



**GLOBAL ENVIRONMENT FACILITY**

INVESTING IN OUR PLANET

GEF/C.62/11

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62<sup>nd</sup> GEF Council Meeting

June 21 - 23, 2022

Washington, D.C.

Agenda Item 15.

**GEF'S PRIVATE SECTOR ADVISORY GROUP SUMMARY REPORT**

### **Recommended Council Decision**

The Council, having considered document GEF/C.62/, *GEF's Private Sector Advisory Group Summary Report*, extends its deep appreciation to the members of PSAG for their contribution to the development of the Private Sector Engagement Strategy (PSES).

As the PSAG ceases its operation, the Council invites the Secretariat and the wider GEF Partnership to continue to maintain close links with PSAG members and other private sector interlocutors for activities that are relevant to the implementation of the PSES.

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## **THE GEF PRIVATE SECTOR ADVISORY GROUP - PSAG**

### **Background**

1. 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<sup>1</sup> approved by Council in Da Nang, Viet Nam, 26 June 2018.

According to the ToRs,

*The Private Sector Advisory Group (“Advisory Group”) will provide recommendations to the GEF Council on the formulation of the GEF’s private sector engagement strategy, which is due for consideration by the Council in its meeting of the spring of 2019. In particular, the Advisory Group will advise the Secretariat on how to best engage the private sector in the implementation of the GEF-7 strategy.*

And that,

*The Advisory Group will operate at least until the Private Sector Engagement Strategy is approved. In Spring 2019 the Council will assess whether the term of the Advisory Group should be extended, under which mandate and for how long, based on the Private Sector Engagement Strategy.*

2. At the 57<sup>th</sup> GEF Council Meeting, The Council invited the PSAG it to continue dispensing its duties, until the end of the GEF-7 replenishment cycle.

### **Summary of PSAG Activities**

3. The main function of the PSAG was to support the development of the PSES through consultations and recommendations with a specific focus on how to best engage the private sector in the implementation of the GEF-7 strategy.

4. During the course of teleconferences and a face-to-face meeting in October 2019, the PSAG advised on the leading models of business engagement, new approaches to stakeholder capitalism and responding to investor and shareholder requirements for redefining value creation beyond simple financial returns for the business.

5. PSAG members recommendations for the PSES included working through multi-stakeholder platforms to drive scale and overcome the tipping points to achieve transformational shifts.

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<sup>1</sup> GEF Private Sector Advisory Group Terms of Reference (GEF/C.54/13/Rev.01)

6. The PSAG explored GEF's strengths and how the PSES can build on these as part of an engagement strategy. In addition, members noted GEF's weak points, discussed the findings of GEF IEO OPS6 and suggested approaches to overcome these.

7. The diverse composition of the PSAG enabled the sharing of a wide range of views but there was strong agreement about the value of engaging all scales of the private sector and notably smallholder farmers and SMEs which are responsible for lion's share of food and commodity production in developing countries and the source of most economic activities.

8. Importantly, the PSAG addressed the nature of private sector engagement with MSPs and the importance of creating a safe space for many companies to collaborate by avoiding certain commercial topics that could give rise to antitrust considerations. These elements were recorded in the appendix of the PSES.

9. Following the decision at the 57<sup>th</sup> Council Meeting to extend the PSAG term, the members were invited to participate in the IEO MSME evaluation through surveys and interviews. The PSAG members include representation from the MSME sector and companies reliant on MSMEs and their value chains and were consulted on the types of interventions that engage MSMEs, the extent to which they have been engaged, and the environmental, social, and economic outcomes of these interventions. PSAG members were also consulted on the factors that influence the extent of MSME engagement and how the GEF can more effectively engage MSMEs.

10. The GEF's COVID-19 Response Taskforce worked with members of the GEF PSAG representatives from the fields of infrastructure and energy to agricultural commodities from a smallholder and multinational perspectives. Participants shared the challenges they have experienced in global markets and trade, the principles of a "build back better" approach and the role of the private sector can play in supporting hygiene and personal protection measures in developing countries, especially in remote and regional communities. In addition, business responses to the *One Health* approach and the challenge of policies which still favor conventional business models over new models that incentivize the related environmental and health outcomes.

11. As part of the development of the GEF-8 Strategy, the PSAG members participated in the GEF Technical Advisory Group (TAG) meetings covering cluster and cross-cutting themes in Sustainable Cities and Urban Systems, private sector engagement, the *One Health* group, Greening of Globally Significant Supply Chains that Rely on Chemicals, Blended Finance, Food Systems, Biodiversity Conservation and Sustainable Use Post-Aichi and Supporting Decarbonization Pathways to Achieve Net-Zero by 2050.

12. The PSAG contributions supported findings that the GEF needs to consider longer-term goals, that align with business ambition and aspire to go beyond GEF-8 targets by emphasizing connectivity, linkages and the recognition of 2030 and 2050 targets. PSAG participants also emphasized that GEF themes are interlinked as drivers of transformation: land use, climate change, biodiversity, pollution in support of the integrated approach. In addition, members

noted strongly that there is a need to transform human relations with nature through financing and systems transformation along with social and economic change.

13. In May 2021, the members of the PSAG joined a two-day workshop with the STAP on *Mainstreaming Biodiversity: perspectives from the private sector*. Private sector consultations from a diverse range of companies and sectors that were identified as having major impacts and dependencies on nature (oil and gas, forestry, food systems, agri-commodities, materials, chemicals infrastructure, consumer brands) explored how nature and biodiversity is factored into both private sector long-term strategies and short-term decision-making. Participants also discussed what governments and the GEF could do to advance nature-positive development by business, including natural capital accounting, the challenge of economic development in biodiversity rich countries, consistency in policies between ministries, harmonization of regulations across geographies and subsidy reform.

14. During the course of GEF-7, members of the PSAG actively participated in person during GEF events including Council Meetings, UNCCD COP 14 in Delhi and the UNFCCC COP 27 in Glasgow

15. The COVID-19 pandemic reduced the number of opportunities for face-to-face meetings and engagements during GEF-7 cycle with most consultations being held in the online teleconference format.

16. Appendix I *PSAG Meetings in the GEF-7 Cycle* documents all of the PSAG meetings and engagements during the term.

### **The Role of the PSAG in GEF-7 and GEF-8 Transition**

17. The contributions from PSAG meetings and workshops have supported the GEF Partnership's engagement with the private sector and provided strategic insights in the development of the PSES, IEO evaluation into the SME sector, responses to the COVID-19 pandemic, the GEF's TAG meetings in setting objectives for the GEF-8 programming directions and STAP's work on mainstreaming biodiversity.

18. During the course of GEF-7, the PSAG tracked on a path from its original role and TOR to advise on the development of the PSES towards more thematic focused consultations that draw on the specific skill sets, representative constituency contexts and expertise of the PSAG members, in response to the changing needs of the GEF partnership throughout GEF-7 cycle.

19. Since the original TORs and extended term of the PSAG have come to a conclusion in GEF-7, the GEF partnership will continue to benefit from private sector advisory and knowledge exchange opportunities with private sector partners through the GEF-8 period. Following the recent trend established during GEF-7 in seeking specialist expertise, subject matter experts from the private sector will be convened through an informal private sector advisory network in support of GEF-8's Integrated Programs and other initiatives to address specific issues and guidance related to optimizing the private sector's contribution to the GEBs. The network would

also be available to the GEF Partnership and support the STAP, the GEF IEO, countries, the CSO Network and Agencies in their work with the private sector.

20. The work of the PSAG will be replaced by a broader but informal private sector advisory network that will be constituted with representatives from key sectors relevant to the GEF-8 IPs and other initiatives, including commodity production, trade, brands, retail, infrastructure, energy and utilities, materials and chemicals, ICT, transport and tourism and the financial sector, including the capital markets. Overall, it will be critical to ensure a broad representation of private sector expertise, including from the global south and from MSMEs. It will likewise be crucial to consider a balanced composition in terms of gender and geographical coverage. Network contributors will be identified by the GEF Secretariat, the STAP, from GEF Agencies, the GEF CSO network and countries.

21. The database of network members will be managed by the GEF Secretariat as a single point of contact for efficient communications and to ensure it is regularly updated. The database will be organized according to theme, region and sector and will record advisors' areas of expertise, availability and history of contributions.

22. Private sector advisory groups formed from the network will be informal and will function according to the Chatham House rule to foster a free and open exchange of ideas, consultation and feedback.

23. There are no budget implications for the private sector advisory network beyond existing administrative arrangements.

## **APPENDIX I SUMMARY OF PSAG MEETINGS IN THE GEF-7 CYCLE**

<b>Date</b>	<b>Purpose of Meeting</b>	<b>Main Discussion Items</b>
15-29 July 2019	Individual PSAG member calls	<ul style="list-style-type: none"> <li>— Explanation of the PSAG ToRs</li> <li>— Development of the agenda and expressions of interest to present topics or lead discussions</li> </ul>
22 August 2019	First PSAG Meeting on the PSES	<ul style="list-style-type: none"> <li>— Overview of the project: outputs, process and deliverables</li> <li>— Synthesis of the initial member thoughts and ideas</li> <li>— Presentation of the core components of the private sector strategy</li> </ul>
9 October 2019	PSAG Teleconference	<ul style="list-style-type: none"> <li>— Agenda planning</li> </ul>
14 October 2019	PSAG Annual Meeting	<ul style="list-style-type: none"> <li>— GEF CEO address to PSAG members on systemic transformation</li> <li>— Members' presentations on topics of relevance to GEF-7</li> <li>— Concepts of shared value, purpose driven business and corporate leadership</li> <li>— Addressing the relative scales of private sector engagement and the SME perspective</li> <li>— Crowding in private sector support and the value of multi-stakeholder platforms</li> </ul>
15 November 2019	GEF Agency and PSAG meeting	<ul style="list-style-type: none"> <li>— Overview of the PSAG and the GEF Agencies – role and responsibilities</li> <li>— Objectives of the private sector engagement strategy</li> <li>— An explanation and discussion of the elements of the strategy – working with platforms, engagement through all levels of the GEF and crowding in the private sector</li> </ul>

21 July 2020	Mid-Year PSAG Meeting	<ul style="list-style-type: none"> <li>— Reflections from outgoing GEF CEO Naoko Ishii on her experience with the GEF, her transformational leadership and the importance of working with the private sector</li> <li>— Activities for PSAG – GEF Independent Evaluation Office review on smallholders/SME, the GEF and the COVID-19 response</li> </ul>
August 2020	GEF PSAG and IEO MSME interviews, findings workshop	<ul style="list-style-type: none"> <li>— PSAG member interviews</li> </ul>
27 October 2020	GEF COVID-19 Response Taskforce Meeting	<ul style="list-style-type: none"> <li>— Recommendations from the private sector in tackling the causes, drivers and effects of zoonotic diseases.</li> <li>— Understanding how COVID-19 impacted on company strategies related to nature and biodiversity – has COVID-19 strengthened the business case?</li> <li>— Where does business feel regulation could be applied in relation to the major systems (food, energy, cities) and where should investments be made in future pandemic prevention.</li> </ul>
12 January 2021	PSAG Annual Planning Call	<ul style="list-style-type: none"> <li>— Introduction to new GEF CEO Carlos Manuel Rodriguez</li> <li>— Actions for the GEF-8 Replenishment, GEF Council meetings 60 and 61, major COPs and events (WCC, CBD COP 15, UNFCCC COP 27, UNCCD COP 15).</li> </ul>
8-12 February 2021	GEF Technical Advisory Group (TAG) meetings	<ul style="list-style-type: none"> <li>— TAG meetings across the major GEF themes and focal areas.</li> </ul>
5-6 May 2021	STAP Mainstreaming Biodiversity: perspectives from the private sector	<ul style="list-style-type: none"> <li>— STAP mainstreaming biodiversity two-day workshop</li> </ul>

26 October 2021	GEF Annual PSAG Meeting	<ul style="list-style-type: none"> <li>— GEF-8 and the implications likely to arise from the major conventions on biodiversity, land use and climate change and in addition, the Food Systems Summit</li> <li>— GEF CEO presentation of the GEF-8 Strategy</li> <li>— GEF IEO OPS7 findings</li> </ul>
March 2022	GEF Secretariat knowledge management survey and interviews with the private sector	<ul style="list-style-type: none"> <li>— PSAG interviews to determine private sector requirements for KM products</li> </ul>
May 2022	PSAG mid-year meeting	<ul style="list-style-type: none"> <li>— GEF-8 update, key dates and deliverables</li> <li>— Responses and feedback on key aspects of the programming directions</li> <li>— Future role of the PSAG in GEF-8</li> </ul>