

# CLIMATE INVESTMENT FUNDS

CTF-SCF/TFC.6/CRP.3

June 27, 2011

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Joint Meeting of the CTF and SCF Trust Fund Committees  
Cape Town, South Africa  
June 27, 2011

**PRIVATE SECTOR CONSULTATIONS**

**SUBMITTED BY: PRIVATE SECTOR OBSERVERS**



Following a survey at the beginning of June and consultations with private sector participants at the CIF meetings in Cape Town, carried out by the World Business Council on Sustainable Development several recommendations emerged concerning the engagement of private sector in the CIF, the selection process and the broader involvement of the private sector.

A determining success factor of the CIF will be the mobilizing of private sector investment towards low-carbon, climate resilient growth and increasing the leverage capacity of the funds to scale-up actions.

To achieve this the private sector needs to be engaged in the design of the funds and the planning processes relating to the investments.

The feedback from the private sector is that the current mode of participation as an observer does not provide them with sufficient opportunities to have a meaningful, constructive influence on the design of the funds, to inform the ongoing process.

In the efforts to increase stakeholder engagement, different approaches need to be tailored to the different groups.

Several activities over the last days have indicated the need for private sector involvement, particularly in the finance discussions – however there was no presentation from the financial or investor community – international or national.

The objective of the CIF is transformational change and this will need changing the ways things have worked in the past or “breaking the shackles” as was said by Minister Gordhan. Creating innovative ways of working with the private sector, treating them as partners or collaborators at the different levels, from top to bottom should be a part.

Here are some concrete proposals which can be incorporated into the next round of observer engagement.

#### Engagement process (CIF)

- Improve the information/knowledge flow on the funds, meetings, schedules, documents and issues. This could be through email alerts and improved use of web-based tools.
- Facilitate reporting of session targeted at the business community – both financial sector and technology sector



- Create incentives for the private sector observers
  - Engage the private sector observers to provide input into design process or technical advice from the broader community.
  - Work with the private sector observers to create more private sector outreach regionally, nationally and involvement – through workshops, newsletters etc
  - Work with governments to improve trust between governments and business, and to help engage the national private sector
- Use the opportunities of the CIF TCF meetings to
  - Provide space and support for informal side meetings or roundtables on issues between private sector and governments on topics important to private sector and governments. Examples could be investment plan discussions, private sector access to funds, use of innovative financial tools, technology decisions. These should be planned and would be broader than observer pool to include individual experts.
- Increase the numbers in the observer pool and allow fungibility in funds, mindful of need for a consistent platform and a committee structure
- Organise an on-boarding by AU for new observers, and provide space for a preparatory meeting of before sessions organized by the private sector
- Facilitate private sector preparation with early information on meetings and documents
- Facilitate dissemination of business relevant information from meetings and circulate to the Trust Fund Committees
- Provide clarity in counterparts in AU, and with individual TFC leads.

### Selection process

- Roles and responsibilities of observers need to be clearly spelled out to nominees – both towards the CIF and towards business. Observers need to understand how they can participate, time needed, travel, preparation and reporting. There needs to be a matching of expectations
- Nominees need to part of organization secretariats – as opposed to individuals or companies, and need to commit to fulfilling their responsibilities – which include preparation, participation, and reporting back
- Consistent participation and institutional memory of observers is important and should be encouraged through creating a platform while allowing new observers
- Private sector observers need to be able to bring in and reach out to financial and investment sectors and SME interests as well as a broad geographic spread
- Selection process should be run by a credible business organization or consultancy with credibility amongst business, using clear eligibility criteria, and an independent advisory group
- Allow time for selection process which needs broad dissemination (a selection process from beginning to end can be at least 3 months and requires resources)
- Provide clarity on the private sector contact in AU who will be responsible for the maintenance of regular communications

### Broader outreach and implementation

- Information on investment plans, activities, projects, contacts, projects, tendering processes to be made available in client-friendly formats
- Involve private sector – national and international – in the design of the funds and the processes they unroll meaningfully and early
- Facilitate broadening private sector involvement to investment and financial sectors including through financial media outreach and information
- Develop a pool of private sector experts who could be part of the joint missions, providing technical advice etc
- Convene dialogues between private sector and governments on issues which contribute to evolution of the CIF – elements of current design, leverage capacity, direct access, technology choices.

Some of these have resource implications which may need to be considered, but should create dividends in getting constructive input in this iterative process to create transformation through climate finance. Resources would be needed to carry out the **selection process; improving feedback mechanisms and outreach** to the broader business community, including the financial and investment communities; and **creating opportunities for interactions** with the private sector at meetings on issues to create the needed incentives for mobilizing private sector capital and investment. Other elements, although important will need more discussion include approaches to developing **national private sector capacity** through the CIF.