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Public Private Partnerships in GEF-5



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GEF-5 Replenishment Put a Priority on Private Sector Engagement

- Participants acknowledged the initial efforts of the 2008 Earth Fund and requested an evaluation.
- The GEFSEC was requested to broaden the strategy beyond the Earth Fund and present the next phase in November 2010.
- Council requested additional analysis and planning; a revised strategy was approved November 2011.
- The replenishment created a private sector set-aside of USD 80 million.
- Private sector engagement is not an end; it is a means to generate additional global environmental benefits.



Approved Private Sector Strategy for GEF-5

Three Modalities

1. Establish Public Private Partnership Programs with multilateral development banks (MDBs) to support investments using non-grant instruments
2. Encourage countries to use STAR allocation grants for projects with private sector investments using non-grant instruments
3. Support SME competitions to facilitate technology transfer and entrepreneurship

GEF/C.41/09.Rev.01, *Revised Strategy for Enhancing Engagement with the Private Sector*



What is a Non-Grant Instrument?

- Under the GEF instrument, a form of concessional finance that has the potential to earn a return (or reflow).
- Reflows are available to expand the pool of GEF resources available for future investments.
- Examples:
 - Contingent Grant
 - Credit Guarantee or Risk Guarantee Fund)
 - Equity Fund Investments
 - Concessional Loans
 - Performance Risk Guarantee
 - Revolving Fund
 - Risk Sharing Fund for Loan Provision



Current Status

- GEFSEC has finalized the operational modalities in coordination with the MDBs (*C.42.Inf.08*)
- The GEF June Work Program included two new PPPs
 - \$20 Million with AfDB for renewable energy loans
 - \$15 Million with IDB for equity investments in clean energy and bio-diversity
- MDBs can submit additional proposals for Public Private Partnership Programs as candidates for inclusion in future work programs.
- Agencies and countries can propose the use of non-grant instruments in new PIFs at anytime
- GEF is coordinating with UNIDO to identify countries that wish to pursue SME competitions as medium-sized projects. Projects in Malaysia, Armenia, and India have been approved.



Your Ideas Welcome!

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