Dietrich Brauch, lead researcher at CCSI.

The reports offer [policy recommendations](#) to unblock investment in renewables in developing countries, including the following:

- International and national financial institutions should develop efficient and adequate debt financing policies to lower upfront capital costs and encourage public and private finance for investment in renewables.
- Developing country governments should build, bolster, digitize, and upgrade the transmission grid and energy storage solutions to reduce the off-taker risk and ensure grid reliability.
- Developing country governments should design fiscal policy tools to orient and support renewables investment, and periodically review and adjust them in light of changed national and global economic realities.
- Instead of negotiating investment treaties, developing country governments should establish robust and stable institutional, legal and regulatory frameworks that promote a mutually beneficial, long-term, flexible, and durable investment climate.
- At the core of their institutional, legal, and regulatory framework, developing country governments should develop ambitious national energy roadmaps.

More information: The reports are available online: ccsi.columbia.edu/content/renewable-energy-investing-in-developing-countries-t-roadblocks-drivers

This story is republished courtesy of Earth Institute, Columbia University
<http://blogs.ei.columbia.edu>.

Provided by Earth Institute at Columbia University

Citation: New reports explore roadblocks to and drivers of investment in renewable energy (2022, December 14) retrieved 17 June 2024 from <https://techxplore.com/news/2022-12-explore-roadblocks-drivers-investment-renewable.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.