

# Private Sector Mainstreaming in GEF-6

## Expanding Private Sector Engagement

Private sector engagement is not new, but GEF projects can deliver more by partnering on sustainable business models and attracting more investment for environmental benefits.

- In GEF-6, we are pursuing:
1. Mainstreaming - seeking private sector engagement in all projects
  2. Integrated Approach Pilots - targeted pilots
  3. Non-grant Pilot - special set-aside

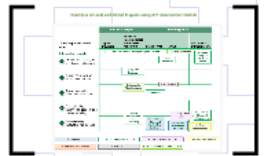
## Your Questions or Ideas!

Contact your country support representative. More information is also available at the following link: [www.thatg.org/gef6](http://www.thatg.org/gef6)



## Private sector engagement exercise

- Would private sector engagement contribute to environmental benefits and objectives?
- Identify specific sectors to engage the private sector and include private sector in project design and implementation.
- Think about who you would need to involve, through the project design, which agency, etc.
- Examples include: financing, private sector alliances to help design, facing regulatory policies and fit-environment corporate partners.



Environmental Project	Focal Area	Project Objective	GEF	Private Sector	Key Provisions/Issues
AMREF Public Health System Strengthening Project (ID: 4016)	Health	Strengthening the health system to improve service delivery and reduce mortality and morbidity.	Technical assistance, grants, and co-financing.	Private sector companies providing medical supplies and services.	Ensuring that private sector engagement is aligned with national health policies and standards.
USAID/GEF Public Health System Strengthening Project (ID: 4016)	Health	Strengthening the health system to improve service delivery and reduce mortality and morbidity.	Technical assistance, grants, and co-financing.	Private sector companies providing medical supplies and services.	Ensuring that private sector engagement is aligned with national health policies and standards.
USAID/GEF Public Health System Strengthening Project (ID: 4016)	Health	Strengthening the health system to improve service delivery and reduce mortality and morbidity.	Technical assistance, grants, and co-financing.	Private sector companies providing medical supplies and services.	Ensuring that private sector engagement is aligned with national health policies and standards.

## Typical types of private sector actors for GEF projects

- Private Sector:
  - Investment banks, commercial banks, financial advisory services
  - Large-scale infrastructure project owners
  - Large-scale infrastructure project operators
  - Large-scale infrastructure project developers

## Expanding Engagement with the Private Sector on GEF Projects

ECW Namibia

17-19 February 2015



## Demonstrating innovative approaches

Agreement for Ecogrowth Services (AES) to Support Forest Conservation and Livelihoods Livelihoods in Mozambique (ID: 5016)

Focal Area	Project Objective	GEF	Private Sector
Forestry	Supporting forest conservation and livelihoods in Mozambique.	Technical assistance, grants, and co-financing.	Private sector companies providing forestry services and products.

## Convening multi-stakeholder alliances

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## Deploying innovative financial instruments

AES PPP Public-Private Partnership Program (ID: 4016)

Focal Area	Project Objective	GEF	Private Sector
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## Benefits of Private Sector Engagement

The private sector can strengthen partnerships and make contributions to environmental and developmental solutions, such as:

1. Additional financing
2. Expertise and knowledge
3. Innovation
4. Technology transfer
5. Phase out substantial projects

## The GEF regularly uses five intervention models

- Strengthening institutional capacity and decision-making
- Transforming policy and regulatory environments
- Deploying innovative financial instruments
- Convening multi-stakeholder alliances
- Demonstrating innovative approaches

## Strengthening institutional capacity and decision-making

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## Reflections on Selected GEF Projects in this Region

We reviewed a few GEF projects to learn:

- Was the private sector part of the problem and solution?
- Is there an essential contribution of private sector stakeholders in the project?
- What results or lessons learned can provide insights for future private sector engagement?

We used the GEF intervention models to review these projects



# Private Sector Mainstreaming in GEF-6

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## Private sector engagement exercise

- Would private sector engagement contribute to environmental benefits and my projects?
- Identify specific actions to engage the private sector and include private sector in project design and implementation.
- Think about who you would need to involve, through the project design, which agency, why.
- Example include 1) forestry; private sector alliances to help design lacking regulatory policies and 2) e-waste: corporate partners.

## Typical types of private sector actors for GEF projects

Type	Description/Example
Capital providers	• Pension funds, VCs
Financial intermediaries and facilitators	• Investment banks, commercial banks, financial advisory services
Company owners & operators	• Large firms, public utility companies or private utilities, etc.
Service providers	• Firms providing services to the public sector
Manufacturers (technology)	• Small-scale producers, low and medium scale

## Expanding Engagement with the Private Sector on GEF Projects

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## Demonstrating innovative approaches

Payment for Ecosystem Services (PES) to Support Forest Conservation and Sustainable Livelihoods in Mozambique (GEF ID 5516) IAD

Focal Area	Project Objective	GEF	Private Sector
Forest Conservation	Reduce illegal logging and improve forest management	Provide technical assistance to strengthen forest management and improve livelihoods	Private sector companies provide services for forest management and livelihoods

**Best Practices/Lessons**

- Engage private sector companies in forest management and livelihoods
- Develop a clear understanding of the private sector's role in forest management and livelihoods
- Establish a clear understanding of the private sector's role in forest management and livelihoods

## Benefits of Private Sector Engagement

The private sector can strengthen partnerships and make contributions to environmental and developmental solutions, such as:

1. Additional funding
2. Expertise/skills/knowledge
3. Innovation
4. Technology transfer
5. Phase out substandard products

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1. Transforming policy and regulatory environments
2. Strengthening institutional capacity and decision-making
3. Deploying innovative financial instruments
4. Convening multi-stakeholder alliances
5. Demonstrating innovative approaches



## Strengthening institutional capacity and decision-making

Senegal River Basin (GEF ID 1129/5133) World Bank

Focal Area	Project Objective	GEF	Private Sector
Institutional Capacity	Strengthen institutional capacity and decision-making	Provide technical assistance to strengthen institutional capacity and decision-making	Private sector companies provide services for institutional capacity and decision-making

**Best Practices/Lessons**

- Engage private sector companies in institutional capacity and decision-making
- Develop a clear understanding of the private sector's role in institutional capacity and decision-making
- Establish a clear understanding of the private sector's role in institutional capacity and decision-making

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- Was the private sector part of the problem and solution?
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## Transforming policy and regulatory environments

Senegal River Basin (GEF ID 1100/5120) World Bank

Focal Area	Project Objective	GEF	Private Sector
Policy and Regulatory Environment	Transform policy and regulatory environments	Provide technical assistance to transform policy and regulatory environments	Private sector companies provide services for policy and regulatory environments

**Best Practices/Lessons**

- Engage private sector companies in policy and regulatory environments
- Develop a clear understanding of the private sector's role in policy and regulatory environments
- Establish a clear understanding of the private sector's role in policy and regulatory environments

## Deploying innovative financial instruments

A/D8-PPP Public-Private Partnership Program (GEF ID 4929) A/D8

Focal Area	Project Objective	GEF	Private Sector
Financial Instruments	Deploy innovative financial instruments	Provide technical assistance to deploy innovative financial instruments	Private sector companies provide services for innovative financial instruments

**Best Practices/Lessons**

- Engage private sector companies in innovative financial instruments
- Develop a clear understanding of the private sector's role in innovative financial instruments
- Establish a clear understanding of the private sector's role in innovative financial instruments



# ***Expanding Engagement with the Private Sector on GEF Projects***

**ECW Namibia**

*17-19 February 2015*



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## ***Expanding Private Sector Engagement***

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- 1. Mainstreaming - seeking private sector engagement in all projects***
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## *Typical types of private sector actors for GEF projects*

Type	Description/Examples
1 Capital providers	▪ Pension funds, VCs
2 Financial intermediaries and facilitators	▪ Investment banks, commercial banks, financial advisory services
3a Industry players – large corporations	▪ Large retail, manufacturing companies, project developers, etc.
3b Industry players – SMEs	▪ Full time staff below 250 or less depending on the country
3c Industry players – individuals/ entrepreneurs	▪ Small start-ups with full time staff below 10

# ***Benefits of Private Sector Engagement***

The private sector can strengthen partnerships and make contributions to environmental and developmental solutions, such as:

- 1. Additional funding**
- 2. Expertise/skills/knowledge**
- 3. Innovation**
- 4. Technology transfer**
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## *The GEF regularly uses five intervention models*

**1** *Transforming policy and regulatory environments*



**2** *Strengthening institutional capacity and decision-making*



**3** *Deploying innovative financial instruments*



**4** *Convening multi-stakeholder alliances*



**5** *Demonstrating innovative approaches*





# Transforming policy and regulatory environments

**Senegal River Basin**  
(GEF ID 1109/5133) World Bank

## Focal Area

International Waters  
Climate Change

## Project Objectives

Sustainable management of water resources and biodiversity

Clean energy, infrastructure and private-sector development

**AfDB-PPP Public-Private Partnership Program**  
(GEF ID 4929) AfDB

## GEF

GEF grant helps build capacity of the Senegal River Basin Organization and partners in riparian countries to lead adaptation across the river basin; and inform future investments in multi-purpose dams

GEF's grant used by AfDB as an equity investment to seed the fund and attract additional investors.

## Private Sector

Small-scale infrastructure investments sustained through water users' associations and other cooperative arrangements that will collect fees from private users (e.g., farmers and cooperatives)

Additional investment partners may provide investments of \$100M. Fund will have a 5 year investment period and is expected to mobilize \$300M in debt to finance the projects.

## Best Practices/Lessons

GEF investment is catalytic. It demonstrated the feasibility of the scheme.

"Missing link" story of the government's failure to deliver appropriate regulatory framework when all other participants were standing ready to proceed with one of the Fund's investment project

# Strengthening institutional capacity and decision-making

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## Convening multi-stakeholder alliances

### *Payment for Ecosystem Services (PES) to Support Forest Conservation and Sustainable Livelihoods in Mozambique* (GEF ID 5516) FAO

#### Focal Area

Multi Focal Area

#### Project Objective

Promote biodiversity conservation and climate change mitigation while creating financial resources

#### GEF

Creating the capacity to implement and monitor a PES mechanism for the disbursement of 20% of all government taxes and fees collected from the use of wildlife and protected areas to local communities.

#### Private Sector

Forest concessions, including charcoal producers for the domestic and international market, will pay taxes, of which 20% will feed into a fund managed by the PES scheme / A joint venture of public and private companies.

#### Best Practices/Lessons

An alliance of the project's stakeholder helped align incentives for the successful implantation of the project / joint venture helped sponsor a scoping study (involving research institutions) to trigger private sector interest in investing in eco-system services.

## Demonstrating innovative approaches

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