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WORKSHOP REPORT: BUSINESS MODELS FOR PROTECTING THE GLOBAL ENVIRONMENT GENEVA, 11-12 NOVEMBER 2003

**(Prepared by the Swiss Agency for the Environment, Forests and Landscape
(SAEFL))**



**Swiss Agency for
the Environment,
Forests and
Landscape SAEFL**

Workshop Report

Business Models for Protecting the Global Environment

Geneva, 11-12 November 2003

**Realized by Grütter Consulting on behalf of the
Swiss Agency for the Environment, Forests and Landscape SAEFL**

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1. Introduction

The GEF is the designated financial mechanism for international agreements on biodiversity, climate change, and persistent organic pollutants. Other focal areas are ozone depletion, international waters and land degradation. Successful business models which work inside the existing framework conditions with the aim of delivering sustainable results without requiring on a continuous base additional subsidies constitute an important instrument to reach the targets of these international agreements and can thus contribute to sustainable development. Successful business models also have a high potential to be replicable.

Objectives of the workshop were:

- Identification of core characteristics and features of successful business models (success factors) as well as limitations and barriers to their replication.
- Recommendations to the GEF and other agencies concerning optimal ways to work with local and international business communities.
- Prospective new GEF partners have an opportunity to discuss their plans in light of existing experiences.

Private-public partnerships and business models were not limited to those financed or promoted through the GEF in order to also benefit from relevant experiences outside the GEF.

For the purposes of this workshop, a working definition of “private sector enterprises” was adopted: businesses with the main purpose of commercial viability¹.

Participants at the workshop included private sector representative (about 1/3), international organizations including the Implementing Agencies of the GEF, project managers and representatives from non-profit organizations. The workshop was realized in Geneva on 11-12 November 2003, sponsored by the Swiss Agency for Environment, Forests and Landscape. Organization and facilitation by 'Grütter Consulting'. The workshop was carbon-neutralized with a contribution to a project generating electricity from chicken litter in India, facilitated by “Klimabalance”, Germany. All presentations of the workshop including a list of participants have been made available

¹ GEF/C.22/Inf.6: Review of GEF Engagement with the Private Sector: Emerging Findings, 11/2003

on a CD produced at the workshop, distributed to GEF Council Members during the November 2004 Council Meeting.

This report briefly outlines the workshop organizer's perception of the presentations and discussions realized in the different program blocks, and presents highlights and results from the workshop discussions concerning public-private partnerships in the areas of policy, strategy and management. Specific elements for the GEF focal areas of climate change and biodiversity are also presented.

2. Initial Presentations

This section of the workshop included presentations from international agencies with experience in public-private partnership projects and gives an assessment of core issues in such projects. Presentations were made by the GEF, the IFC, UNDP, UNEP and the EBRD. Ensuing discussions led by a panel consisting of E&Co, Shell, GoodEnergies and UNIDO broadened these assessments.

GEF: The purpose of GEF's engagement of the private sector is to attain enhanced levels of global environmental benefit. According to the GEF internal standards of success the current private sector approach has deficiencies and additional strategic thinking is required. Private sector participants in GEF projects are a heterogeneous group, ranging from international firms to small cooperatives and landowners. The GEF presented success and problems related with climate change (energy efficiency and renewable energy) and biodiversity projects (commodity-based agroforestry, ecotourism and payments for environmental services). Experiences include direct support of private actors as well as market transformation activities. A widespread perception exists on the part of private sector actors that the GEF and the Implementing Agency rules and procedures are cumbersome and time-consuming. Explicit host country approval of and direct support for GEF private sector projects and sub-projects is a key to project success. However, the GEF principle of country-drivenness needs to be broadened to include civil society organisations, including those from the private sector. GEF policy on private sector work, as outlined in two GEF Council-approved papers in 1996 and 1999, is currently too unfocused and unsystematic.

IFC: Reasons for the IFC to engage with the private sector are broadly reflected in terms of impact, efficiency, innovation, leverage, sustainability and replication. 1st priority should be to establish robust markets for global environmental services and 2nd priority to improve performance in existing markets. Important is to stay as near as possible to commercial viability. What worked are market development programs and combined market development with investment tools. What has not worked are private equity investment funds which could not meet investor's expectations and could not respond to what the market needed. Important is to consider returns as well as risks when assessing projects. The creation of local capacity is also central for sustainability.

UNDP: In biodiversity, the emphasis has been on one-off projects in ecotourism, fisheries, NTFPs (non-traditional forestry products) etc. More recently there has been a growing focus on production and supply chain reform, on development of tools to better engage the market place, and on ways to influence consumer behaviour using tools such as labelling, standards, certification, or communication strategies. To include the supply chain of major global companies is considered an important issue. Stronger institution-building activities as well as more efforts to improve the enabling environment (policy and legal framework) are key steps to mainstream efforts.

UNEP: UNEP works at project level to remove market barriers e.g. through enterprise development services combined with knowledge dissemination on finance sources and links to seed capital. Non traditional intermediaries are used and the focus is on SMEs. Another area of activity is working with industry leaders and through voluntary initiatives and market alliances.

EBRD: EBRD's guiding principles of investment include contribution to a market economy (transition), complementing and not competing with other investors (additionality) and sound banking principles. 60% of finance volume goes to the private sector with the goal of promoting environmentally sound and sustainable development. The EBRD works inside global environmental aspects primarily in energy efficiency and is in its geographical scope restricted basically to Europe.

In a first discussion round, members of the panel mentioned the important aspect of reducing complexity and time to design and establish public-private projects (UNIDO). With special reference to investment funds it was also recommended to be more modest and more realistic concerning financial targets and rather strive for financially self-supporting activities instead of commercial viability (E&Co). Successful partnership approaches are guided by simplicity, local execution and a good flow of communication (GoodEnergies). The difference of mainstreaming and innovative activities was mentioned (E&Co) and the need to focus on the customer on the demand side while engaging also on the supply side: taking the example of solar PV: attractive financing terms to stimulate demand are not a sufficient condition – it also needs appropriate companies on the supply side (Shell Solar). Various speakers stressed the importance of supporting the replication of successes, rather than focussing solely on innovation, of working together with solid and transparent local institutions and of keeping things simple (referring to project instruments e.g. simple financial instruments, simple partnership structures and less bureaucratic complexity in working with the GEF).

3. Project Experiences

This section focused on relevant experiences of existing projects, with or without GEF support. Discussions were realized in 3 working groups (1 biodiversity and 2 climate change groups) and thereafter in plenary.

The **biodiversity group** had project presentations from:

- *LEWA Wildlife Conservancy* which works as a catalyst for conservation of wildlife and its habitat in Northern Kenya. It does this through the protection and management of species, the initiation and support of community conservation and development programmes and education of neighbouring areas in the value of wildlife.
- *PhytoTrade Africa* a Southern African trade association promoting natural products investing in product, market and supply chain development. Sector support associations are considered as an effective means to develop a “pipeline” of successful ventures.
- The “*Lodge at Pico Bonito*” (located in the Pico Bonito National Park in Honduras) is a small luxury class eco-lodge and works in the fields of environmental education and “promotion” of biodiversity.
- *Rainforest Alliance* which invests in biodiversity and sustainability through Public/Private Partnerships based on market mechanisms.

In general the perception was clearly that commercial success for biodiversity projects is much harder to achieve than for climate change projects. Achieving financial sustainability is still too rare. Customized models that are not easily replicable are a common feature. Common points

for ecotourism and natural products are that the private sector can act as a catalyst for conservation, has power of demonstration to create replication and that replication is realized through competition. Country-drivenness is key and goes much beyond simple national government approval. However, it is important to realize that both ecotourism and natural products are and will remain niche markets. In ecotourism, a core question is whether to stay in this niche market or to move into mass tourism.

Recommendations made by GEF representatives included to focus on replication (not only innovate; approaches required for innovation and replication are different), and act more business-oriented (realize value chain analysis, simplify GEF approval procedures, allow for more risk taking by GEF in conjunction with risk sharing, limit M&E requirements, reduce complexity of incremental cost analysis). Some specific remarks concerned the problem of multi-country endorsements for regional projects, and the growing need for a better 'branding' of the GEF.

The **climate change group (market creation)** had presentations from:

- *Efficient Lighting Initiative ELI* which seeks to reduce greenhouse gas emissions by accelerating the growth of the market for energy efficient lighting technologies and services by striving for a long-term and sustained impact on markets, obtained by increasing demand, accessibility of capital, product availability, and competition so as to produce downward pressure on prices. The establishment of an own ELI logo ("green leaf") is considered an important element for ELI.
- *Hungary Energy Efficiency Project* with the objective of expanding the availability of commercial financing for energy efficiency projects in Hungary.
- *IFC/GEF SME Program* which has experimented with different micro-finance business models to engage SMEs in activities that benefit the global environment.
- *WRI New Ventures Program* which links environmental entrepreneurs to investors.

The group identified as a success factor that a strong focus is essential. Critical points identified include the requirement for simple, flexible and fast communication structures, being locally rooted and close to end users. Also clear GEF objectives with simple M&E is required and better branding of the GEF would make things easier for the private sector. It is recommended to put more emphasis on replication which will also help the sustainability of projects, to better blend financing from different sources, to target environment as a whole instead of insisting on rigid splitting up into focal areas, and to engage more strongly in the provision of policy advice with the aim of creating more coherent and favourable policy frameworks.

The **climate change group** focusing on **private sector implementation** had presentations from:

- *Soluz*, a renewable energy enterprise developer focusing on rural energy delivery in developing countries (primarily solar PV). Soluz pioneered the PV rental offer ("fee for service") as a means to expand commercial service towards lower income households.
- *FE Clean Energy Group*, reporting on experiences in energy efficiency investment through the use of energy service companies (ESCOs).
- *SELCO*, a solar service business.

This group was heavily biased towards solar PV and there was little mentioning of other renewables technologies. The group concluded that GEF did play a significant role for some small companies in some sectors. Criticized where basically operational issues such as lack of predictability and long and complicated procedures. The consistent high risk in establishing business models, and the high technology and credit risks are not making a case for early movers. The question of compensating early movers for the cost of barrier removal emerged. A stronger focus on replication was also suggested.

The **discussions** evolved on areas such as the necessity for GEF and IAs to inform well about the selectivity of GEF approval as not all eligible projects can be funded due to limited resources. A "quick no" for non-eligible projects would be helpful as a first step in streamlining procedures. Considering the aspect of improving efficiency in application procedures it was also mentioned that an increase in the number of implementing agencies including also regional development banks might help. Other participants would prefer to have direct access to GEF resources, avoiding the red tape and transaction costs of dealing with intermediary agencies. The topic of *replication versus innovation* was widely discussed. The private sector tends to favour replication and mainstreaming. While this is also the ultimate goal of the GEF, its core task is to innovate and lead towards sustainable replication by other players, including the private sector. However it is acknowledged that there is often a missing link between innovation and replication. Ways to improve this link include e.g. the systematic inclusion of replication strategies in project design that focus on the post-project situation. Also it is important to note that the GEF should prevent projects that continuously and almost automatically go into subsequent phases. Dissemination strategies need to take into account what compensation early movers will get or what motivation they have to diffuse results and experiences, often to the benefit of their competitors (intellectual property issues). Also instruments (finance, M&E etc) used for innovation projects need to differ from those for mainstream or replication projects. In biodiversity the question of mainstreaming appears to also touch on emotional issues, as questions of sovereignty in developing countries are a hot topic. It is perceived that many industrialized countries favour conservation strategies over eco-management or sustainable use strategies.

4. New Approaches

In this section new business models of GEF as well as non-GEF projects were presented. Discussions were realized in a climate change group and one without a specific focal area.

The group on **climate change** projects included following presentations:

- *Bosch/Siemens* (BSH) plant-oil cooking stove. Such stoves reduce GHG emissions and have health, environment and economic benefits. BSH wants to promote the stove as a low-cost alternative for the poorer in developing countries using its world-wide business network and relationships for establishing collaboration with local manufacturers. Various possible distribution channels are analyzed including distribution through BSH outlets.
- *CAEMA* and the Cleaner Production Centre (CPC) of Colombia both have similar business proposals. Both are realizing unilateral CDM project development services (albeit CAEMA including marketing through Natsource; the CPC focuses on smaller projects and on industry) and have identified as key barrier the lack of capital to finance upfront costs (transaction and project development costs) which occur before carbon credits (CERs) are generated. Buyers of CERs conventionally make payment upon delivery contracts and sellers are reluctant to invest in the CDM as they consider it a risky and policy-driven business with too much red tape. Projects are often profitable, but risk and risk perception prevent them from occurring in many cases.
- *Climate Investment Partnership* CIP offers structured project finance for GHG projects and also proposes to establish a carbon linked global equity fund.
- *E&Co* presented a scale-up of the enterprise centred model. A core feature is the path to scale and to stay involved sufficiently long in successful projects, investing additional resources and thus reaping more benefits and fostering sustainability. For this, a "1-2-7" formula is used: invest 1\$ in training with no return, 2\$ in seed capital with little return and 7\$ in success cases with enough returns to make it sustainable).

SDA stressed the importance of reversing current trends by supplying innovative financing and energy technologies to the poor and isolated. *Seco* mentioned that equity funds have worked rather poorly and that an improvement of enabling conditions is important. Also, local anchorage and collaboration with existing agents (e.g. financial intermediaries), a multi-stakeholder approach and a continuous policy dialogue are important aspects of successful business models.

The 2nd group had presentations on **various focal areas** including:

- Forestry Futures by *FONAFIFO* in Costa Rica which deepens the payment for services approach but wants to improve cash flow patterns by making advance payments for future wood production.
- The EBRD/GEF Environmental Credit Facility in Slovenia which engages commercial banks in transition economies in the financing of environmental investments.
- CSD business ideas in Brazil including an inventory of contaminated sites in the Sao Paulo region (including POPs), a bio diesel plant and management of national parks.
- The Environmental Business Finance Program EBFP of the IFC which aims to create a sustainable market of viable SMEs that benefit the global environment by addressing the key obstacles to SME development identified as limited access to financing, lack of management and know-how capacity and lack of awareness about products and services of consumers. The project is multi-focal, multi-country and intends to work through FIs for finance and giving training for FIs and technical assistance to SMEs. It builds on the experience of the IFC/GEF SME program which however focused primarily on technical assistance to SMEs.

5. Private Sector Expectations

A panel consisting of representatives from *Unilever*, *Shell*, *Syngenta*, *Natsource*, *SwissRe* and *Entec* presented their experiences and challenges to the GEF.

Unilever presented its sustainable agriculture programme which is typical of a supply chain approach in key products for Unilever. The core question is how to unite trade and sustainable commodities e.g. if price differences like in palm-oil amount to 50% plus. The GEF could perhaps play a role in such questions e.g. through round-tables bringing together all stakeholders. Reminder that world palm oil production is set to expand by up to 50% by 2020 and the importance of making this expansion as sustainable as possible.

Shell Solar presented its experience on rural solar PV systems. According to Shell the barrier is not cost, but affordability (high up-front costs) and availability (absence of sales and services points) of such systems. The private sector can assist by reducing the barrier to up-front costs and by building the market infrastructure. The core message to the GEF is to replicate more of the success cases and thus get a broader impact.

Syngenta mentioned that public-private partnerships offer interesting models. According to their experience preconditions for the success of such approaches are that potential opportunities are well identified, mutual trust and understanding between partners exists and that partnerships and structures are tailored. The GEF could set up a forum where experiences of public-private partnerships are discussed and thus create a learning platform.

Natsource sees the GHG market as future driving force for climate change. The GEF and the carbon market however do not connect. The types of projects that lead to carbon credits are the same projects the GEF engages in (in the focal area of climate change to a large extent, in biodiversity some). The carbon component is already inside the GEF projects in the climate change

area. Engaging the GEF more in enabling this market e.g. through projects which tackle the existing risk barriers (including e.g. ratification risk) and associated upfront transaction costs would lead to a major impact and would mainstream considerably climate change activities. Ignoring this overlap and the potential of the carbon market would isolate the GEF from the majority of activities of the private sector and thus prevent potentially large environmental gains.

SwissRe as a large-scale financial institution has no direct role with the GEF. It considers that the GEF should focus on removing barriers and thus create an infrastructure which allows projects to go on. As mainstream financial intermediaries will not mitigate certain credit risks, a barrier exists which could be removed by the GEF. An open question remains how the poorest of the poor are reached. SwissRe suggests a consultation table of the private sector with the GEF as a means towards better mutual understanding and improved approaches.

Entec a SME working primarily on small scale hydropower stressed the problem of complexity to design and get approved GEF projects thus presenting a major barrier especially for SMEs to realize joint projects.

Discussions thereafter mentioned the importance of not simply having a private sector strategy but first defining clearly general objectives and the general GEF strategy and then identifying which is the best fit to implement such projects be it the private or the public sector. The GEF is currently not well known within the private sector and thus lacks a “brand image” as well as credibility.

6. Major Conclusions and Recommendations

Policy

Policy conclusions evolve around the need for clear objectives and a coherent strategy for the GEF and with that identify more systematically where the private sector has core advantages. Conclusions reached are:

- Private sector involvement is not a goal itself but a means to achieve strategic objectives of the GEF. The selection of public and or private partners thus needs to be determined based on competitive advantages per area including criteria such as leverage potential. GEF resources are also limited thus demanding selectivity in choosing projects as not all eligible projects can be approved. A value chain analysis is an important approach to achieve strategic objectives.
- The GEF should have a clear and coherent policy with a corporate strategy. The required private sector policy can be structured around guiding principles including e.g. the objective of engaging the private sector, how to mainstream projects, exit strategies. Guiding principles and a strategic approach by sector and type of player also ensure for enough flexibility for the heterogeneous private sector.
- A clear vision of what is “success” on a strategic and project level is needed. Success on a strategic level with the private sector should not be measured based upon the quantity of projects realized with the private sector but issues such as the leverage of capital and knowledge in global environmental areas fostered through such partnerships. Success on a project level is very much related to objectives but also to the appetite to take risks and to the acceptance of “failures”. Taking risks is an important feature when implementing projects with the private sector and this implies also a certain amount of failures. Failures themselves do thus not question the strategy – they need to be analyzed however to create a learning experience. In general the perception of the private sector is that the GEF needs to have more appetite for risks.

- Core advantages of a private sector involvement identified are a considerable leverage and replication potential. Private-public partnerships can thus lead to a significant impact and catalyze development. Mainstreaming is however required (see points on strategy). In climate change this implies e.g. to work closely with the emerging carbon market where private actors primarily engage and where a high impact potential is existent.
- Reaching the poor and the poorest is an important topic. Opinions differ however about this being primarily a role for the public sector including the implementation of appropriate framework conditions versus being an objective for private-public projects themselves or if such projects need to engage more specifically in reaching the poorest segments of society. The role of the public sector in making the appropriate framework as well as providing resources is clearly considered as critical while the private sector can play a means to deliver services efficiently.

Strategy

Strategic conclusions and recommendations evolved around the core issues of how to achieve mass replication of successful approaches and sustainability. Conclusions are:

- Anchorage with local stakeholders is important. Projects need to involve solid local institutions and be driven locally for proximity to clients and end users. Use existing organizations to the extent possible and involve more players and stakeholders.
- Replication vs. innovation: The private sectors main emphasis is to replicate and multiply, whereas the GEF - similar to other international agencies - likes to focus on innovations. The implicit or explicit concept of the GEF relies basically on successful (innovative) models being replicated (automatically) if their success is proven which in practice has not been the case. There are missing links and steps between successful innovative models and successful replication. Replication strategies should be included in project design to prevent the problem of endless add-on phases with more grant funding. Replication also touches on the problem of property rights and the lack of interest of private innovators to disseminate their experiences without recovering the cost of removing barriers— to be the first mover is from the viewpoint of private investors not necessarily an advantage. Replication is however not only hampered by high risks for early movers but also by lack of access to affordable medium and long-term credit in many developing countries. Increased replication also fosters sustainability of a project as benefits from success cases are also reaped while innovative investments normally only yield limited financial returns. The message of the private sector is clear: engage more in replication and scaling-up of activities and less in innovation. Both have their importance - however currently the balance is tilted too much in favour of innovation. It is also important to keep in mind that the two fields require different instruments and approaches. Replication also requires GEF funds as projects and approaches cannot be simply cloned but need to be adapted to prevailing local and market circumstances.
- Replication also involves the question of staying in niche markets or moving towards massification. This is not only, but especially true in biodiversity projects. This involves e.g. the question of eco-lodges and niche tourism versus mass tourism, speciality products versus mainstream commodities or conservation park strategies versus active economic eco-management of land resources. Supply chain management is also a key factor for a global impact. In climate change it includes the question of participating in the carbon market which will be the mainstream of private sector involvement in the future.
- More work by the GEF at the policy level could also lead to improved sustainability and replication. Appropriate prices, no subsidies for fossil fuels and conducive frameworks are important features to make ventures in the environmental field more feasible. The private sector could also be more actively involved in negotiations with the public sector.

- Private sector participants advocated that environment be dealt with in a more general manner, as rigid subdivision into specific sectors e.g. solar PV or focal areas can pose considerable operational barriers. Private actors look at environment in a more holistic manner when planning their activities and may have problems with strict categorization into POPs, other chemicals, biodiversity or climate change focal areas, as well as with the distinction of local and global benefits.

Management

Regarding operational issues, the following recommendations emerged:

- Monitoring and evaluation (M&E) is important - however simplicity and cost effectiveness are essential to get the private sector on board. To simplify and reduce cost, an increased use of proxy indicators might be a good means to solve the trade-off between data intensiveness and level of cost. It was recommended to strive for accuracy instead of precision. Clear M&E indicators and targets developed up-front would reduce uncertainty to the private sector on what is expected and on the meaning of global environmental benefits in their context.
- Efficiency and proximity to clients could be increased by involving additional implementing agencies (e.g. regional development banks). This would also create more competition and opening slots for private and public actors. On the other hand a direct access to the GEF e.g. through a Private Sector pilot facility is also considered a valid means to reduce transaction costs to access GEF funds. A pilot facility could reduce potentially time and administrative efforts to access funds as well as allow for enhanced flexibility with novel approaches.
- It was strongly recommended to use existing networks and organizations as “distribution” channels and to partner with more local players and stakeholders. This increases project sustainability and ensures better local ownership while being nearer to final clients.
- GEF procedures should be as simple, straightforward and fast as possible. Many companies complained about cumbersome procedures, very high opportunity and transaction costs and lack of communication. This is especially for SMEs a large barrier to work together with the GEF. Private companies demand a more business-like and streamlined approach and a more direct, flexible and responsive interaction between the GEF, implementing agencies and the private sector. Procedures are of course linked strongly to control and risk. Streamlining and fast-tracking projects not following “normal” procedures could eventually be facilitated in projects where the private sector also bears a significant share of costs and risks. A significant engagement in terms of capital and/or know-how as well as risk-taking from the private sector could thus form the base for reducing control and easing procedures. Procedures should also take into account how the private sector works and how decisions are taken.
- Improved communication streams to the private sector are important. This includes also a more rapid and regular communication concerning project (approval). A protocol to let project developers know the status of their applications should be standard. Quicker response times could be ensured for non-eligible projects or eligible but non-priority ones to prevent false expectations and frustrations. A more active and responsive communication strategy is clearly demanded. A "single entry point to GEF" for private sector entities should be considered. Also, better positioning of the GEF and promoting a clearer understanding of its role, mission, strategies and work methods would be desirable. The branding of the GEF would increase its credibility and make relationships between the private sector and the GEF simpler. Improved communication strategies could also include e.g. an electronic forum or platform where experiences on public-private partnerships are exchanged.

Specific Aspects Focal Area Climate Change

This focal area is in general better understood by the private sector than biodiversity. M&E is also simpler. An important specific recommendation for this sector is to consider that the driving force of the future in climate change is the carbon market. The carbon market is the field where private agents as well as many donor governments are engaged and where near-commercial or fully commercial activities take place while at the same time experiencing some severe risk barriers that the GEF could help to offset. GEF projects could be geared directly or indirectly more towards this market thus ensuring larger environmental benefits and providing for a potential base of massive replication. This does not involve making different projects as currently but connecting these with the carbon finance market. Currently the GEF is not well linked to the carbon market and some creative ways to also support near-commercial activities in this area would have a large impact.

Specific Aspects Focal Area Biodiversity

In biodiversity various specific concerns were mentioned:

- Most biodiversity business cases are customized. This makes replication including learning from experiences more difficult.
- M&E tends to be far more complicated than in climate change projects. The large amount of indicators as well as the necessity to have special monitoring or measuring of latter makes M&E costly and reduces the attractiveness of such projects (in climate change various indicators are measured as part of normal business practice e.g. fuel consumption).
- Mainstreaming biodiversity is a big issue i.e. how to get beyond niche markets like ecotourism and get e.g. into mass-tourism or mainstream land usage. This issue is however also politically very sensitive and involves reputational risks: for land usage a participant mentioned e.g. sensitivity of the public towards issues such as sovereignty of the country (Multinational companies “exploiting” natural resource endowments of a country) as well as preference of many stakeholders in industrialized countries for strict conservation (“zoos”) vs. sustainable use and eco-management of zones which often has a better chance for sustainability.
- Financial and commercial sustainability is not yet a reality in biodiversity and thus a big issue.

The general concern is that it takes a long time to achieve sustainability and that start-up barriers and risks, including reputational risks, are much higher in the field of biodiversity than in climate change. Additionally this area is less homogeneous than the climate change field making replication more complex and costlier. Making such projects sustainable is thus a larger challenge. Success expectations for biodiversity projects and for climate change projects should therefore also be differentiated.

Annex 1: Workshop Program

Geneva 11th and 12th November 2003

Workshop realized by SAEFL (Swiss Agency for Environment, Forests and Landscape)
in close cooperation with the GEF

Tuesday Nov 11th

Block I: Welcome and Introductory Remarks

8:30-8:45	P. Roch	SAEFL	Introductory remarks
8:45-9:00	K. King	GEF	Introductory remarks
9:00-9:15	J. Grütter	organizer	Workshop objectives, methodology and expected results

Block II: Evaluation of Business Approaches

09:45-10:05	J. Harstad	GEF	Evaluation of GEF's Engagement with the Private Sector
10:05-10:25	L. Boorstin	IFC	Lessons learned and framework for the GEF interactions with the private sector
10:25-10:45	E. Usher	UNEP	Alternative Frameworks for Considering Private Sector Engagement
10:45-11:05	J. Ligot	EBRD	Involving the private sector in climate-friendly projects
11:05-11:25	A. Bovarnick	UNDP	Experiences of UDNP with private-public projects with GEF
11:25-12:30	Panel and discussion		Remarks on business approaches with the private sector

Panel Members

J. Nishida (UNIDO), S. Hansen (Good Energies), D. Miller (Shell), P. LaRocco (E&Co)

Block III: Work Groups - Project Experiences

Group A: Biodiversity and Eco-Tourism

14.00-14.20	K. Forte (Pico Bonito Lodge)	Eco-Tourism and Conservation
14.20-14.40	G. Le Breton (Phytotrade)	Conservation support measures with Phytotrade
14.40-15.00	T. Whelan (Rainforest Alliance)	Certification and private sector partnerships
15.00-15.20	D. Parkinson (LEWA)	The Lewa and communities model for conservation and community development
15.20-18.00	Group	Discussion

Group B: Climate Change / Energy: Market Creation and Fund Approach

14.00-14.20	L. Boorstin (IFC)	HEECP: An innovative approach
14.20-14.40	H. Assaad (IFC)	SME approach
14.40-15.00	A. Ablaza (ELI)	Leveraging Private Sector Participation in Sustaining Market Transformation
15.00-15.20	L. Ros (.WRI)	Experiences with promoting new ventures
15.20-18.00	Group	Discussion

Group 3: Climate Change / Energy: Private sector implementation and partnerships

Group leader: A. Miller (IFC)

14.00-14.20	B. Cook (SELCO)	Promotion of renewable energy enterprises
14.20-14.40	G. Sorenson (FE Capital)	Experiences with ESCOs
14.40-15.00	R. Hansen (Soluz)	Renewable energy enterprise developer
15.20-18.00	Group	Discussion

Wednesday Nov 12th**8:00-8:30 Block IV: Presentations of work-groups****Block V: New approaches****Group A: Focal area climate change**

10.00 - 10.15	F. Joshua (CIP)	Approach of Climate Investment Partnership
10.15 - 10.30	E. Stumpf (Bosch and Siemens)	Plant Oil Cooking Stove: New Business Model for Sustainable Development
10.30 - 10.45	P. LaRocco (E+Co)	Scale-Up of The Enterprise-Centered Model
10.45 - 11.00	T. Black (CAEMA)	Design and implementation of a model for unilateral CDM Generation
11.00 - 12.30	Panel and discussion	Remarks on business approaches

Panel members

H-P Egler (seco), R. Castro (SDA)

Group B: Diverse focal areas

10.00 - 10.15	A. Bovarnick (UNDP)	New Ideas for Ecotourism
10.15 - 10.30	E. Ortiz (Fonafifo)	Forestry and Futures
10.30 - 10.45	E. Moeri (CSD)	New project approaches in Brazil
10.45 - 11.00	A. Schmidt (EBRD)	Engaging commercial banks in EIT in the financing of environmental investments
11.00 - 11.15	H. Assaad (IFC)	Environmental Business Finance Program

11.15 - 12.30 Panel and discussion Remarks on business approaches

Panel members

P. Nowicki (ECNC), M. Araujo (IUCN)

Block VI: Private Sector Expectations

Panel

V. Trivino (Syngenta), J.K. Vis (Unilever), D. Miller (Shell), D. Forrister (Natsource), N. Baker (Swiss Re), A. Arter (entec)

Block VII: Closure

15.30 - 15.45 S. Qadir (GEF) Findings of the workshop and future steps

15.45 - 16.00 K. King (GEF) Conclusions and future steps

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