Working with the private sector

• The pace of environmental degradation is accelerating and requires new approaches
• The private sector is responsible for 80% of all economic activity and is increasingly dependent on scarce natural resources
• The private sector has the capacity to rapidly innovative and deploy sustainable solutions
• Public-private partnerships can address non-market barriers and reduce risk to foster sustainability
## Private sector actors in GEF projects

<table>
<thead>
<tr>
<th>Type</th>
<th>Description/Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Capital providers</td>
</tr>
<tr>
<td>2</td>
<td>Financial intermediaries and facilitators</td>
</tr>
<tr>
<td>3a</td>
<td>Industry players – large corporations</td>
</tr>
<tr>
<td>3b</td>
<td>Industry players – SMEs</td>
</tr>
<tr>
<td>3c</td>
<td>Industry players – individuals/ entrepreneurs</td>
</tr>
</tbody>
</table>

- Capital providers: Pension funds, VCs
- Financial intermediaries and facilitators: Investment banks, commercial banks, financial advisory services
- Industry players – large corporations: Large retail, manufacturing companies, project developers, etc.
- Industry players – SMEs: Full time staff below 250 or less depending on the country
- Industry players – individuals/ entrepreneurs: Small start-ups with full time staff below 10
GEF-7 Opportunities: Two-pillar strategy to engage private sector

**Pillar I: Expand the use of non-grant instruments**
- Accelerate use of non-grant instruments for blended finance in support of delivering GEBs
- Continue to catalyze investments from capital markets at global and national levels aligned with focal areas
- Continuously innovate, keep track of global trends in blended finance and seek increased number of projects in natural resources management

**Pillar II: Mobilizing the private sector as an agent for market transformation**
- Impact Programs seek to bring in private sector at an early stage of program design with specified roles
- Multi-stakeholder partnerships to mainstream private sector engagement
Pillar I: Non-Grant Instrument (NGI) Program

• **GEF-7: Expanding the use of non-grant instruments**
  - $136 million set-aside
  - Debt, equity or risk guarantees
  - Terms and conditions set on a case-by-case basis
  - Existing policy and procedures, plus additional elements for GEF-7
  - Funding cap typically at $15 million per project, but exceptions are possible
  - Advisory Group of Financial Experts to complement standard review process

**Experience from GEF-6 NGI**
- 11 projects
- $99.5M from GEF
- $1.79B co-financing
Pillar II: Mobilizing the private sector as an agent for market transformation

- **GEF-7: Mainstreaming private sector in Impact Programs and regular programming**
  - ✓ Private sector to provide expertise, technology, and access to finance
  - ✓ Impact Programs seek to bring in private sector at an early stage of program design with specified roles and through platforms
  - ✓ Multi-stakeholder partnerships to mainstream private sector engagement: Countries and agencies to conduct careful analysis and stakeholder consultations to identify role of private sector
  - ✓ Include private sector from the outset/upfront of project/program design, as core elements integral to any GEF-7 project
Questions?
The GEF uses five intervention models

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Transforming policy and regulatory environments</td>
</tr>
<tr>
<td>2</td>
<td>Deploying innovative financial instruments</td>
</tr>
<tr>
<td>3</td>
<td>Convening multi-stakeholder alliances</td>
</tr>
<tr>
<td>4</td>
<td>Strengthening institutional capacity and decision-making</td>
</tr>
<tr>
<td>5</td>
<td>Demonstrating innovative approaches</td>
</tr>
</tbody>
</table>