



**GLOBAL ENVIRONMENT FACILITY**  
INVESTING IN OUR PLANET

GEF/C.59/07/Rev.01

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59<sup>th</sup> GEF Council Meeting

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Virtual Meeting

Agenda Item 05

## **GEF'S PRIVATE SECTOR ENGAGEMENT STRATEGY**

**Recommended Council Decision**

The Council, having reviewed Document GEF/C.59/07 *GEF's Private Sector Engagement Strategy*, endorses the Private Sector Engagement Strategy and notes the *Implementation Plan* contained in the Information Document GEF/C.59/Inf.18. The Council requests the GEF Secretariat to report annually on its implementation. Recognizing that international conditions will evolve over time, the Council agrees to review the GEF Private Sector Engagement Strategy as appropriate and needed.

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## **PREFACE**

To the GEF, whose mission is to safeguard the global environment, why is it so critical to engage the private sector?

As we are at a watershed moment in the year of 2020, it is the ideal time to reflect on this question and to look at the past decade before we think about the coming decade.

### **A reflection on the past decade (2010-2020)**

The past decade has witnessed many worsening trends in the state of the global environment. As documented in the succession of WEF Global Risks Report<sup>1</sup>, environmental risk has been well recognized by business leaders and the level of concern has been rising steadily throughout the decade.

The changes required to reduce this environmental risk will not take place without the private sector. It requires broad coalitions of governments, both national and sub-national, the private sector at all scales, citizens (as consumers and investors) and academia

### **Looking forward to coming decade (2020-2030)**

The year 2020 started with a stark statement of our environmental challenge. The WEF Global Risks Report showed, for the first time in 15 years of the survey's 10-year outlook, that the top five global risks were all environmental, including extreme weather events, human-made environmental damage and disasters and major biodiversity loss.

All key scientific reports in the lead up to 2020, such as the IPCC 1.5 Degree Report<sup>2</sup> or the IPBES Global Assessment Report on Biodiversity and Ecosystem Services<sup>3</sup>, pointed to the conclusive fact that we are indeed in an environmental crisis. The main focus of the GEF PSES, is to directly address the drivers of environmental degradation and reverse these unsustainable global trends by supporting private sector partners to incorporate more sustainable forms of production and consumption and working with the private sector as agents of transformation.

Then the COVID-19 pandemic swept across the globe. At its core, the COVID-19 virus represents the embodiment of the collision between our natural systems and human systems. This fundamentally requires a solution rooted in the change need to the human systems and drives us to accelerate the pace and scale of systems transformation, which in turn, requires the collaboration of all stakeholders, including the private sector.

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<sup>1</sup> <https://www.weforum.org/reports/the-global-risks-report-2020>

<sup>2</sup> <https://www.ipcc.ch/sr15/>

<sup>3</sup> <https://ipbes.net/global-assessment>

## **GEF's Engagement with the Private Sector**

The GEF has recognized the need to engage effectively with the private sector if we are to succeed in our mission. The GEF has increasingly utilized the multi-stakeholder platform approach, as it is able to bring key actors (government, local leaders, citizens, investors, CSOs together with the private sector) under common goals with external accountability.

Those multi-stakeholder platforms or coalitions are a vital instrument to mobilize systems (or sub-systems) change capable of bringing together national governmental for national policy and regulation change, local government for local city planning, bylaws and community engagement, CSOs for monitoring, and business to bring solutions that can shift the markets in the right direction.

### **Going forward**

In this document, we take the lead from the GEF's history of working with the private sector, to identify the main factors make the engagement successful and to overcome barriers that would block progress. To make the GEF private sector engagement a success and to realize the goals of a transformative agenda, every actor has to play their own critical role so that we can together really co-create a better world.

## **PSES VISION**

The PSES supports a vision in which the GEF acts as a catalyst and enables the private sector, at all scales, required to tackle the key drivers of environmental degradation, to reverse unsustainable global trends and to extend the delivery of global environmental benefits so that they:

- (a) Occur faster and at a larger scale;
- (b) Are delivered more efficiently; and,
- (c) Are more durable than could otherwise be achieved.

## **SECTION 1: INTRODUCTION**

1. Participants to the GEF-7 replenishment requested that the GEF Secretariat present for Council consideration a proposal for a strategy on private sector engagement (GEF/R.7/18, GEF-7 Replenishment Policy Recommendations). To support the GEF Secretariat in the development of the Private Sector Engagement Strategy (PSES), the Council, at its 54<sup>th</sup> meeting, recommended the formation of a Private Sector Advisory Group (PSAG), which was empaneled and convened during 2019 according to the Terms of Reference approved by Council in Da Nang, Viet Nam, 26 June 2018.
2. Following the GEF Secretariat presentation of the initial PSES at the 57<sup>th</sup> Council Meeting, Council requested that the PSAG continue dispensing its duties and that the Secretariat review the PSES document in light of the discussions held, draw on further consultations, and present a revised version for the 58<sup>th</sup> Council meeting. The Council further requested that the GEF Secretariat prepare an Implementation Plan for consideration of the Council, no later than the 59<sup>th</sup> Council meeting.
3. The call for a PSES for GEF-7 originated with the GEF-7 Programming Directions that identified two Pillars for private sector engagement with the aim to:
  - (i) Pillar I: Expand the use of blended finance (non-grant instrument);
  - (ii) Pillar II: Mobilize the private sector as an agent for market transformation.
4. This PSES acknowledges and adds support to the existing Pillar I strategy<sup>4</sup> and therefore focuses on Pillar II, addressing the transformative shifts needed across the major economic systems documented in the GEF-7 Programming Directions and identifies actions that support the delivery of GEF's overall mission and operational efficiencies when dealing with the private sector. The relationship between the two Pillars is explained further on [page 4](#).
5. The PSES aims to provide the rationale for a more coordinated approach to private sector engagement. The GEF PSES seeks to capture private sector leadership to support the GEF

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<sup>4</sup> GEF/C.47/06 October 10, 2014 <https://www.thegef.org/council-meeting-documents/gef-6-non-grant-instrument-pilot-and-updated-policy-non-grant-instruments>

Partnership and its networks, so that the private sector becomes mainstreamed in to the GEF's work. The PSES has three core elements:

(a) Working strategically with multi-stakeholder platforms to achieve scale and impact

Multi-stakeholder platforms for sustainability offer many benefits to the GEF to scale private sector partnerships and work comprehensively through value chains and private sector actors at all scales, rather than with individual companies or sectors.

(b) Supporting multiple private sector entry points, throughout the GEF Partnership

The PSES supports a widened engagement approach, recognizing that the GEF Secretariat, Agencies and countries all have a role in fostering private public partnerships and providing multiple entry points for private sector engagement.

(c) A systematic approach to crowding-in the private sector

Integrating the private sector throughout GEF Partnership to create a more collaborative working space in which the private sector is engaged beyond a transactional level and can benefit from the suite of benefits that the GEF Partnership provides.

6. The GEF Secretariat will help support the elements of private sector engagement through enhanced coordination and knowledge management in partnership with the GEF Agencies and countries.

7. The private sector is a broad and all-encompassing term, used to describe commercial activities, at all levels, that occur outside of the direct control of governments. For the purposes of the GEF PSES, we seek to engage as broad a base as possible of private sector actors and to be inclusive and responsive to the range of private sector actors represented, and the specific contributions they offer to the GEF Partnership.

8. The PSES will help to facilitate ways to enhance value chain connectivity, to generate efficiencies and collaborative models that connect market demand signals of sustainable consumption with sustainable models of supply. This enhanced collaboration in the value chain will bring the most resources possible to project implementation and create the necessary linkage to the major global markets and address more directly the drivers of environmental degradation.

9. In addition, the wider reach provided by working through value chains supports the engagement of a broader suite of enabling companies such as financial institutions, technology providers and research organizations. This wider engagement is essential to geographically scale out the learnings and benefits of GEF projects beyond project boundaries and catalyze action globally in regions where companies operate. Such value chain actors will be crucial to scalable replication and the proliferation of global environmental benefits well beyond the frontiers of funded projects.

10. The GEF PSES includes the provision to engage private foundations, dedicated funds and philanthropic entities which are working to support multi-stakeholder platforms where their goals and objectives are complementary to those of the GEF.

## **SECTION 2: HISTORY OF WORKING WITH THE PRIVATE SECTOR**

### **Findings from the Reviews of GEF Private Sector Engagement**

11. As noted by the IEO in OPS 6:

*“The GEF engages with a wide variety of private sector entities that vary in their industry focus, size, and approach to environmental issues using a mix of intervention models. The range extends from multinational corporations; through large domestic firms and financial institutions; to micro, small, and medium enterprises and smallholders/individuals.<sup>5</sup> GEF investments involving the private sector have delivered higher co-financing, have balanced regional distribution, and address drivers of environmental degradation.”*

OPS 6 also documented many of GEF’s experiences in creating or strengthening multi-stakeholder platforms and public private partnerships, including the Integrated Approach Pilots, Payments for Ecosystem Services, and GloBallast.

12. Despite these achievements, only 43% of respondents to the IEO’s survey agree that the GEF’s ability to engage the private sector is a comparative advantage at this point, and also indicated a lack of awareness of GEF’s existing and past engagement in private sector partnerships and platforms, focusing instead only on accessing the private sector for financing.<sup>6</sup>

13. The GEF has undertaken a series of reviews into its engagement with the private sector, these are listed in [Appendix 2](#). The reviews conclude there is difficulty in building formative partnerships and investment with the private sector from the stages of project design and conception, therefore making subsequent engagement more challenging and reducing the scope of opportunity for the private sector.

14. The awareness among the private sector of GEF investments is low and the engagement at the country, city or regional level, is far removed from where the strategic private sector decisions and resource allocations are made. In the case of SMEs and small businesses, they are often overlooked and not consulted in planning processes

15. Support for the systematic coordination of private sector engagement is essential to better enable the flow of information through companies at all levels of their operations, linking the need for resourcing in-country with strategic decision making and private sector

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<sup>5</sup> GEF IEO (GEF Independent Evaluation Office) 2017, *Sixth Comprehensive Evaluation of the GEF (OPS6): The GEF in the Changing Environmental Finance Landscape*; and GEF/ME/C.52/Inf.04, *Evaluation of GEF’s Engagement with the Private Sector*

<sup>6</sup> Ibid



planning. The GEF Secretariat will work throughout the GEF Partnership to support the coordination function.

### **The Relationship Between Pillar I Blended Finance and Pillar II Market Transformation**

16. The goal of Pillar II, which is the main focus of the PSES, is to address the drivers of environmental degradation and reverse unsustainable global trends by supporting private sector partners to incorporate more sustainable forms of production and consumption by working with the private sector as agents of transformation.

17. The goal of Pillar I Blended Finance is to use the non-grant instrument as a means to inter alia: (a) leverage substantial private sector capital for targeted investments that support GEF's objectives; (b) strengthen partnerships with the private and public sectors in recipient country governments; (c) enable the GEF to demonstrate and validate the application of innovative and flexible financial instruments in projects for broader adoption; and (d) enhance the financial sustainability of the GEF through the generation of reflows (GEF/C.47/06).

18. While Pillar I seeks to test innovative initiatives through the use of blended finance and is transaction oriented, Pillar II seeks to engage the private sector across a broader range of non-financial modalities referenced in [table 1](#) to catalyze market transformation.

19. Both Pillars, while not having any direct operational linkage, independently support the same overall objective of leveraging private sector contributions to achieve greater environmental benefits. Neither Pillar alone can address all of the challenges needed to transform systems but the both are important tools in this endeavor.

20. Participants in platforms and value chains working with the GEF partnership will be encouraged to seek innovative blended finance solutions for transactions that are not commercially viable or to make an application under the GEF Non-Grant Instrument (NGI) Program with an appropriate GEF Agency. Information and guidance on Pillar I Blended Finance will be made available through the GEF activities under actions in the core elements.

21. The connections between the activities of Pillar I and Pillar II most strongly occur at level of their respective outputs where the adoption of new sustainable practices under Pillar II are deployed at scale based on market-proven supportive financial mechanisms that have evolved from blended finance interventions.

22. The opportunities to reduce the concessionality of blended finance, including those that have evolved from Pillar I, and to scale models successfully in the market place are objectives documented under the finance modality in [table 1](#), with corresponding mechanisms.

## The GEF Track Record of Working with the Private Sector

23. It is noted that where the GEF has engaged the private sector it has been primarily through Focal Area Set-asides, International Waters and Chemicals and Waste financing, and Programmatic Approaches which allow for easier program and project design with the private sector. Such examples are shown below in Case Study 1.

### Case Study 1: Examples of GEF Partnerships with the Private Sector

**The Commodities IAP Good Growth Partnership.** The GEF enlisted the support of major palm oil producers who have committed to “zero-deforestation” palm oil production, facilitating training and capacity building for smallholders that form the foundation of the supply chain. In Paraguay, McDonald’s has joined this initiative to support zero-deforestation beef production and in Brazil the soy traders are working to support verifiable sourcing initiatives.

**Leapfrogging Markets for Efficiency.** Major appliance and equipment manufacturers such as Philips, Osram, ABB, MABE are supporting the Sustainable Energy for All effort to accelerate energy efficiency and leapfrog developing markets to more efficient equipment. The GEF \$2 million investment facilitated co-financing of \$8.3 million.

**The GloBallast Partnership.** The Maritime Trading Organization and major shippers committed voluntarily to an international regulatory framework which reduces the spread of invasive species through the Globallast Program, leading to formal adoption of the approach in the Ballast Water Management Convention (BWM) in 2017.

**Latin American Water Funds Partnership.** The GEF Latin American Water Funds Partnership is investing in nature-based solutions that supply water to 50 million people in Latin America and the Caribbean. The GEF \$5 million investment has facilitated co-financing of \$50.8 million.

24. The 2017 IEO review of GEF private sector engagement<sup>7</sup> found that within the private sector portfolio, leverage ratios and absolute amounts of co-financing rose in GEF-5 and continued to grow in GEF-6, suggesting that the co-financing from the private sector, catalyzed in large part by PPPs and non-grant instruments, is increasingly strong.

25. This finding supports the case that further emphasis should be placed on building flexibility within GEF funding so that the GEF is able to respond to global challenges at the systemic level and leverage resources that would not otherwise be available. Building such flexibility into the GEF funding cycles and private sector engagement will significantly contribute to the widening of private sector engagement from the level of the multinational to the smallholder and MSME.

26. Programmatic approaches that allow for private sector engagement based on broad approvals are best able to serve the private sector decision-making timeframes by leaving the

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<sup>7</sup> Evaluation of GEF’s Engagement with the Private Sector 2017, Independent Evaluation Office of the GEF [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.ME\\_C.52\\_Inf.04\\_Private\\_Sector\\_May\\_2017.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C.52_Inf.04_Private_Sector_May_2017.pdf)

specifics of program design to GEF Agencies in partnership with stakeholders. A suitably structured programmatic approach would support interventions through innovative PPPs, strategic partnerships (including public-private-philanthropic partnerships to catalyze business model development), and multi-stakeholder platforms to respond more fluidly to systemic environmental challenges.

### **Recognizing the Role of the Private Sector**

27. Country clients and private sector stakeholders each lack respective awareness of the opportunities for engagement with one another<sup>8</sup> often with a view that the role of the private sector is to displace or substitute public funding with private funding. Such a view fails to recognize the unique role that the private sector plays as ‘doing what the public sector cannot’ and the opportunities presented through innovation, trade, finance and investment. The GEF PSES seeks to articulate the various roles that the private sector can play ([table 1](#)) in support of GEF objectives, particularly through the Impact Programs, in driving systemic changes.

28. There is a need for greater understanding of the respective roles of both the private and the public sectors in the actions of delivery and modalities of engagement. The GEF Secretariat will work to support approaches that define where the public and private sectors can best work collaboratively in the pursuit of global environmental benefits. The capacities of the private sector, above and beyond financial resources, include:

- (a) Innovation, expertise, and capabilities which businesses can bring through technologies, entrepreneurship; market-based solutions, distribution networks;
- (b) Investment capacity, and managerial and operational expertise, including risk-management;
- (c) The private sector’s extensive networks and operations which provide distribution channels to inclusively reach value chain actors ranging from SMEs to retailers and consumers;
- (d) The private sector’s vast financial resources and expertise in market-based solutions that have the potential for achieving scale and sustainability in tackling systemic environmental challenges;
- (e) Extended investment horizons based on asset lifespans, typically in excess of 20 years, that can provide the foundation for durable partnerships beyond short-term GEF funding cycles;
- (f) Policy influence and the capability to deliver what in-country governments seek to achieve, such as improved service-delivery, resilience to climate change and human health gives businesses a strong, knowledgeable voice to inform policy that supports transparent, inclusive sustainable development.

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<sup>8</sup> IEO Review [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.ME\\_C.52\\_Inf.04\\_A\\_Private\\_Sector\\_May\\_2017.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C.52_Inf.04_A_Private_Sector_May_2017.pdf)

The roles and capacities of the private sector in collaborations are described more fully as modalities and mechanisms in table 1.

### SECTION 3: OPERATIONALIZING THE PRIVATE SECTOR ENGAGEMENT STRATEGY

29. The GEF PSES is based on three core elements which seek to address the findings from the previous reviews into private sector engagement (Appendix 2) and the recommendations from the PSAG, Council Member and Agency consultations.

(a) Working strategically with multi-stakeholder platforms to achieve scale and impact

New multi-stakeholder platforms for sustainability offer many benefits to the GEF to scale private sector partnerships and work comprehensively through value chains rather than with individual companies or sectors.

(b) Supporting multiple private sector entry points throughout the GEF Partnership

The PSES supports a widened engagement approach, recognizing that the GEF Secretariat, Agencies and countries all have a role in fostering private public partnerships and providing multiple entry points for private sector engagement.

(c) A systematic approach to crowding-in the private sector

Integrating the private sector throughout GEF Partnership to create a more collaborative working space in which the private sector is engaged beyond a transactional level and can benefit from the suite of benefits that the GEF Partnership provides.



*Diagram 1: A schematic of the PSES core elements.*

30. The GEF Secretariat will support the elements of the private sector engagement through enhanced coordination and knowledge management in partnership with GEF Agencies and countries. The core elements of private sector engagement (Diagram 1) are mutually supportive, bringing together systemic, external and internal orientations.

31. As shown in Diagram 1, core element (a) responds to the systemic orientation required to realize the vision for GEF private sector engagement, core element (b) has an external orientation, facing the private sector marketplace, whereas core element (c) addresses the requirements for a systematic approach with an internal orientation to foster the conditions for private sector engagement within the GEF Secretariat and GEF Partnership.

32. From the perspective of the private sector, the strengths and advantages of working with the GEF are:

- (a) Strong in-country networks and relationships which are a hallmark of the GEF and set the organization apart from other partners seeking to work with the private sector. GEF projects have evolved from multi-decade relationships with national and local governments, businesses, local community, and civil society that are useful to the private sector in making locally informed plans for market entry, collaboration, and co-investment;
- (b) The GEF Partnership offers a level of specificity that is extremely useful for private sector partners. Geographies are well-planned, the goals and performance metrics are well understood, and the funds targeted to meet them are transparently assigned;
- (c) Project funding is at a level with which the private sector can work effectively and lies within the investment parameters and timelines that are attractive to private sector partners;
- (d) The GEF is recognized for its expertise and knowledge with diverse of capabilities across wide-ranging technical expertise. The GEF offers deep insight into the major and gender-sensitive understanding of developing markets and has market intelligence that can inform and shape private-sector investment;
- (e) Excellent reporting, high levels of transparency and robust monitoring and evaluation;
- (f) The GEF supports policy and regulatory reform to support a conducive enabling environment that encourages fair and open competition, institutional reforms and the adoption of standards or jurisdictional approaches;
- (g) The GEF has credible convening power and strong capabilities in convening actors around business opportunities that address environmental challenges at the global to local level. The GEF offers a neutral platform for actors to collaborate in addressing larger challenges that is sensitive to gender, human rights and indigenous peoples and communities.

33. The constraints and weaknesses of working with the GEF, and which will be addressed in the PSES, are summarized below:

- (a) Administrative processes are not in sync with those driving the private sector;
- (b) There is little knowledge within the private sector of “where to start” when working with the GEF Partnership, especially through operational focal points;
- (c) A lack of private sector mindset exists within the GEF Secretariat<sup>9</sup> that does not match private sector expectations in project development
- (d) With little or previously low levels of private sector participation, relationships between parties need to be built from first steps.

#### **Core Element (a): Working with Multi-stakeholder Platforms to Drive Systemic Transformation**

34. Achieving the scale needed for systemic change is a challenge greater than that which can be achieved by any one company, sector or industry group. The markets for sustainably produced commodities, products and services, and the full suite of specific solutions from value chain actors engaged upstream to the level of their production must work under a shared and coordinated vision if meaningful and durable changes to economic systems can be achieved.

35. As noted in the GEF-7 Programming Directions:

*“Platforms are vitally needed to bring key actors, including businesses, together to encourage them to transition to sustainable business practices.”*

36. The governance structures and formats that multi-stakeholder platforms can take are quite diverse and their typology includes:

- (a) Majority private sector participation with rules governing membership and with the aim to align or harmonize policies, standards and practices of the private sector on complex issues in the pre-competitive environment. An example is the Soft Commodities Forum, established in 2017 to bring the largest global commodities traders together to address zero deforestation commodities sourcing and to develop harmonized methodologies for assessments. Further examples include commodity-based platforms such as the Round Table on Responsible Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO).
- (b) Initiatives that take the form of a ‘coordinated campaign.’ The RE 100<sup>10</sup> is a commitment from 100 companies to source 100 percent renewable energy and to formally disclose and communicate their progress through Carbon Disclosure Project (CDP). Now with over 247 members committed to renewable energy sourcing the focus is shifting to supporting the members with technical knowledge and support. The New York Declaration on Forests is another example of such a

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<sup>9</sup> 2017 GEF/ME/C.52/Inf. 04/A, p61.

<sup>10</sup> <http://there100.org/> lists the partners and objectives of the Renewable Energy 100% sourcing commitment

platform with over 200 endorsers: national governments, sub-national governments, multi-national companies, groups representing indigenous communities and non-government organizations.

- (c) Alliances or Coalitions. These platforms exhibit the traits of non-government organizations, are formally incorporated, have strong governance, are well funded through a diversity of sources and employ global staff teams. For example, the Platform for Accelerating the Circular Economy (PACE) was launched during the 2018 World Economic Forum annual meeting to drive public-private action and collaboration on the circular economy. PACE is co-chaired by Royal Philips and the GEF CEO, with board representation from leading companies and champion countries. From 2019, the World Resources Institute will support the scale-up of PACE and establish an Action Hub in The Hague.

A further example is the Food and Land Use Coalition, whose core partners include the Alliance for a Green Revolution in Africa, The EAT Foundation, Global Alliance for Improved Nutrition, International Institute for Applied Systems Analysis, Sustainable Development Solutions Network, SYSTEMIQ, the World Business Council for Sustainable Development and the World Resources Institute.

- (d) Broad engagement platforms. These typically concentrate on knowledge-sharing and learnings on specific issues through large stakeholder networks. Such entities are often donor funding reliant and not membership fee based so that barriers to participation are low. Examples include the Tropical Forest Alliance and the Global Landscapes Forum.

37. Multi-stakeholder platforms for sustainability provide the GEF with the opportunity to scale private sector partnerships vertically, comprehensively through value chains and horizontally, through landscapes, cities, countries and regions. This horizontal and vertical interconnectivity offered through platforms can extend the reach and influence of GEF funding well beyond specific geographies and bring a wider range of resources and solutions from all levels of the private sector. The GEF Planet GOLD initiative, featured in case study 2, is an example of scaling through vertically through supply chains and extending the horizontal reach of the program through a growing number of participating countries.

## Case Study 2: The Value Chain Approach: GEF Planet GOLD

The Global Environment Facility Programme: *Global Opportunities for Long-term Development of ASGM Sector* (“GEF Planet GOLD”) aims to eliminate mercury from the supply chain of gold produced from the artisanal and small-scale mining sector by:

- Supporting formalization, including the regulatory and policy environment,
- Piloting models for access to finance and investment for artisanal and small-scale miners and their communities,
- Facilitating access to formal gold supply chains, in partnership with gold buyers and industrial users
- Introducing and facilitating access to mercury-free technologies and best practices, emphasizing the benefits of more efficient, cleaner, non-mercury techniques.

Improving access to finance and investment for artisanal and small-scale gold miners (ASGM) is key to enabling their transition to mercury-free, sustainable practices. However, financial institutions and private investors are either unfamiliar with the sector or perceive it as very high risk, and thus formal finance is not typically available to miners. The planet GOLD program is engaging these private sector finance actors in each planet GOLD country where project teams are working with national sources of commercial finance (e.g. local private banks, national development banks, etc.) to educate them about ASGM, and to develop/modify financial products that could be tailored to fit the needs of miners. At the global level, the team is working to educate and attract private investors to the sector, since significant levels of investment will be needed to help some miners become fully sustainable.

The planet GOLD program is also working to improve access to formal markets for miners. The length of the value chain of the ASGM gold influences the price paid to the miners and increases the risks of illicit flows. The planet GOLD programme is working directly with gold refiners to shorten this value chain and improving direct access to international markets for the ASGM miners. Refiners have an appetite for ASGM gold; however, before the development of the planet GOLD programme, many considered the due diligence necessary an insurmountable barrier. Planet GOLD is contributing to removing this barrier through the development of programme-specific operational criteria that our beneficiaries will need to meet. Many refiners have expressed interest to work directly with the GEF and have even committed to buying the gold produced at the programme sites. The market for responsible ASGM gold exists but currently the demand often exceeds the amount of gold available, planet GOLD will contribute to increasing the sustainably produced volumes available.

38. The GEF can adopt various roles in working with platforms:

(a) As an initiator

Creating new projects and initiatives that have real commercial potential for upscaling and for transformation at a global scale. The GEF interventions could involve technical assistance, granting or blended finance. The GEF-6 Global Platform on Sustainable Cities demonstrates the GEF role as an initiator.

(b) As a catalyzer



Fostering existing projects and initiatives (platforms) that have demonstrated potential to scale up, out and deep. As a catalyst, the GEF could assist in providing additional resources and crowding-in additional private sector partners and to support larger scale project development as demonstrated through the Good Growth Partnership IAP.

(c) As a facilitator

The GEF Partnership acts to support the conditions that can foster the creation of a forum, to bring together key parties, to reach into the public sector domain, build institutional capacity and leverage the GEF networks. Policy and regulatory support, provision of seed capital and capacity building would be examples of facilitator roles. The GEF's role in working with the Food and Land Use Coalition shows how the GEF can work in such a facilitatory capacity.

39. The broad features and benefits of working with multi-stakeholder platforms include

- (a) Clear strategies and plans where platform members have a pre-defined set of commitments in support of MEAs, with science-based targets, budget allocations and objectives creating clear pathways for collaboration;
- (b) Resourcing advantages where platforms employ or second staff which relieves the workload burden from participating company staff, from GEF Agencies and GEF Secretariat, whose ability to resource complex partnerships is limited, and therefore improves accountability, responsiveness and execution for GEF and partners;
- (c) Large-scale and geographic reach relevant to multiple GEF countries through one single entity, thus providing GEF with efficiencies and synergies;
- (d) Leadership through CEO endorsement and strong public commitments which brings shareholder, investor and public accountability;
- (e) Established governance structures and a pre-competitive environment to support collaboration within competition laws for companies that compete in the same market on price and for market share;
- (f) Platforms can de-risk reputational issues from GEF partnerships since any actions from a single company won't damage the reputation of a large multi-stakeholder platform, and the platform can often audit and disclose member performance and take sanctions for non-compliance;
- (g) Communications opportunities that can enhance the awareness of the GEF and its work into key audiences;
- (h) The opportunity to explore priorities at the systems level, understand trade-offs and develop harmonized industry approaches;
- (i) Enhances the opportunities for transformative leadership at the systemic level.

40. The GEF Partnership can assist multi-stakeholder platforms overcome the developmental challenge of moving from a shared vision to setting platform environmental goals and subsequently to the delivery actions on-the-ground and in-country.

41. The private sector's ability to influence policy and deliver what recipient country governments seek to achieve, such as improved service-delivery, resilience to climate change and human health gives businesses a strong, knowledgeable voice to inform policy which is greatly enhanced when delivered in a uniform 'single voice of business' through platforms and not through individual companies, trade associations or lobbying activities.

42. Drawing on PSAG advice and with stakeholder inputs, the GEF Secretariat will continue to identify platforms for GEF focal areas in land-use, commodities production, biodiversity, conservation, cities, renewable and circular economy. Platforms will be mapped for their targets and goals, geographies and timeframes to determine best-fit partnerships and alliances for GEF investments.

### **Core Element (b): Multiple Private Sector Entry Points Across the GEF Partnership**

43. The PSES underscores the roles of GEF Partnership and countries all have in collaboratively fostering private-public partnerships and providing multiple entry points for private sector engagement at all scales. [Appendix 8](#) provides a summary of entry points and engagement modalities.

44. The IEO concluded that because of the complex nature of GEF projects, an *"assortment of intervention models is needed to address the various barriers to environmental protection."* The different types of actors represented by the private sector, and the range of issues covered in the GEF programming, requires a range of interventions to address the challenges and opportunities.

45. Currently, the GEF engagement with the private sector occurs in an ad hoc manner, without the support of coordination within the GEF Partnership or between the GEF Secretariat and the private sector. This aggravates the existing disconnect between private sector country project implementation, company regional leadership, engagements with SMEs, all the way to the corporate head offices, where major resource allocation and strategic engagement decisions are made.

46. The PSES is designed to be as inclusive as possible in enabling a range of collaborations with the private sector, taking into account the diversity of positive contributions that could be made from the level of strategy and policy to on-the-ground project implementation, documented in table 1.

47. Effective private sector engagement is amplified when the private sector functions of strategy and implementation within a company are aligned with their engagements throughout the GEF Partnership and communicated among the Agencies and partners.

48. Entry points for the private sector respond to the engagement modalities in table 1. There are numerous entry points that exist for the private sector, which will be applied in the Implementation Plan, covering the range of private sector actors documented in [Section 4](#) and can include:

- (a) smallholders and SMEs through value chain interventions, cooperatives, and aggregators
- (b) national level companies responsible for in-country partnerships, government relations and local financial relationships
- (c) industry associations with a commitment to sustainable development
- (d) landscape level initiatives for cities, seascapes, commodity production and protected area management
- (e) global standards and protocols, such as those that exist for water stewardship, forest certification and natural capital
- (f) global private sector fora including the WEF, WRI and WBCSD
- (g) global companies and their leadership teams through direct GEF Secretariat engagement

Multi-stakeholder platforms, as referenced in core element (a), will be used as the primary method for engagement through these entry points.

49. Coordination of the private sector engagement activities, the management of entry points and development of resources will be conducted through the PSES via actions documented in [Appendix 6](#) to facilitate the tracking of engagements over time, serving multiple functions including:

- (a) facilitate communication channels regarding the GEF processes and provide guidance as to private sector roles and support for GEF projects;
- (b) disclose identified private sector priorities, results of platform mapping and project interests in order to match them with GEF country and focal area priorities;
- (c) flag potential barriers to project implementation throughout the GEF Partnership community;
- (d) centralize and share lessons learned from countries' private sector partnerships across focal areas and GEF Partnership;
- (e) supply more accurate project information in an effort to avoid replication or overlap of projects;
- (f) allow for the private sector to research and support proposed projects or elements thereof that have not been approved or that are additional to GEF funding; and

- (g) provide accurate and timely information for guidance documents<sup>11</sup>, such as case studies.
50. The principle methods to strengthen coordination will be through:
- (a) Upstream Country Consultations which provide strategic guidance on GEF Programming for recipient countries and GEF partner Agencies to gain a better and more in-depth understanding of the Focal Area strategies and Impact Programs and their entry points for the private sector;
  - (b) Country Support Program where a suite of activities and services promote the learning and dialogue among different GEF stakeholder groups, such as the GEF Focal Points, Convention Focal Points, Civil Society and GEF Agencies with the private sector;
  - (c) Tailored private sector workshops aligned to the delivery of Focal Area strategies and Impact Programs, in partnership with GEF Agencies and linked to key fora such as Conferences of Parties;
  - (d) Targeted strategic dialogues with broad regional relevance that can be delivered as part of the Extended Constituency Workshops either within the agenda or as a side event;
  - (e) High level meetings and co-hosted events with senior private sector leadership and between the private sector and the GEF Agency senior leadership at fora such as the World Economic Forum, World Business Council for Sustainable Development, Consumer Goods Forum and the non-state actor events at each Rio Convention Conference of Parties.

**Core Element (c): Systematically Crowding-in the Private Sector**

51. Under the PSES, the GEF Secretariat will work to support the GEF Partnership to create a more collaborative working space with higher degrees of network connectivity in which the private sector is more deeply engaged beyond a transactional level and can benefit from the suite of benefits that the GEF Partnership provides.

52. The GEF Secretariat and GEF Agencies will form a private sector working group whose focus will be to harmonize approaches, metrics and reporting on private sector engagement, share information and address the main challenges that prevent greater engagement of the private sector.

53. A commonly cited barrier for private sector engagement is the lack of connectivity with the business community and low levels of knowledge about the GEF, its work and operational

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<sup>11</sup> Guidance documents can include case studies demonstrating best practices, explanatory notes or specific guides related to the functioning of the GEF, its processes and procedures to targeted audiences.

modalities. Crowding-in the private sector will therefore require coordinated and concerted communications to raise awareness and interest in GEF partnership benefits.

54. The internal orientation of core element (c) supports the systematic crowding-in of the private sector and the ability of the GEF Partnership to optimize the engagement of the private sector. [Appendix 3](#), [Appendix 6](#) on knowledge resources and management document the range of activities that will be undertaken to support the overall effectiveness of the GEF Partnership in managing and coordinating private sector engagement.

55. Resources to support the GEF Partnership, such as standardized presentations and communications, a network of engagement practitioners, training initiatives and workshops will be developed and included in the Implementation Plan.

56. Private sector supported projects and initiatives emerge from dialogues with companies, industry associations, expert groups, CSOs and policy institutions. Dialogues undertaken with the assistance of PSAG will help identify GEF's role in setting standards for industry, foster innovation and bring onboard key value chain stakeholders.

57. To foster such dialogue and create operational environments in which business can clearly see their role, and the benefits that can accrue to the private sector in achieving their non-economic goals, the GEF Partnership, with the help of PSAG members and supporting private sector organizations will:

- (a) Work together to identify companies and platforms that demonstrate alignment with GEF focal area goals;
- (b) Direct private sector engagement through the coordination of efforts with the GEF partnership;
- (c) Undertake country and regional planning seminars aligned with the National Dialogues and Expanded Constituency Workshops of the Country Support Program;
- (d) Participate in the major business fora, showcasing examples of GEF work including at the World Economic Forum, World Business Council for Sustainable Development, Consumer Goods Forum and the non-state actor events at each Rio Convention Conference of Parties<sup>12</sup>.

58. As a part of the GEF Agency and GEF Secretariat joint activities, a series of expert training sessions would cover the issues related to establishing a pre-competitive environment in which business can effectively engage in dialogues, such as antitrust advice.

59. [Appendix 6](#) shows the summary of actions to operationalize the PSES.

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<sup>12</sup> At the UNCCD CoP 14 in Delhi, the GEF co-hosted the business day with the Indian Chamber of Commerce and Industry, the World Business Council and the UNCCD Secretariat attended by the private sector at all scales including farmers, small business and farmer representative organizations.

## SECTION 4: TYPOLOGY OF THE PRIVATE SECTOR

60. As an activity, the GEF private sector engagement aims to involve the active participation of the private sector at all levels and at all scales through a strategic approach to consultation, collaboration, and implementation in line with the PSES vision

61. The GEF PSES is deliberately broad in order to capture all modalities for engaging the private sector, from informal collaborations to more formalized partnerships, as documented in table 1. Private sector engagement can occur in any sector or focal area (e.g. water resources management, sustainable forestry, renewable energy, governance, etc.) Through the mechanism of multi-stakeholder private sector engagement, the private sector and other participants (CSOs, research and development, etc.) can benefit from each other’s assets, connections, creativity or expertise to achieve the greater scale of environmental outcomes than would otherwise be possible acting as individual companies,

62. The PSES uses a typology organized around broad modalities and mechanisms for private sector engagement adapted from the Donor Committee for Enterprise Development<sup>13</sup> to the GEF context. It is centered on six modalities for private sector engagement: knowledge and information sharing, policy development, technical assistance, capacity development, finance and industry leadership. Each modality has corresponding objectives and mechanisms typically present within the GEF Partnership. Through broader multi-stakeholder and value chain engagement, mechanisms can draw on multiple engagement modalities (policy development and finance) and within each modality, engagements can occur at various levels of depth, ranging from private sector collaboration to more formal private and public partnerships.

**Table 1: A summary table of private sector engagement modalities, related objectives and mechanisms to achieve them.**

<b>Modality</b>	<b>Objectives</b>	<b>Mechanism</b>
<b>Knowledge and Information Sharing</b>	<ul style="list-style-type: none"> <li>▪ Develop and scale solutions by sharing new tools, methods, technologies and innovation to achieve global environmental benefits.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Multi-stakeholder platforms</li> <li>▪ GEF and Agency workshops</li> <li>▪ STAP , Agency and other scientific reports</li> <li>▪ Country dialogues</li> <li>▪ Research and development initiatives</li> </ul>
<b>Technical Assistance</b>	<ul style="list-style-type: none"> <li>▪ Improve the GEF Partnership operations and effectiveness</li> <li>▪ Project design and planning</li> <li>▪ Impact assessments and valuations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Risk management</li> <li>▪ Data and information provision</li> <li>▪ Business case development</li> <li>▪ Implementation planning, modelling, reporting and verification</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>▪ Leverage finance for transformational shifts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Private sector instruments including sustainability performance rated debt</li> </ul>

<sup>13</sup> Donor Committee for Enterprise Development 2019 <https://cdn.enterprise-development.org/wp-content/uploads/DCED-Private-Sector-Engagement-Synthesis-Note.pdf>

Modality	Objectives	Mechanism
	<ul style="list-style-type: none"> <li>▪ Monetize global environmental benefits</li> <li>▪ New markets, structures and terms for sustainably produced commodities</li> <li>▪ B2B partnerships and scaling effective models beyond GEF investment</li> <li>▪ Apply financial expertise to address environmental challenges</li> <li>▪ Tackle market failures through market-based solutions and scalable models that can reduce the concessionality of blended finance</li> </ul>	<p>facilities, equity positions, collective investment vehicles and guarantees</p> <ul style="list-style-type: none"> <li>▪ New contracting, pricing, purchasing and procurement approaches</li> <li>▪ Payments for ecosystem services and the use of environmental market financial instruments</li> <li>▪ Adoption of valuations of impacts and dependencies based on Natural Capital accounting</li> <li>▪ Co-finance GEF projects and programs</li> <li>▪ Scaling blended financial mechanisms to full commercialization, including approaches developed by GEF under Pillar I</li> </ul>
<b>Capacity Development</b>	<ul style="list-style-type: none"> <li>▪ Improve the capacity of value chain actors, especially SME and smallholders, to support global environmental benefits</li> <li>▪ Internal changes within business operations to improve environmental outcomes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Training, skills sharing, knowledge partnerships.</li> <li>▪ Regional knowledge partnerships, South-South and B2B exchanges</li> </ul>
<b>Policy Development</b>	<ul style="list-style-type: none"> <li>▪ Develop policy dialogues and frameworks at the global, national and regional levels that</li> <li>▪ Developments in standards and protocols in corporate and business practices<sup>14</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Multi-stakeholder platforms and dialogues</li> <li>▪ Commodity and sector roundtables</li> <li>▪ Standards, certifications and protocols</li> </ul>
<b>Industry Leadership</b>	<ul style="list-style-type: none"> <li>▪ Foster ambitious goal and target setting for GEF focal areas<sup>15</sup></li> <li>▪ Support all actors in an industry or value chain raise the bar of environmental performance</li> <li>▪ Develop a safe pre-competitive space for industry collaboration</li> <li>▪ Align corporate performance with environmental performance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Multi-stakeholder platforms</li> <li>▪ Corporate sustainability commitments</li> <li>▪ Sectoral initiatives</li> <li>▪ Third party audits, ratings schemes and index rankings</li> <li>▪ Integrated reporting, disclosure and transparency initiatives</li> </ul>

<sup>14</sup> For example, the application of the Natural Capital Protocol at sectoral levels.

<sup>15</sup> Examples include platforms such as the [Science-based Targets \(SBT\) Initiative](#) for climate goals and [Business for Nature \(B4N\)](#) in setting biodiversity targets

63. The GEF PSES supports project development and implementation that incorporates a range of actors within value chains and platforms as well as for partnerships with different types of companies that address local challenges and leverage private sector innovations, market-based solutions and finance. For example, in the FOLUR IP it is envisaged that primary producers would be working with technology providers and the financial sector while linking to consumer demands through retailers across multiple modalities.

64. There are numerous corporate, legal and governance structures that are commonly represented within private sector and value chain actors, they include:

- (a) Privately owned companies
- (b) Cooperatives
- (c) Publicly listed companies
- (d) Joint-ventures and partnerships
- (e) Sole traders, primary producers and artisans
- (f) Government owned business enterprises and state-owned companies

65. In addition to the private sector represented under these corporate structures, the GEF PSES includes provision for the engagement of foundations, trust funds and philanthropic entities which are supported by the private sector or target private sector engagement where their goals and objectives are complementary to those of the GEF. Such entities include, for example, WeMeanBusiness, the Gordon and Betty Moore Foundation and the Livelihoods Fund.

66. The Global Industry Classification Standard (GICS) industry taxonomy will be used to classify companies and their activities for reporting purposes. The GICS structure consists of 11 sectors, 24 industry groups, 69 industries and 158 sub-industries as shown in [Appendix 4](#). Annual reporting on private sector engagement will use this taxonomy to show which sectors are represented through the GEF Partnership, their relative weighting and to identify sectors which may need greater engagement focus.

## **SECTION 5: GUIDING PRINCIPLES FOR PRIVATE SECTOR ENGAGEMENT**

### **Risk Management**

67. In line with GEF Policy, the PSES is designed to be fully aligned and consistent with social and environmental safeguards that focus on avoiding, preventing, minimizing, mitigating, managing, offsetting or compensating adverse impacts that GEF-financed projects and programs may have on people or the environment throughout the project or program cycle, thereby enhancing the environmental and social outcomes. The PSES is also designed to be fully aligned and consistent with other GEF policies that are important to addressing both risks and opportunities that could be posed by enhanced private sector engagement, including Policies on Gender Equality, Stakeholder Engagement, and Fiduciary Standards.



68. The GEF Portal is programmed to require GEF Agencies to enter information to indicate how a project meets the relevant GEF policies and guidelines at different stages of the project cycle, and to identify and propose actions to address potential risks, including those relating to the engagement of the private sector. This is designed to support and enable strong implementation of the GEF programming and policy agenda. The Portal also includes a specific field which requires project proposals to indicate the type and nature of private sector engagement that is envisioned for a particular project, and how it will support and be aligned to the project overall.

69. In its functions and duties in the project review process, the GEF Secretariat exercises careful diligence in reviewing these proposals and [indicating to] Agencies issues and concerns that need to be addressed in accordance with GEF policies and programming requirements. This includes issues and risks that can be identified through the information provided in project documentation regarding the private sector.

70. As part of the crowding-in process and outreach, care will be taken to protect the GEF Partnership from association with companies and organizations that could negatively impact the GEF's reputation.

71. The private sector will be encouraged to participate in GEF partnerships when they demonstrate leading approaches to sustainability and best practice social and environmental governance such as the public disclosure of sustainability performance, participation in initiatives that enhance the objectives of MEAs and making submissions to third-party verified sustainability benchmarking. Such examples of leading and best practice may include, but are not limited to:

- (a) Published annual audited sustainability reports or integrated reports that adhere to standards such as the Global Reporting Initiative;
- (b) The adoption of Science-Based Targets for emissions reductions in their operations and supply chains;
- (c) Ranking in the Dow Jones Sustainability Index or other similar third-party indices

72. In consultations with potential private sector partners or platforms, the GEF Secretariat will be transparent in representing the risks associated in dealing with projects in certain geographies, especially those in fragile or conflict affected states and in cases where national policies may not meet the minimum requirements of private sector standards.

73. The GEF Agencies' own policies on risk management and guidelines for working with the private sector represent an important layer of risk management in the GEF Partnership, in line with Agency responsibility for project implementation. GEF Agencies must meet the minimum standards prescribed in both the GEF Policy on Environmental and Social Safeguards and on Minimum Fiduciary Standards and have appropriate risk management protocols and systems in place. Each of these policies includes a requirement for Agencies to have in place a grievance and accountability system to respond to complaints and allegations from affected people and

external stakeholders, which could include issues relating to private sector engagement as well as other types of issues. This is another important part of the checks-and-balances of the GEF governance system. In addition, the GEF Policy on Minimum Fiduciary Standards covers all GEF Partner Agencies across all types of activities and includes external and internal audit, financial management and controls, financial disclosure, codes of ethics, investigation, and hotline and whistleblower protection.

74. In sum, the GEF PSES is designed to follow and be consistent with the fiduciary standards, risk management, social and environmental safeguards, and other policies and standards as noted above, including:

- Environmental and Social Safeguards Standards (OP/PL/03)
- Application of Environmental and Social Safeguard Standards (SD/GN/03)
- The GEF Policy on Minimum Fiduciary Standards (GEF/C.57/04/Rev.02)

75. The PSES and the Implementation Plan assume that Agencies, the private sector and other actors in the GEF partnership are operating at full capacity and without restrictions. COVID-19 and the implications that arise from the short, medium and long-term effects of the pandemic represent significant risk to the delivery of actions, outputs and outcomes.

76. It is important that GEF private sector engagement continues to follow the actions under the Core Elements of the PSES and the Implementation Plan as the COVID-19 pandemic has reinforced the need and relevance of the private sector to support the GEF environmental mandate more than ever. Private sector engagement to support outcomes in focal areas and strategic programs can and will contribute to improve the global environment which in turn will help mitigate future pandemics and other environmental crises.

77. While the GEF Secretariat fully intends to continue implementation of the PSES, we recognize that there may be specific opportunities to integrate private sector green recovery and resilience principles into projects and programs to ensure that the GEF financing will deliver Global Environmental Benefits (GEBs) and climate change adaptation benefits. These opportunities can be considered with new projects as well as incorporated into the design of recently approved ones.

78. Through the PSES and Implementation Plan, ample consideration will be given to the risks that COVID-19 poses for all aspects of private sector engagement. These include risks related to:

- (a) Plans to manage a possible re-instatement of COVID-19 containment measures
- (b) Government capacity as human resources are mobilized elsewhere
- (c) Change in capacity of private sector entities and their ability to remain economically viable

- (d) Limited capacity and experience for remote work and online interactions as well as limited remote data and information access and processing capacities that projects will need to strengthen
- (e) Changes in project implementation timelines
- (f) Mobility and stakeholder engagement, including where necessary risk mitigation measures for both project staff and stakeholders (with respect to stakeholders, the Private Sector and Agencies would need to pay special attention to groups who are typically marginalized such as women and indigenous peoples and local communities and how the advent of the pandemic has maybe made it even more difficult for them to be involved in project design and implementation.)
- (g) Government priorities during COVID-19 response (e.g. lockdowns to mitigate and contain spread; resources and personnel shifts);
- (h) National debt/fiscal crises and impacts on GEF projects
- (i) Availability of technical expertise and capacity and changes in timelines
- (j) Stakeholder engagement processes
- (k) Financing and changes to budgets

## **Inclusivity**

79. The GEF PSES makes particular note of the contributions from key actors in the engagement of the private sector.

### **(a) Indigenous Peoples**

The positive contribution of indigenous peoples' private sector activities to the future of the planet's landscapes and seascapes is critical. Some 40 percent of ecologically intact landscapes are under the tenure or active management of indigenous peoples. These areas store more than 200 gigatons of carbon and coincide with areas that protect as much as 80 percent of the world's biodiversity.

Indigenous peoples' private sector activities are wide-ranging from tourism and recreation to high-tech industrial operations and participation in global trade and are not limited to land or marine based activities. The revenues, employment and resource use from indigenous peoples' commercial activities are frequently used to support the livelihoods and well-being of indigenous peoples, their cultural heritage and continuity of connection to the land and sea.

The 370 million indigenous peoples, and their business operations, are essential partners and practitioners in the protection and prudent use of the most vital but vulnerable remaining natural resources. Indigenous peoples' traditional knowledge has an essential role in the design and implementation of actions under GEF programming and under the Rio Conventions.

### **(b) Smallholders**

Globally, it is estimated that there are 475 million farms of less than two hectares in size. These smallholder farms operate on 12 percent of the world's agricultural land and produce 80 percent of the food that is consumed in Asia and sub-Saharan Africa, parts of the world where food security and stable income are still inadequate<sup>16</sup>. For smallholder farmers, access to resources, markets and agricultural know-how often falls short of minimum thresholds and creates pressure on forests, water resources, soil health and biodiversity.

Many of the supply chains that are critical to business continuity and global trade are smallholder dependent. These smallholder-produced commodities have large aggregated impacts on natural resources. In order to effectively engage with smallholders, the GEF PSES will target interventions in value chains that can address the complexity and scale of the smallholder sustainability challenge.

The PSES adheres to the

- Stakeholder Engagement Policy ([SD/PL/01](#)) and
- the Principles and Guidelines for Engagement with Indigenous Peoples ([GEF/C.42/Inf.03/Rev.1](#))

(c) Civil Society Organizations (CSOs)

The PSES notes the importance of respecting the role of CSOs and ensuring that there is space in terms of policy dialogue and funding to facilitate CSO engagement in addressing complex environmental challenges alongside government and the private sector.

CSOs bring value to private sector engagements as representatives of specific communities or issue areas, watchdogs, experts and implementing partners. The private sector frequently undertakes multi-stakeholder initiatives with CSOs, including policy dialogue and partnerships, allocating funding to CSOs to implement projects and provides capacity development to local businesses, including local cooperatives and small and medium-sized enterprises. In addition, CSOs disseminate information about the GEF to stakeholders including the private sector, engage with recipient country governments and consult widely in carrying out their watchdog function. CSOs are also active in the field of social business and entrepreneurship directly as a private sector actor.

The GEF PSES references the Updated Vision To Enhance Civil Society Engagement with the GEF: [GEF/C.53/10/Rev.01](#)

(d) Gender

The PSES recognizes that GEF's ability to effectively generate global environmental benefits and catalyze the transformative change needed to protect the global

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<sup>16</sup> [http://www.fao.org/fileadmin/templates/nr/sustainability\\_pathways/docs/Factsheet\\_SMALLHOLDERS.pdf](http://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf)

environment is underpinned by efforts to promote Gender Equality and the Empowerment of Women and Girls.

The private sector is increasingly acting on the knowledge that they can gain greater competitive advantage and improve profits by targeting women as employees, entrepreneurs, consumers, and business leaders.

The PSES recognizes that it is vital to engage private sector organizations and leaders that support and invest in women's organizations, including entrepreneurs, labor organizers, informal and cooperative groups, agricultural workers, agribusiness and women's leadership to close the gender gap. As such, PSES aims to support private sector actions, policies, programs, and investments that reflect the role women play achieving environmental sustainability, and that can harness opportunities and demonstrate the business case for gender equality and women's empowerment.

As part of PSES, members of the GEF Partnership will implement the principles and mandatory requirements specified in the GEF Policy on Gender Equality and actively promote the practical steps outlined in the GEF Guidance to Advance Gender equality in GEF Projects and Programs, including ensuring gender-responsive design, implementation, and monitoring of GEF programs and projects while engaging the private sector.

The GEF PSES adheres to:

- the GEF Policy on Gender Equality Policy ([SD/PL/02](#)) and
- follows the GEF Guidance on Advancing Gender Equality in GEF Programs and Projects [SD/GN/02](#)

## **SECTION 6: METRICS AND REPORTING**

80. The overriding reason for engaging the private sector is to ultimately leverage a powerful way to achieve global environmental benefits in a sustainable and cost-effective manner at the systems level. The indicators for success at the systems level will be the same as for engaging the public sector, namely global environmental benefits in the focal areas<sup>17</sup>.

81. However, the indicators for success at the outcome and output levels will be different in the case of private sector activities. To the extent that the private sector is engaged instrumentally to achieve global environmental benefits in the focal areas, there will need to be metrics, corresponding indicators and evaluation developed over time for:

- (a) Bringing about policies and frameworks conducive to private sector approaches to the provision of global environmental benefits;

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<sup>17</sup> Review of GEF's Engagement with the Private Sector: Final Report. 17 GEF/C.23/Inf.4.

- (b) Creating sustainable markets for global environmental goods by identifying, demonstrating, replicating, and mainstreaming innovative private sector approaches;
- (c) A better regulatory and business enabling environment;
- (d) Internal changes to company policies and operating standards;
- (e) Mobilizing private capital that will share the financial risk with GEF of providing global environmental benefits; and
- (f) Accessing and transferring innovative technology.

82. An extended, or more targeted, evaluation of performance and results tracking may also incorporate metrics and indicators designed for specific value chains or those used by the private sector and benchmarking organizations, such as the indicators developed for the SDG targets, natural capital valuations and social metrics, both qualitative and quantitative.

### **Reporting Metrics**

83. The metrics used for the purpose of annual reporting to the GEF Council to assess the effectiveness of private sector engagement will include:

- (a) The number of companies formally engaged in GEF activities (in the process of design, planning meetings, information shared, implementation, technical assistance etc., according to the modality);
- (b) A classification of companies based on the GICS industry code at the level of sector and industry;
- (c) An assessment of the geographies where the private sector engagement has been most effective and least successful;
- (d) The number of multi-stakeholder platforms engaged, their geographic coverage and share of the global market; and
- (e) An appendix of all companies contacted during the period.

Further metrics can be developed over time, including qualitative metrics, as information and data sources become readily available.

84. In addition to annual reporting, reviews as part of the GEF project cycle will provide opportunities to reflect on the objectives and success indicators identified for private sector engagement, ensuring that engagement is tracking well and delivering targeted outcomes, and allows for the resolution of issues that arise. Reviews can consider:

- (a) What is working well or what improvements are needed;
- (b) How more could be achieved with different modalities of private sector engagement;
- (c) What could be done differently and where changes need to be made;

- (d) What has been learnt and mechanisms to transfer that knowledge to others; and
- (e) Options to ensure the durability of private sector engagement beyond the GEF funding cycle.

85. Where information is available, the reports will include considerations of additionality to assess the contribution that is made by the private sector in attaining the global environmental benefits across the focal areas. While there is no agreed set of standard criteria for additionality assessments, an adapted version of the DCED good practice criteria for assessing additionality<sup>18</sup> will be used to assess the net positive difference that results from GEF private sector engagement, namely the global environmental benefits (and associated outcomes) that:

- (a) are larger in scale;
- (b) take place quicker;
- (c) extend across wider geographies than those funded through the GEF; or
- (d) increase the durability of projects over time,

that occur as a result of private sector engagement in GEF programs and that would otherwise not have occurred in the absence of the private sector.

86. The additionality of private sector contributions will be reported as part of the annual report to the GEF Council and reviews of projects and programs will take into account private sector additionality. An assessment will be made as to the extent to which the ex-ante anticipated additionality of the private sector occurred as part of the review process.

87. Information sources for reporting and review purposes will be based on qualitative and quantitative data sets and information gathered from:

- (a) Documents in the public domain regarding private sector engagement and contributions to GEF projects;
- (b) Information contained within project level documents and Agency documents;
- (c) Private sector reporting;
- (d) Research and scientific reports;
- (e) Workshop and interviews with GEF stakeholders (GEF Secretariat, Agencies, CSOs, Countries, private sector);
- (f) Field visits to relevant initiatives;
- (g) Surveys with GEF stakeholders;

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<sup>18</sup> [https://www.enterprise-development.org/wp-content/uploads/DCED\\_Demonstrating-Additionality\\_final.pdf](https://www.enterprise-development.org/wp-content/uploads/DCED_Demonstrating-Additionality_final.pdf)  
DCED, 2014, Demonstrating Additionality in Private Sector Development Initiatives. A practical exploration of good practice. Donor Committee for Enterprise Development.

88. Projections of private sector additionality *ex-ante* can be derived from the process of project development and goal setting, while some elements of additionality, such as longer-term changes in industry sectors or value chains, can only be gauged *ex-post*. After project completion, Agencies and reviewers can use qualitative private sector surveys to deepen or revise their understanding of private sector additionality.

89. [Appendix 6](#) contains key actions and deliverables for metrics and reporting.

## **SECTION 7: KNOWLEDGE RESOURCES AND MANAGEMENT**

90. The GEF puts priority on learning from its investments, and the gathering and sharing of knowledge, information and best practices that can inform and improve future investments. It is important that all partners, including stakeholders from the private sector and the PSAG, contribute to this priority work. In this regard, the GEF Policy on Monitoring and Evaluation provides that:

*“All GEF partners are responsible for actively and transparently contributing to knowledge and learning. Knowledge management and lessons learned dissemination strategies should be based on user needs and priorities and the latest technologies and approaches”*

91. As part of the GEF’s knowledge management approach a knowledge and learning component that will specifically target the private sector will be developed to highlight priorities and opportunities for mutually beneficial partnerships and more extensive and effective engagements with the private sector. This component could also include contributions to knowledge resources regarding methods for effective engagement of smallholders and SMEs in achieving global environmental benefits as well as durable outcomes and best practices for multi-stakeholder platforms.

92. A private sector Management Information System will be created with proposed tools to include:

- (a) a private sector information database in the form of a MIS;
- (b) a marketing tool; and
- (c) a monitoring and evaluation tool

93. The Private Sector MIS will house information regarding the type, extent and nature of existing partnerships that GEF projects and programs have with the private sector. The MIS will help identify opportunities for private sector engagement, support reporting activities and knowledge resources.

## **Timeline and Continuous Development of the PSES**

94. The PSES will come into effect upon approval by the GEF Council.



95. The GEF Secretariat will report annually on the PSES implementation, noting the key achievements, the range of activities undertaken and performance against the key metrics with recommendations to enhance private sector engagement.

96. Detailed actions, deliverables and a reporting framework are included in the Implementation Plan information documented submitted to for GEF Council review. The Implementation Plan covers activities in support of the PSES through to throughout the duration of the GEF-7 cycle, concluding at the 63<sup>rd</sup> Council Meeting, June 2022. The effectiveness of the PSES will be enhanced through the sustained support of the PSAG through the remainder of the GEF-7 cycle and into GEF-8, providing continuity to the GEF private sector engagement process and potential support for reviews and recommendations for the ongoing development of private sector engagement.

## APPENDIX 1. THE PRIVATE SECTOR ADVISORY GROUP

1. The Council, at its 54<sup>th</sup> meeting in June 2018, and having reviewed, document GEF/C.54/13, approved the proposed TOR for the Private Sector Advisory Group and requested the Secretariat to present a proposal for a strategy on private sector engagement, with inputs from the Advisory Group, for consideration for Council in Spring 2019.
2. During 2019, the PSAG was convened with broad representation and is comprised of twelve corporate leaders and their respective advisors, including from SMEs and the global South with experience in sectors most relevant to the delivery of the GEF-7 strategy.
3. The PSAG representatives span key sectors along the value chain, such as commodities production, trade, finance, retailers of the food and agriculture sector, infrastructure, energy and chemicals; natural resources management, consumer goods and tourism.
4. At the 57<sup>th</sup> GEF Council Meeting, The Council invited the PSAG it to continue dispensing its duties, as approved by the Council in Document GEF/C.54/13/Rev.01, until the end of the GEF-7 replenishment cycle.
5. Accordingly, the composition of the Private Sector Advisory Group is as follows:
  - Ms. Andrea Alvares, Vice President of Marketing, Innovation and Sustainability, Natura; On behalf of Mr. Guilherme Leal, Co-Founder and Co-Chairman of the Board of Natura Cosmetics, Brazil. Sector: Natural resources, non-timber forest products other consumer goods.
  - Mr. Yoshihiro Ikegawa, Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation, Japan; On behalf of the Chairperson, Mr. Yoshimitsu Kobayashi. Sector: Chemicals.
  - Ms. Darian McBain, Global Director of Corporate Affairs and Sustainability, Thai Union Group, Thailand; On behalf of the CEO, Mr. Thiraphong Chansiri. Sector: Fisheries.
  - Mr. Robert Metzke, Global Head of Sustainability of Royal Philips, Netherlands; On behalf of the CEO, Mr. Frans van Houten. Sector: Technology, Electronics and other consumer goods.
  - Mr. Jeff Turner, Vice President for Corporate Sustainability of Royal DSM, Netherlands; on behalf of the CEO and Chairperson, Mr. Feike Sijbesma. Sector: Food and Nutrition.
  - Ms. Geraldine Vallejo, Head of Sustainable Sourcing and Innovation, Kering, France; On behalf of the CEO, Mr. François-Henri Pinault. Sector: Consumer goods, Jewelry, Natural resources.
  - Mr. Kevin Rabinovitch, Global VP Sustainability, Mars Incorporated, USA; On behalf of the CEO, Mr. Grant Reid. Sector: Agriculture, Food, Natural Resources

- Mr. Christopher Stewart, Head of Corporate Responsibility and Sustainability of Olam International, Singapore; On behalf of the CEO, Mr. Sunny Verghese. Sector: Agriculture, Food, Natural Resources.
- Mr. Serge Rajaobelina, CEO of the Livelihoods Fund at Fanamby, Madagascar. Sector: Ecotourism, non-timber forest products, agriculture, natural resources – SME.
- Mr. Ajay Vir Jakhar, Chairman of Bharat Krishak Samaj, India. Sector: Agriculture, Food and nutrition – SME.
- Mr. Bey Soo Kiang, Vice-Chairman of Royal Golden Eagle (RGE), Indonesia; On behalf of the Chairman, Mr. Anderson Tanoto. Sector: Agriculture, Food and Nutrition.
- Mr. Ademola Adesina, CEO of Rensource Energy, Nigeria. Sector: Energy and cities.

## **APPENDIX 2. REFERENCE LIST OF PREVIOUS PRIVATE SECTOR STRATEGIES, REVIEWS AND REPORTS**

### REFERENCES

- GEF/C.6/Inf.4, Engaging the Private Sector (1996)
- GEF/C.7/12, GEF strategy for engaging the Private Sector (1996)
- GEF/C.13/Inf.5, Engaging the Private Sector in GEF Activities (1999)
- GEF/C.22/Inf.10, Enhancing GEF's Engagement with the Private Sector (2003)
- GEF/C.23/11, Principles for Engaging the Private Sector (2004)
- GEF/C.28/Inf. 4, Additional Information to Support the GEF Strategy to Enhance Engagement with the Private Sector (2006)
- GEF/C.28/14, GEF Strategy to Enhance Engagement with the Private Sector (2006)
- GEF/C.32/7, The Use of Non-grant Instruments in GEF Projects: Progress Report (2007)
- GEF/C.33/12, Operational Policies and Guidance for the use of Non-grant Instruments (2008)
- GEF/ME/C.39/2, Review of the Global Environment Facility Earth Fund (2010)
- GEF/ME/C.39/3, Management Response to GEF Earth Fund Review (2010)
- GEF/C.40/13, Strategy to Engage with the Private Sector (2011)
- GEFEO, Review of GEF Engagement with the Private Sector (2011)
- GEF/C.41/09/Rev.01, Revised Strategy for Enhancing Engagement with the Private Sector (2011)
- GEF/C.42/Inf.08, Operational Modalities for Public Private Partnership Programs (2012)
- GEF Evaluation Office OPS 5, Technical Document 13, Review of GEF Engagement with the Private Sector (2013)
- GCF/B.04/07, Business Model Framework: Private Sector Facility
- GEF/R.6/20/Rev.01, GEF-6 Programming Directions (2014)
- GEF/R.6/21, GEF-6 Policy Recommendations (2014)
- GEF/C.46/09, Co-financing Policy (2014)
- GEF/C.46/07/Rev.01, Summary of the Negotiations of the Sixth Replenishment of the GEF Trust Fund (2014)
- GEF/C.46/10, GEF 2020 – Strategy for the GEF (2014)
- IEO OPS6

### APPENDIX 3. THE CREATION OF A PRE-COMPETITIVE ENVIRONMENT

1. There are numerous corporate, legal and governance structures that are commonly represented within private sector value chains. They include:
  - (a) Privately owned companies
  - (b) Cooperatives
  - (c) Publicly listed companies
  - (d) Joint-ventures and partnerships
  - (e) Sole traders, primary producers and artisans
  - (f) Government owned business enterprises and state-owned companies
2. The PSES is intended to be relevant and inclusive across all business models and notes the individual circumstances, advantages and limitations that corporate structures may play in engaging companies and developing active partnerships.
3. A core concept in the support of crowding-in the private sector to enhance collaboration is the operational safe space for business provided through a pre-competitive environment.
4. Under the IPs, we expect that collaboration will engage competitors, buyers and suppliers in any given value chain and this gives rise to the consideration of anti-competitive behavior and appropriate mitigation measures. For effective collaboration, business must feel confident that the members of the GEF Partnership understand and can manage throughout the GEF Partnership, the importance and requirements of maintaining a pre-competitive space.
5. The private sector is governed in multiple jurisdictions under legislation and regulation designed to prevent controlling trusts or other monopolies, with the intention of promoting healthy competition in business for the benefit of consumers.
6. The GEF PSES will help to facilitate an operating environment for the private sector that is unequivocally in the pre-competitive space working across topics that are deemed to be in the general interest of non-financial goals and of global environmental benefit.
7. Through such facilitation, the GEF Secretariat and Agencies will work to ensure GEF partnerships and investments create a genuine public asset and not just a private one, do not distort market incentives, and do not unfairly favor selected firms<sup>19</sup>.
8. As part of the GEF private sector outreach and in the implementation of GEF supported projects, the GEF Secretariat and partner Agencies s need to be mindful of antitrust and

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<sup>19</sup> GEF/C.23/11, April 16, 2004 Principles for Engaging the Private Sector

competition law and avoid interventions may give rise to negative market distortions such as:

- (a) Reinforcing the market power of some targeted companies at the expense of other firms;
  - (b) Raising barriers to market entry, and reinforcing information asymmetries (For example, capacity building for companies to conduct activities with positive impacts on productivity can strengthen their market power in an environment that excludes local or smaller players);
  - (c) Information asymmetries that can be reinforced if some companies gain access to information through project support, but others don't.
9. Working collaboratively with the GEF Agencies, the GEF Secretariat will mitigate against the potential negative private sector interventions through the following methods:
- (a) Be cognizant in project development and design against market distortions;
  - (b) Crowd-in other commercial actors and use open, multi-stakeholder platforms;
  - (c) Involve experts from legal firms and trade associations where issues may arise and to be informed in the developments of relevant competition laws;
  - (d) Publish relevant information to the private sector openly and in a timely manner.
10. At the basic level, taking measures to ensure that as many eligible companies as possible are aware of engagement opportunities helps to prevent repeated benefits accruing to companies with a pre-existing relationship with donors and GEF Agencies.
11. Ensuring transparency to at least partially offset the creation of a private asset such as a "first mover" advantage, e.g., by making the opportunity for direct engagement available to all firms even if ultimately only one is qualified; by providing publicly available information of best practices learned that would benefit all companies in future rather than remain the property of only one company.
12. Eligibility criteria in projects and initiatives may also be defined to allow for as wide a participation as possible, where a wider range of participation will minimize the distortions that may be created by long-term engagement with a single private sector partner.<sup>20</sup>

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<sup>20</sup> [https://cdn.enterprise-development.org/wp-content/uploads/DCED\\_Minimising-the-Risk-of-Market-Distortions-in-PSE\\_Practical-Framework.pdf](https://cdn.enterprise-development.org/wp-content/uploads/DCED_Minimising-the-Risk-of-Market-Distortions-in-PSE_Practical-Framework.pdf)

13. As such, the GEF Secretariat and GEF Agencies will maintain equal, open and collaborative relationships with the private sector and refrain from, and actively prevent the discussion of, antitrust related points such as:
  - (a) Pricing
  - (b) Changes to future capacity and supply
  - (c) Intentions to enter or exit markets
  - (d) Forecasts and future output
14. Specific guidance on antitrust and supporting a safe operating space for business can be provided through workshops and written reference documents such as templates to use for meetings with the private sector and strategies to stay in the pre-competitive space.
15. One of the many advantages of working with private sector platforms and multi-stakeholder initiatives is that they usually operate under agreements and constitutions with pre-determined governance and organize their work within a defined pre-competitive space which is well understood by the participants and often has direct legal oversight and specific guidance on topics.
16. As a subset of private sector engagement, project partnerships are characterized by more formal relationships (memorandum of understanding, contracts, etc.) between parties and generally include higher levels of structure and obligation, including funding components<sup>21</sup>. It is the role of the GEF Agencies to structure such project partnerships in accordance with their own policies and governance arrangements.

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<sup>21</sup> Commonwealth of Australia (2015), *“Creating shared value through partnership: Ministerial statement on engaging the private sector in aid and development”*, Department of Foreign Affairs and Trade, Canberra, [http://dfat.gov.au/about-us/publications/ aid/Pages/creating-shared-value-through-partnership.aspx](http://dfat.gov.au/about-us/publications/aid/Pages/creating-shared-value-through-partnership.aspx)

#### APPENDIX 4. GICS INDUSTRY CODES TABLE

The Global Industry Classification Standard has been developed by MSCI and Standards & Poor's (S&P)<sup>22</sup> to help categorize business within standard industry types. The breakdown based on sectors and industry groups below will be used to classify private sector engagement for annual reporting, tracking and engagement management.

Code	Sector	Subcode	Industry Groups
10	Energy	1010	Energy
15	Materials	1510	Materials
20	Industrials	2010	Capital Goods
		2020	Commercial & Professional Services
		2030	Transportation
25	Consumer Discretionary	2510	Automobiles and Components
		2520	Consumer Durables and Apparel
		2530	Consumer Services
		2540	Media
		2550	Retailing
30	Consumer Staples	3010	Food & Staples Retailing
		3020	Food, Beverage & Tobacco
		3030	Household & Personal Products
35	Health Care	3510	Health Care Equipment & Services
		3520	Pharmaceuticals, Biotechnology & Life Sciences
40	Financials	4010	Banks
		4020	Diversified Financials
		4030	Insurance
		4040	Real Estate
45	Information Technology	4510	Software & Services
		4520	Technology Hardware & Equipment
		4530	Semiconductors & Semiconductor Equipment
50	Telecommunication Services	5010	Telecommunication Services
55	Utilities	5510	Utilities

<sup>22</sup> <https://www.msci.com/gics>



## APPENDIX 5: SUMMARY OF PSES REVIEW CONSULTATIONS 2020

Following the 57<sup>th</sup> Council Meeting and the Council decision to “draw on further consultations and present a revised PSES version for the 58<sup>th</sup> Council meeting” a series of consultations were undertaken with Council members, through Extended Constituency Workshops, at the GEF Agency virtual retreat and Impact Program strategy meetings.

1. *Constituency:* Canada  
*Representative:* GEF Council Member from Canada  
*Date completed:* March 26, 2020
2. *Constituency:* Ecuador, Brazil, Colombia  
*Representative:* GEF Council Member from Ecuador  
*Date Completed:* March 30, 2020.
3. *Constituency:* Norway and Denmark  
*Representatives:* GEF Council Members from Norway and Denmark  
*Date Completed:* March 19, 2020
4. *Constituency:* UK  
*Council Members:* Representatives from the UK  
*Date Completed:* March 19, 2020
5. *Constituency:* USA  
*Representative:* Council Members from the USA  
*Date:* March 11, 2020
6. *Constituency:* Finland  
*Representative:* Finnish DG for Development Policy  
*Date:* March 10, 2020
7. *Constituency:* India, Bangladesh, Bhutan and Sri Lanka  
*Representatives:* Council Members from India  
*Date:* March 5, 2020
8. *GEF Agency Retreat*  
*Representatives:* United Nations Development Programme, United Nations Environment Programme, World Bank, Food and Agriculture Organization, Inter-American Development Bank, United Nations Industrial Development Organization, Asian Development Bank, African Development Bank, European Bank for Reconstruction and Development, International Fund for Agricultural Development, World Wildlife Fund, Conservation International, West African Development Bank, Brazilian Biodiversity Fund, Foreign Economic Cooperation Office, Development Bank of Southern Africa,

Development Bank of Latin America, International Union for Conservation of Nature and STAP.

*Date:* April 1, 2020

9. *Country:* Kenya ECW

*Representatives:* 101 participants from governments and CSOs from; Comoros (8), Djibouti (8), Eritrea (7), Ethiopia (9), Kenya (20), Madagascar (8), Mauritius (5), Rwanda (2), Seychelles (4), Somalia (6), South Sudan (1), Sudan (7), Tanzania (4), and Uganda (12) and 16 participants from GEF Agencies; AfDB (1), CI (2), FAO (1), IFAD (1), IUCN (2), UNEP (5), UNIDO (1) and WWF (3).

*Date:* February 21, 2020.

10. *Constituency:* Azerbaijan, Kazakhstan, Kyrgyz Republic, Switzerland, Tajikistan, Turkmenistan, Uzbekistan

*Representatives:* Council Members from Switzerland

*Date:* February 11, 2020

11. *Constituency:* Australia, New Zealand, Republic of Korea

*Representatives:* Council Members from Australia

*Date:* February 13, 2020

12. *Impact Program:* Drylands Sustainable Landscapes

*Countries:* 11 partnering countries (Angola, Botswana, Burkina Faso, Kazakhstan, Kenya, Malawi, Mongolia, Mozambique, Namibia, Tanzania, Zimbabwe), FAO HQ and decentralised offices, Global Environment Facility, United Nations Convention to Combat Desertification (UNCCD), World Bank, International Union for the Conservation of Nature (IUCN), UN Environment Programme (UNEP), and World Wildlife Fund (WWF)

*Date:* January 30, 2020

13. *GEF Council:* GEF Council Private Sector Working Group

*Constituencies:* 18 countries representing the donor and recipient countries of the GEF Council - Sweden, Iran, Albania, North Africa, Armenia, India, Japan, Norway, Canada, Italy, Angola, UK, Mexico, Australia, USA, Switzerland, Denmark and Finland.

*Dates:* July 3, September 3, October 5, October 26 and November 4, 2020.

**APPENDIX 6: ACTIONS AND DELIVERABLES TO OPERATIONALIZE THE PSES**

Action	Deliverables
<p><b>Core Element (a) Working with Multi-stakeholder Platforms to Drive Systemic Change</b></p>	
<p><b>Objective:</b> By working with multi-stakeholder platforms we seek to achieve larger scale outcomes that are not possible through bilateral or project specific partnerships and to drive impacts at systems level.</p>	
<p>With PSAG advice and with stakeholder inputs through consultative processes and the private sector partnership management plan, the GEF Secretariat will continue to identify platforms for key GEF sectors and focal areas in land-use, commodities production, biodiversity, conservation, cities, renewable and circular economy.</p>	<ul style="list-style-type: none"> <li>▪ Platform advisory through GEF Secretariat and Agency participation, subject matter experts and partner contributions to support implementation of the goals under the conventions including Science -Based Targets (SBTs) for MEAs</li> <li>▪ Project planning and development with identified platform senior management and key company representatives and Agencies</li> </ul>
<p>Platforms will be mapped for their targets and goals, geographies and timeframes to determine best-fit partnerships and alliances for GEF investments.</p>	<ul style="list-style-type: none"> <li>▪ Platform mapping and matrix analysis to determine key companies and platforms for the relevant IPs and projects.</li> <li>▪ Development of mapping criteria for each IP and focal area based on propensity for effective and efficient transformative action, scale of coverage, relevance to GEF geographies, focal area, subject matter, project, capacity and resources available.</li> </ul>
<p>Working with GEF Agencies and stakeholders, determine appropriate actions with platforms and develop project and program specific plans.</p>	<ul style="list-style-type: none"> <li>▪ Program and project development meetings to cover the best interventions and actions with platforms:</li> </ul> <p><u>As an initiator</u> - Creating new projects and initiatives that have real commercial potential for upscaling and for transformation at a global scale. The GEF Secretariat and Agency interventions could involve technical assistance, granting or blended finance.</p>

Action	Deliverables
	<p><u>As a catalyzer</u> - Fostering existing projects and initiatives (platforms) that have demonstrated potential to scale up, out and deep. As a catalyst, the GEF Secretariat could assist in providing additional resources and crowding-in additional private sector partners and to support larger scale project development.</p> <p><u>As a facilitator</u> – The GEF partnership acts to support the conditions that can foster the creation of a forum, to bring together key parties, to reach into the public sector domain, build institutional capacity and leverage the GEF networks. Policy and regulatory support, provision of seed capital and capacity building would be examples of facilitator roles.</p>
<p><b>Core Element (b): Multiple Private Sector Entry Points Across the GEF Partnership</b></p>	
<p>Objective: To widen the private sector engagement approach and provide for private sector entry points at all levels of the GEF partnership to strengthen connectivity in systems and value chains between sources of sustainable demand and supply.</p>	
<p>Consultative meetings with key private sector members, industry bodies and platforms on the opportunities presented at each level of the GEF Partnership. <a href="#">Appendix 8</a> provides a summary of entry points and engagement modalities.</p>	<ul style="list-style-type: none"> <li>▪ A calendar of meetings with to articulate and identify the various roles that the private sector can play in support of GEF objectives, particularly through the Impact Programs, in driving systemic changes.</li> <li>▪ Meetings will aim to be inclusive and enable effective interaction between all actors, using the virtual online formats and face-to-face meetings where appropriate, and will include :</li> <li>▪ Upstream Country Consultations which provide strategic guidance on GEF Programming for recipient countries and GEF</li> </ul>

Action	Deliverables
	<p>partner Agencies to gain a better and more in-depth understanding of the Focal Area strategies and Impact Programs and their entry points for the private sector</p> <ul style="list-style-type: none"> <li>▪ Country Support Program where a suite of activities and services promote the learning and dialogue among different GEF stakeholder groups, such as the GEF Focal Points, Convention Focal Points, Civil Society and GEF Agencies with the private sector</li> <li>▪ Tailored private sector workshops aligned to the delivery of Focal Area strategies and Impact Programs, in partnership with GEF Agencies and linked to key fora such as Conferences of Parties</li> <li>▪ Targeted strategic dialogues with key private sector representations with broad regional, focal area and subject-matter relevance that can be delivered as part of the Extended Constituency Workshops either within the agenda, as a side event or a stand-alone meeting</li> <li>▪ High level meetings and co-hosted events with senior private sector leadership and between the private sector, the GEF senior leadership and Agency senior representatives at fora such as the World Economic Forum, World Business Council for Sustainable Development, Consumer Goods Forum and the non-state actor events at each Rio Convention Conference of Parties.</li> </ul>
Needs analysis for all scales of the private sector and the development of the business case for the private sector to engage with the GEF partnership.	<ul style="list-style-type: none"> <li>▪ Development of an easy-to-use guide, with eligibility criteria and contact referrals for businesses to work with the GEF at all scales (including a flow chart and FAQ on the GEF website)</li> </ul>

Action	Deliverables
	<ul style="list-style-type: none"> <li>▪ Guidance to the private sector on how to work with the GEF partnership including guidance on policies:               <ul style="list-style-type: none"> <li>○ Advancing gender equality</li> <li>○ The application of social and environmental safeguards standards</li> <li>○ Stakeholder engagement</li> <li>○ Working with indigenous peoples</li> <li>○ Enhancing CSO engagement</li> </ul> </li> </ul>
<b>Core Element (c): A Systematic Approach to Crowding-in the Private Sector</b>	
<p>Objective: To develop the internal GEF partnership management capacity and resources that are required for optimal private sector engagement and integrating the private sector throughout the GEF Partnership to create a more collaborative working space in which the private sector is engaged beyond a transactional level.</p>	
<p>Private and public sector engagement workshops will be strategically developed to support private sector engagement at the regional and country level. Regional and country private sector engagement will be supported through the National Dialogues (NDs) and Upstream Country Consultations which are ideally placed to serve this requirement and foster greater collaboration at the public sector institutional levels. In certain cases, Expanded Constituency Workshops (ECW) could also facilitate engagements through side events for the private sector.</p> <p>Dialogues undertaken with the assistance of PSAG, help identify GEF’s role in setting standards for industry, foster innovation and bring onboard key value chain stakeholders.</p>	<ul style="list-style-type: none"> <li>▪ Working with agencies to define the pre-competitive space for collaboration: GEF Agency and GEF Secretariat joint series of expert training sessions to cover the issues related to establishing a pre-competitive environment in which business can effectively engage in dialogues, such as antitrust advice</li> <li>▪ Work with Agencies to identify companies and platforms that demonstrate alignment with GEF focal area goals</li> <li>▪ Contact and engage 50 key companies and identified platforms per reporting period and track partnership development through the management plan</li> <li>▪ Use the MIS as an outreach tool for GEF information to the private sector, invitations for events, training and workshops</li> <li>▪ Undertake country and regional planning seminars aligned with the National Dialogues and Expanded Constituency Workshops of the Country Support Program</li> </ul>

Action	Deliverables
	<ul style="list-style-type: none"> <li>▪ Participate in the major business fora, showcasing examples of GEF partnership work including at the World Economic Forum, World Business Council for Sustainable Development, Consumer Goods Forum and the non-state actor events at each Rio Convention Conference of Parties<sup>23</sup>.</li> <li>▪ <i>“Doing Business with the GEF”</i> – a guide for the private sector.</li> <li>▪ A private sector engagement power point presentation for use by GEF partners and Agencies to articulate the business case for working with the GEF</li> <li>▪ Reviews of companies, assessment and mitigation of risks based on <ul style="list-style-type: none"> <li>○ Published annual audited sustainability reports or integrated reports that adhere to standards such as the Global Reporting Initiative;</li> <li>○ The adoption of Science-Based Targets for emissions reductions in their operations and supply chains;</li> <li>○ Ranking in the Dow Jones Sustainability Index or other similar third-party indices</li> </ul> </li> </ul>
Working with the Private Sector Advisory Group	<ul style="list-style-type: none"> <li>▪ Determine the priority advisory functions for the PSAG</li> <li>▪ Four annual meetings with one in-person meeting</li> </ul>
Coordination support for agencies and countries Taskforces to bring the private sector at scale Project recommendations and reviews	<ul style="list-style-type: none"> <li>▪ The formation of taskforces for private sector engagement to identify regional priorities, and the best modalities for engagement (Table 1)</li> <li>▪ Co-creation with GEF Agencies and private sector representatives of best practice recommendations for private sector engagement</li> </ul>

<sup>23</sup> At the UNCCD CoP 14 in Delhi, the GEF co-hosted the business day with the Indian Chamber of Commerce and Industry, the World Business Council and the UNCCD Secretariat.

Action	Deliverables
	<ul style="list-style-type: none"> <li>▪ The creation of the GEF Private Sector MIS</li> </ul>
<b>Metrics and Reporting</b>	
Collation of private sector information and annual reporting	<ul style="list-style-type: none"> <li>▪ The number of companies formally engaged in GEF activities (in the process of design, planning meetings, information shared, implementation, technical assistance etc., according to the modality Table 1)</li> <li>▪ A classification of companies based on the GICS industry code at the level of sector and industry</li> <li>▪ An assessment of the geographies where the private sector engagement has been most effective and least successful</li> <li>▪ The number of multi-stakeholder platforms engaged, their geographic coverage and share of the global market</li> <li>▪ An annex of all companies contacted during the period</li> </ul>
Additionality assessments at the level of <ul style="list-style-type: none"> <li>▪ Project</li> <li>▪ Impact Program</li> <li>▪ Economic System</li> </ul>	<ul style="list-style-type: none"> <li>▪ Additionality assessments of time, scale and durability from private sector engagement from available data</li> </ul>
Development of metrics at the system level	<ul style="list-style-type: none"> <li>▪ Participation in workstreams seeking to develop and apply new metrics and indicators for systemic transformation</li> </ul>
<b>Coordination and Knowledge Management</b>	
The creation of a GEF private sector Management Information System (MIS) with proposed tools to include: <ul style="list-style-type: none"> <li>(a) a private sector information database, an MIS;</li> <li>(b) a marketing tool; and</li> <li>(c) a monitoring and evaluation tool</li> </ul>	<ul style="list-style-type: none"> <li>▪ The creation of an MIS to:               <ul style="list-style-type: none"> <li>○ facilitate communication channels regarding the GEF processes and provide guidance as to private sector roles and support for GEF projects</li> <li>○ disclose identified private sector priorities, results of platform mapping and project interests in order to match them with GEF country and focal area priorities</li> </ul> </li> </ul>



Action	Deliverables
	<ul style="list-style-type: none"> <li>○ flag potential barriers to project implementation throughout the GEF Partnership.</li> <li>○ Centralize and share lessons learned from countries' private sector partnerships across focal areas and GEF Partnership</li> <li>○ supply more accurate project information in an effort to avoid duplication of actions or overlap of projects</li> <li>○ allow for the private sector to research and support proposed projects or elements that can complement the substance of GEF funding</li> <li>○ provide accurate and timely information for guidance documents, such as case studies</li> <li>▪ Develop databases to cover all fields for recording private sector engagement</li> <li>▪ Select an off-the-shelf software product for the MIS platform with marketing functions and data mining capabilities for evaluation and reporting purposes</li> </ul>
<p>Coordination of private sector engagement through the GEF Partnership</p>	<ul style="list-style-type: none"> <li>▪ Reviews of private sector engagement through the GEF project cycle with supportive recommendations and actions to enhance the impact of the private sector <ul style="list-style-type: none"> <li>○ What is working or not working well and proposals for corrective actions.</li> <li>○ How more could be achieved with different modalities of private sector engagement</li> <li>○ What could be done differently and where changes need to be made</li> <li>○ What has been learnt and mechanisms to transfer that knowledge to others</li> </ul> </li> </ul>

<b>Action</b>	<b>Deliverables</b>
	<ul style="list-style-type: none"> <li>○ Options to ensure the durability of private sector engagement beyond the GEF funding cycle.</li> <li>▪ Private sector engagement update meetings on a quarterly basis with Agencies</li> <li>▪ Case study development on specific issues</li> <li>▪ Annual forum during the Agency Retreat on key issues identified with Agencies and PSAG</li> </ul>
Private Sector “Community of Practice” Agency Working Group	<ul style="list-style-type: none"> <li>▪ The formation of a Private Sector Working Group to support knowledge management through a community of practice with key representatives from Agencies.</li> <li>▪ 4 coordination calls per annum, identifying contributions to knowledge management and exchange</li> <li>▪ An annual meeting at the GEF Agency Retreat to present findings and review approach</li> </ul>

## APPENDIX 7: ROLES AND RESPONSIBILITIES OF KEY ORGANIZATIONS

1. In our work to better engage the private sector in the delivery of Global Environmental Benefits, we have identified key organizations within the GEF Partnership and their unique contributions and comparative advantages in supporting private sector engagement.
2. The full roles of the organizations in the GEF Partnership may be found [here](https://www.thegef.org/about/organization).  
<https://www.thegef.org/about/organization>
3. The partners below are listed in terms of the roles and responsibilities in private sector engagement.

### GEF Secretariat

4. The GEF Secretariat is responsible for the implementation of the PSES and can act as:
5. As an initiator - Creating new projects and initiatives that have real commercial potential for upscaling and for transformation at a global scale. The GEF interventions could involve technical assistance, granting or blended finance. The GEF-6 Global Platform on Sustainable Cities demonstrates the GEF role as an initiator.
6. As a catalyzer - Fostering existing projects and initiatives (platforms) that have demonstrated potential to scale up, out and deep. As a catalyst, the GEF could assist in providing additional resources and crowding-in additional private sector partners and to support larger scale project development as demonstrated through the Good Growth Partnership IAP.
7. As a facilitator - GEF acts to support the conditions that can foster the creation of a forum, to bring together key parties, to reach into the public sector domain, build institutional capacity and leverage the GEF networks. Policy and regulatory support, provision of seed capital and capacity building would be examples of facilitator roles.

### GEF Agencies

8. GEF Agencies play a critical role in managing the direct relationships with the private sector at all scales, and in managing the risks, both upside and downside, in working with the private sector.
9. GEF Agencies are the primary organizations responsible for planning, design, implementation and reporting on private sector engagement at the project and program level. Since all GEF projects and programs follow the GEF Project and Program Cycle Policy and Guidelines, GEF Agencies should be the channel for the communication with the governments, through operational focal points of the activities planned with the private sector

## **GEF Council**

10. The GEF Council receives annual reports on the private sector engagement and directs actions related to GEF's engagement with the private sector.
11. Individual Council Members may have the capacity to support awareness raising among domestic private sector organizations and provide linkage to companies and multi-stakeholder platforms that share GEF's vision and goals. Such activities may include meetings, workshops and participation in events.

## **GEF Scientific and Advisory Panel (STAP)**

12. STAP's role is to provide objective scientific and technical advice on the GEF's policies strategies, programs, and projects. It does so by executing a program of work developed in collaboration with the GEF Secretariat, and by screening GEF projects. STAP works with leading scientists, experts and practitioners to identify the latest scientific knowledge and lessons learned from practice and translates this into operational and strategic advice for the GEF. STAP's advice takes a variety of forms, including formal guidance, advice, information notes, policy briefs, and assessments. In this capacity, STAP can provide strategic and technical advice on private sector engagement across GEF's focal areas and develop knowledge management resources that relate to the private sector.

## **GEF Private Sector Advisory Group (PSAG)**

13. The PSAG is established with its own terms of reference to provide input and advice on the PSES, to advise on strategic and operational approaches and outreach to private sector partners.

## **GEF Indigenous Peoples Advisory Group (IPAG)**

14. IPAG can provide guidance on financing options for indigenous peoples and enhancing monitoring and evaluation metrics. In addition, IPAG can provide guidance and advice on how the private sector can best work with indigenous peoples to achieve durable project outcomes.

## **Civil Society Organizations Network**

15. The CSO network can support private sector engagement by contributing to policies, project development, raising issues of concern and making recommendations on how civil society can best engage with the private sector in the delivery of global environmental benefits.
16. CSOs bring value to private sector engagements as representatives of specific communities or issue areas, watchdogs, experts and implementing partners. In addition, CSOs disseminate information about the GEF to stakeholders including the private sector, engage with recipient country governments and consult widely in carrying out their

watchdog function. CSOs are also active in the field of social business and entrepreneurship directly as a private sector actor.

**GEF Independent Evaluation Office (IEO)**

17. The IEO is well-positioned to make recommendations to help formulate strategies and actions to better engage the private sector and share lessons learned and best practices.

**Operational Focal Points (OFPs)**

18. GEF Agencies are required to inform relevant GEF OFPs of each proposal ahead of Approval and keep OFPs informed of their work with national stakeholders during project development and implementation and monitoring.

## APPENDIX 8: SUMMARY OF ENTRY POINTS AND MODALITIES

Actions under Core Element (b) Supporting Multiple Private Sector Entry Points can be summarized according to the type of entry point, engagement approach and the modality described in [Table 1](#).

Entry Points	Engagement Approach	Modality	Company / Platform Linkage
<b>Geography</b>			
<b>Global</b> Orientation: upstream into value chains and downstream to consumers/markets.	<p>Work with business leaders and multi-focal private sector targets under the conventions.</p> <p>High level meetings and co-hosted events with senior private sector leadership such as the World Economic Forum and the non-state actor events at each Convention COP.</p>	<ol style="list-style-type: none"> <li>1. Finance</li> <li>2. Policy development</li> <li>3. Industry leadership.</li> </ol>	Global platforms, MNCs, CEOs and senior leadership
<b>Regional</b> Orientation: upstream to key regional value chains, traders.	<p>Align business goals with regional multi-focal priorities, including marine and transnational boundary ecosystems.</p> <p>Targeted strategic dialogues with broad regional relevance that can be delivered as part of the Extended Constituency Workshops either within the agenda or as a side event.</p> <p>Taskforces/Global Project for private sector engagement to identify regional priorities, and the best modalities for engagement.</p>	<ol style="list-style-type: none"> <li>1. Finance</li> <li>2. Industry leadership</li> <li>3. Knowledge and information sharing</li> </ol>	Regional platforms (hubs), MNCs, CEOs and senior leadership, including regional directors.
<b>National</b> Orientation: upstream into key regions and downstream to regional level priorities	<p>National level priorities that align with business – multi-focal or focal area specific.</p> <p>Upstream Country Consultations which provide strategic guidance on GEF Programming for recipient countries and GEF partner agencies to gain a better and more in-depth understanding of the Focal Area strategies and Impact Programs and their entry points for the private sector.</p> <p>Country Support Programs where a suite of activities and services promote the learning and dialogue among different GEF stakeholder groups, such as the GEF Focal Points, Convention Focal Points, Civil Society and GEF Agencies with the private sector.</p> <p>The formation of national taskforces for private sector engagement to identify national priorities, and the best modalities for engagement.</p>	<ol style="list-style-type: none"> <li>1. Knowledge and information sharing</li> <li>2. Technical assistance</li> <li>3. Finance</li> </ol>	National level platforms, national companies, MNC subsidiaries and JVs, national business associations.
<b>Sub-national</b> Orientation: upstream to smallholders/MSMEs and downstream through value chains	<p>Targeted actions in priorities on key focal areas, basin plans, water stewardship, certification, traceability.</p>	<ol style="list-style-type: none"> <li>1. Technical assistance</li> <li>2. Knowledge and information sharing</li> </ol>	National companies and SMEs

<b>Landscape/river basin/jurisdiction</b> Orientation: upstream to users/producers and downstream to national actors.	Targeted workshops, planning and project development on key focal areas, basin plans, water stewardship, certification, traceability, product stewardship.	1. Technical assistance 2. Capacity development 3. Knowledge and information sharing	National companies, SMEs, technical specialists and consultants, cooperatives, trade associations, indigenous community enterprises
<b>Individual property/farm/mine</b> Orientation: Downstream to markets, traders, local consumption and food security priorities.	Training, skills sharing, knowledge partnerships and capacity development.	1. Capacity development 2. Technical assistance	MSMEs, entrepreneurs, smallholders, artisans and the informal sector
<b>Seascapes</b>	Development of policy dialogues and frameworks at the global, national and regional levels.  Transnational boundary collaboration.	1. Policy development 2. Knowledge and information sharing	Global companies, marine extractive industries, small scale fishers, indigenous owners
<b>City</b> Orientation: Cities platforms		1. Finance 2. Policy development 3. Knowledge and information sharing	MNCs, National companies, state-owned enterprises, entrepreneurs
<b>Multi-stakeholder Platform/Coalitions</b>			
<b>Cross cutting global platforms</b>	GEF Secretariat membership and participation to support alignment with focal area outcomes.	1. Industry leadership 2. Policy development	MNCs, industry platforms, trade associations
<b>Sector/issue platforms</b>	GEF Secretariat membership and participation to support alignment with focal area outcomes.	1. Industry leadership 2. Policy development	MNCs, industry platforms, trade associations
<b>Standards and Protocols</b>			
<b>ESG/Natural Capital/SBTs/PRI</b>	GEF Secretariat and Agency advisory and policy development	1. Knowledge and information sharing 2. Policy development	Platforms, coalitions, MNCs.
<b>Certification/commodity standards</b>	GEF Secretariat and Agency advisory policy development.	1. Knowledge and information sharing 2. Policy development	Platforms, coalitions, MNCs.
<b>Knowledge Products/Communications/Events</b>			
<b>COP events/WEF/GEF Events</b>	High level meetings, panel participation, bilateral meetings, relevant industry conferences and workshops.	1. Industry leadership	All private sector.
<b>Reports/ Taskforces/Research</b>	GEF Secretariat knowledge resources.	1. Knowledge and information sharing	MNCs, platforms and coalitions.

**Media/publications/com  
ms**

GEF Secretariat communications resources.

2. Policy development
  1. Knowledge and information sharing
- All private sector.