

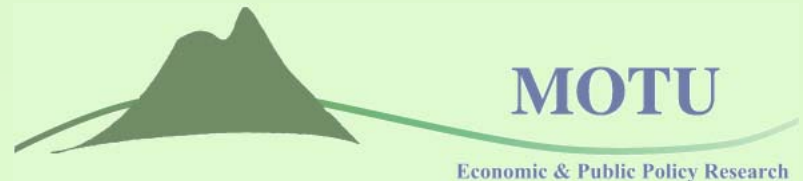
Projects for Learning

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Basic Purposes of Projects

- 1 Reduce 'current' GHG emissions
- 2 Learn how to reduce future GHG emissions

Projects aren't ideal for emission reduction – why?

- High costs of setting up each project
- Only some firms and individuals involved
- High monitoring costs
- The need to assess what would have happened without the project invites strategic behaviour
- Some people will benefit more from projects than others – not equitable
- Can have negative effects outside project - leakage

Projects can teach us a lot: What do we want to learn?

Private Sector

- Innovate – create new technologies
- **Adopt - apply existing technologies in NZ**
- Change behaviour / habits / practices
- Change organisational habits and structures
- Trade credits

Public Sector

- Adapt legal structure and institutions
- Monitor emissions
- Trade credits

Why might adoption not happen without projects?

- Firms that adopt first don't gain all the benefit of learning
- Adoption is often very risky so it is hard to get finance
- Information about the value of adoption might not easily be available
- Adoption might be profitable on large scale but not small scale
- New Zealand may not have the skills needed in the short term

Why might governmental/ legal structures not adapt without projects?

- Regulatory needs of current players might differ from the needs of new entrants
- Until projects are tried,
 - skill needs might not be identified
 - Regulatory/legal needs might not be identified

How can projects help?

- Subsidise early learning – reduce risk
- Encourage dissemination of knowledge including knowledge gained in projects
- Identify and address skill and regulatory needs before trying adoption on a larger scale
- Help new industry reach commercial scale
- Start learning process more quickly

Implications

1. Choose projects to maximise learning not current reductions
2. Design projects to maximise learning within and between firms and by government
3. Require dissemination of knowledge from projects as part of contract

*Renewable Energy and the Efficient
Implementation of New Zealand's
Current and Potential Future
Greenhouse Gas Commitments*

*Suzi Kerr, Brian White, Brian Cox and John
Rutherford*

www.motu.org.nz/climate.htm