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Statement by GEF NGO Network

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Revised strategy for enhancing engagement with the private sector GEF/C41/09

The GEF NGO Network calls on the GEF Council to approve its strategy for enhancing engagement with the Private sector. It is very important for GEF to have the option to work with the private sector to complement the grant approach as it tries to deliver sustainability.

It is recognizing that the resource allocation is limited (\$80mm in replenishment of \$4,000 millions), and therefore must be deployed strategically. We do however have some comments on the paper and hope that some of these will be incorporated into the final design of the private sector initiative.

We support the proposed emphasis on business models in addition to technology. We also hope that as stated the focus will be on all GEF focal areas.

In terms of the focus on business models – we encourage consideration of business models in the natural resources and agricultural commodities area:

Production of commodities for food, fiber and fuel are amongst the primary drivers of natural resource degradation and biodiversity loss, in most of places where GEF has invested over the last 20 years, and is closely related to where and how industries and their supply chains source and manufacture. Considering the expected population growth and consumption trends, global market demand is rising at a continuous pace and will further increase over the next 30 years.

- For example – an increasing market demand for food, fiber and fuel seriously impacts key biodiversity hotspots where GEF has invested heavily– eg
 - Amazon – soy, timber, cattle
 - Borneo – palm oil, timber
 - East/Southern Africa – biofuels, tuna
 - Arctic – cod, oil

Deforestation in the **Amazon** is closely related to expanding livestock and soy production, 180 % increase of hectares for soybeans in Brazil from 1997-2007 according to FAO, 30% increase in China's soy imports comparing 1st quarter 2008 to 1st quarter 2009.

- We believe that if it is possible to influence the modality and sustainability of the production and trade in these products through engagement with the private sector to change the overall supply chain for key commodities. This can generate significant benefits in terms of Biodiversity, land degradation and climate change.
- For example the experience of the Forest Stewardship council could be of inspiration for other sectors. FSC: now certifies about 9% of the global forest harvest and more than 117 million ha forest worldwide are certified to FSC standards.
- In addition to providing support through Non-grant mechanisms we believe that it also be important to provide grant support to governments for policy approaches that facilitate sustainable commodity production as well as engage with private sector coalition leaders in key commodities for sustainable change

There also needs to be a strong enabling environment. Rather than free standing private sector activities - it may need a programmatic approach, to complement private sector action with supporting efforts from national policy, from industry association, and from CSOs.

Cooperation with the private sector should not only be at the international level but also lead to Strong local impact – generating Jobs & creating or transferring appropriate technology.

The level of interest and likely co-financing from the private sector itself rather than intermediary Institutions needs to be considered – at minimum in the development of PIFs and associated programmes.

Finally we believe that adequate environmental and social safeguards will be used by GEF agencies to avoid any inadvertent negative impacts.