

# Strategy for GEF-7 Private Sector Engagement

## GEF-7 rollout model

## Pillar I

Accelerate the use of non-grant instruments for blended finance

## Pillar II

More emphasis on market transformation by making the private sector a stronger partner



Harnessing the private sector as agent of scaling for transformative change

# Pillar I - Non-Grant Instruments

The GEF-6 Non-Grant Instrument Pilot has used \$100 million to leverage \$1.8 billion in co-financing

More than 60% of the investments are in natural resources management

Under GEF-7, all focal areas eligible, with continued efforts to foster innovative finance options for natural resources management

Together with foundations and other partners, GEF non-grant investments help mobilize resources from the broader market to supplement GEF resources

# Ensure Strong Non-Grant Projects

- Work with Countries, NGOs, IFIs and civil society to identify cutting edge project designs
- Seek projects with strong incremental reasoning where GEF concessional finance provides strong additionality and “crowds-in” private sector
- Issue requests for proposals that align with the Impact Programs and Focal Areas
- Maintain strong dialogue with sustainable finance community, such as the CPIC, Climate Innovation Lab, etc.
- Seek projects that can be replicable and scalable, and help create new but stable asset classes

# Work with Agencies and Non-grant Advisors

- Agencies have proven capacity to develop innovative projects; select viable fund managers and project developers; perform due diligence; deliver project oversight; and return reflows
- Strengthen selection criteria, project review guidelines, and transparency
- Access to private sector advisory board provides GEF with key financial expertise for project by project review
- Advisors will be used as needed to assess trends and innovative non-grant investment areas

# Pillar II: Strengthening Private Sector Partnerships

- outreach to public-private coalitions to foster strategic and high-level corporate partnerships
- Encourage upstream engagement of private sector to inform program and project designs
- Impact Programs have already identified initial identifiable Private Sector entry points
- Impact programs will include selection criteria that prioritizes private sector engagement



# Pillar II: Proven Partnerships

Commodities – Good Growth Partnership

Sustainable Cities - Global Knowledge Platform

SFM – Amazon Landscapes Program

Chemicals and Waste – Gold Program

International Waters – Globallast Program

Land Degradation – LDN Fund

Biodiversity – Global Wildlife Trade Program

Climate Change - Energy Efficiency Accelerators



# Food Systems, Land Use and Restoration Impact Program

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- Link major suppliers and consumers of agricultural commodities
- Identify market barriers
- Promote de-risking of investments
- Use platforms and partnerships
- Foster investment in sustainable land management.



# Sustainable Cities Impact Program

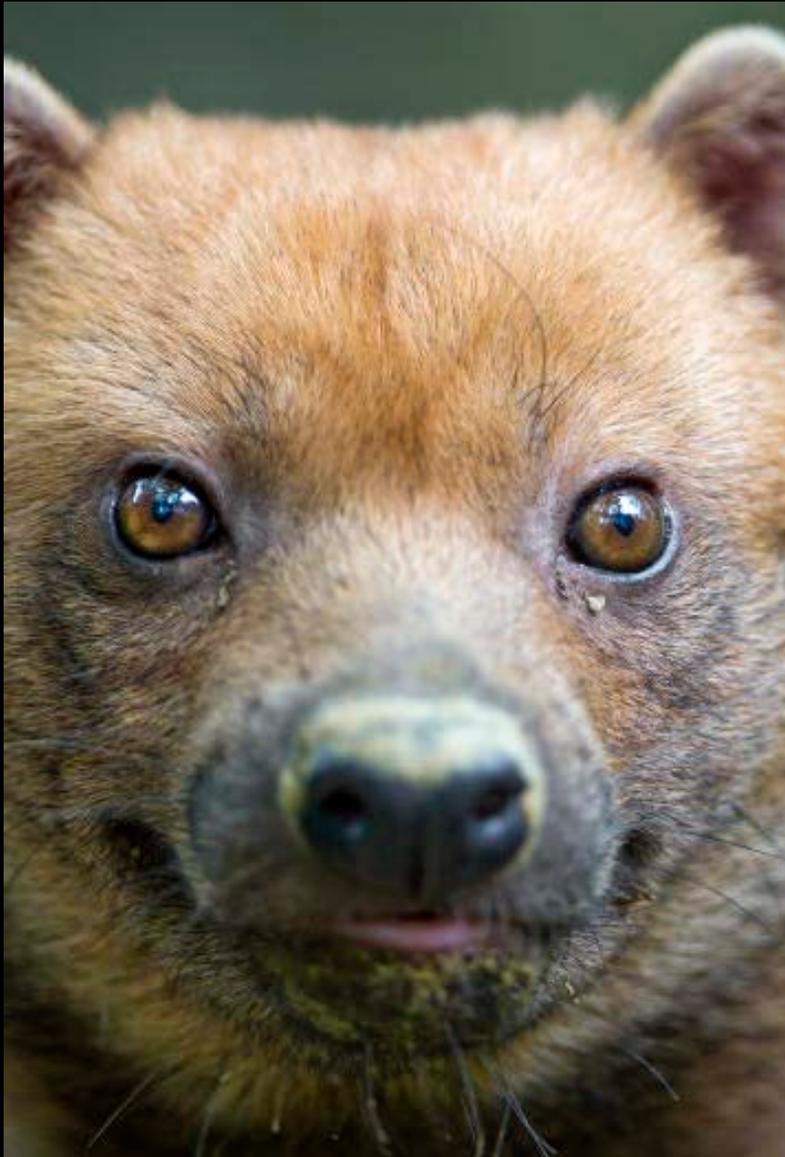
- Engage private sector in multi-stakeholder platforms
- Expand collaboration on energy efficient buildings
- Test circular economy principles
- Global knowledge platform as a hub for north-south and south-south cooperation



# Sustainable Forest Management

- Design broad-based partnerships that address the drivers of deforestation
- Foster better enabling environment for forest
- Clarify land tenure
- Support management of commercial and subsistence agriculture
- Pioneer financial mechanisms and incentives





# Private Sector: Next Steps

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## ***Pillar I: Expanding the use of non-grant instruments***

- Secretariat to present in June 2018 an updated approach for the use of non-grant instruments in GEF-7, including:
  - project and program selection criteria
  - mechanisms for drawing on external financial expertise
  - measures to enhance the Secretariat's capacity

## ***Pillar II: Mobilizing the private sector as an agent for market transformation***

- Secretariat to develop guidelines and selection criteria along with measures to increase internal capacity aimed at strengthening private sector engagement
- Each of IP to have its own global platform and a private advisory group



# GEF-7 Policy Recommendations

- resource allocation
- optimizing the use of GEF resources in different countries
- results
- partnership
- private sector engagement
- operational efficiency and transparency
- improved management of data and information
- gender equality and women's empowerment
- knowledge management

# GEF-7 Policy Recommendations: **timeline for implementation**

Date

Action

- Proposal for updating System for the Transparent Allocation of Resources (STAR)
- Proposal to introduce higher expectations for large recipient countries that are not least developed countries or small island developing states to use GEF support more effectively to attract, leverage, and mobilize greater investment in the global environment
- Technical definitions and methodological guidance to support the application of the GEF-7 core indicators
- Updated approach for the use of non-grant instruments in GEF-7
- GEF-7 strategy and action plan on gender
- GEF Portal operational
- Policy measures to enhance operational efficiency and transparency, and changes to policy and guidelines on monitoring, evaluation and reporting to streamline GEF-specific requirements while enhancing the availability, accessibility and timeliness of data and information on performance and results

**June 2018**

**November 2018**