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Session 2: Barriers to Private Sector Investments in LDCs

Structured Dialogue with LDCs
Addis Ababa, Ethiopia
19 - 22 November 2018



Background

- ✓ GCF/B.21/Inf.03 Approach and scope for providing support to adaptation activities
- ✓ GCF/B.20/12 Recommendations of PSAG on opportunities to engage the private sector in adaptation
- ✓ GCF/B.19/ 31 PSAG recommendations on the development of modalities to support activities enabling private sector involvement in LDCs and SIDS
- ✓ GCF/B.17/03 Analysis of barriers to crowding-in and maximizing the engagement of the private sector, including PSAG recommendations



Survey on NDA perspectives

- Survey on NDA's role, NDC context and role of the private sector in implementation, barriers for private sector engagement, GCF support required, and south-south cooperation
- 44 responses, 30.1% of total NDAs, 66.6% of sample countries





NDC implementation and the private sector

NDC IMPLEMENTATION CONTEXT

- 41 of 44 NDAs have, or are working on, an implementation framework for their NDC



NDCs are being converted into implementation plans

PRIVATE SECTOR

- 32 of 44 NDAs have identified a role for the private sector in NDC implementation, but only general ideas to engage the private sector



Few countries have gone far in identifying a role for the private sector

AWARENESS OF PRIVATE FLOWS

- 18 of 44 NDAs oversee climate finance, but only 4 have a solid understanding of private investments in climate finance in their countries



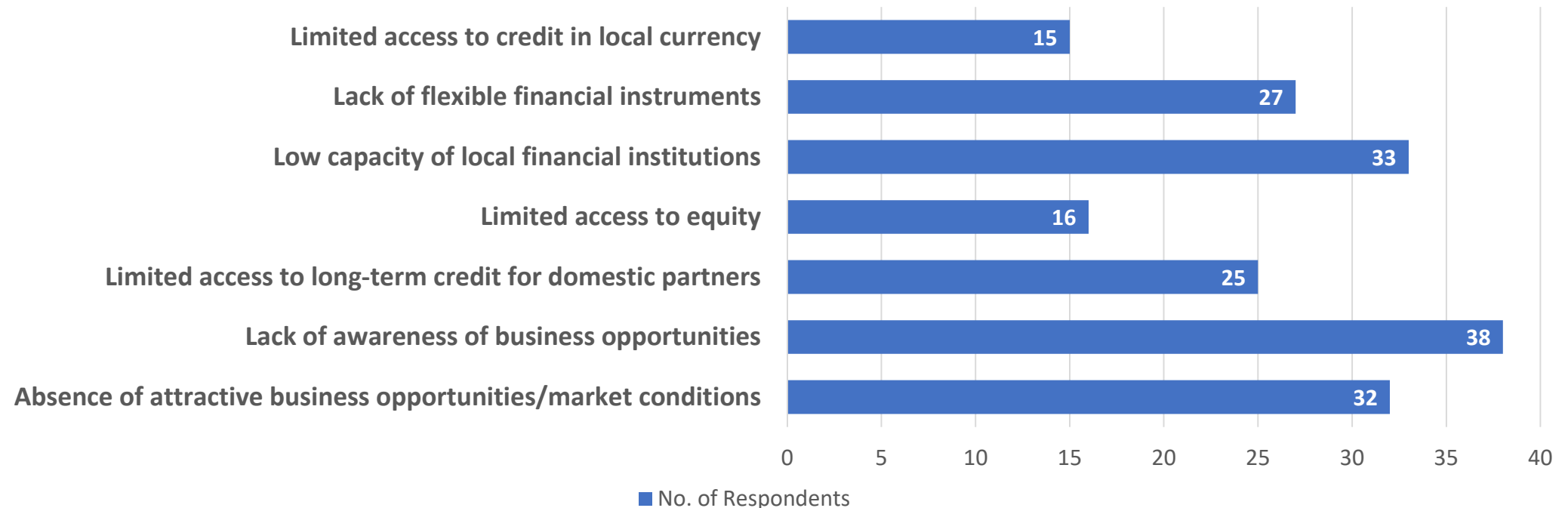
NDAs do not have a good picture of private investment in their country



Private investment barriers identified by NDAs

- Most NDAs reported a lack of awareness of business opportunities, as well as absence of attractive business opportunities as hampering private investment

Private Sector Investment Hurdles

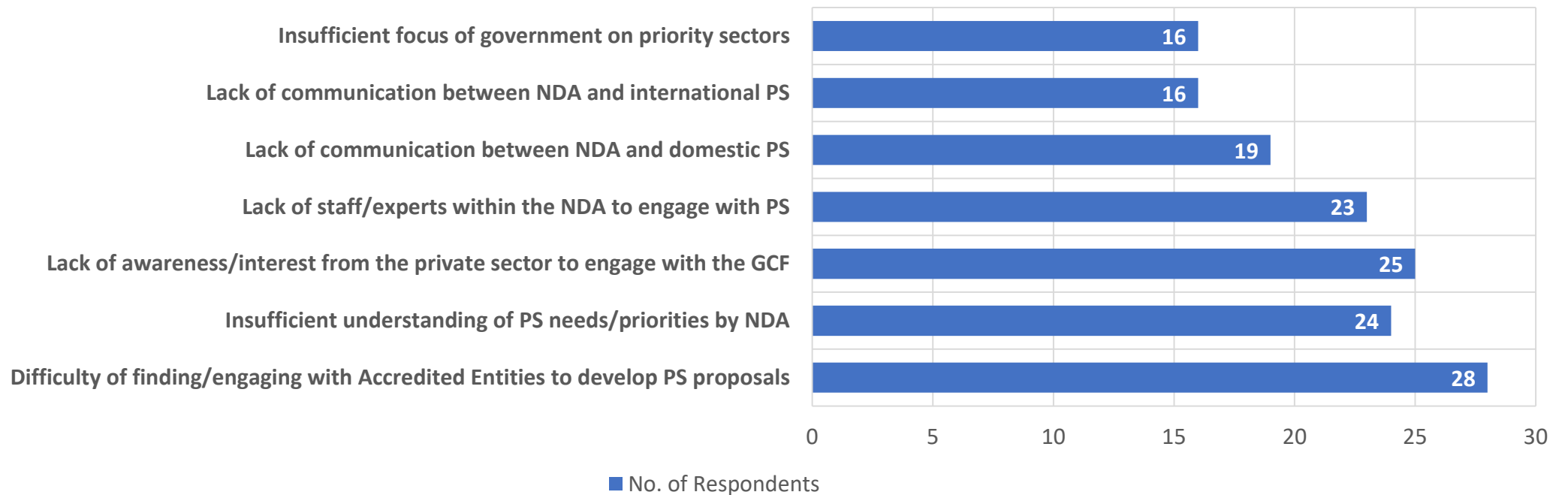




GCF private proposal barriers identified by NDAs

- NDAs identified a range of issues in encouraging private sector (PS) proposals, including challenges of engaging PS and AEs to develop proposals.

Proposal Development Hurdles





Barriers to engaging private sector identified by GCF

**Underdeveloped
or non-existent
markets**

**Policies and
regulations within
countries**

**Knowledge gaps
and information
asymmetry**

**Lack of clarity on
the business case
for PS to engage
with GCF**



Modalities to support activities enabling private sector involvement

1

Creating strong enabling policy, planning, regulatory and financial environments

2

Demand and dealflow aggregation

3

Market activation

4

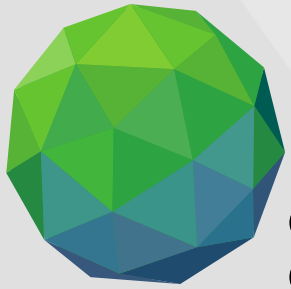
Innovative financing structures and modalities

5

Modalities for working with the private sector

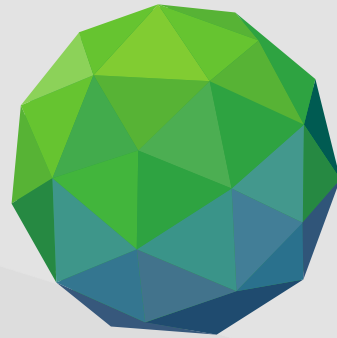
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Targeted Requests for Proposals



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Q&A



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