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# Mobilizing private-sector engagement in the LEDs and NAMAs: Lessons learned from the UNDP Low Emission Capacity -Building Programme

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# Private sector perspective on low-carbon investment

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## Questions the private sector asks when making investment decisions

- ❑ Is there a favourable investment environment—institutions, capacity, policy frameworks?
  - ❑ Does low-carbon growth policy align with overall development strategy?
  - ❑ Is the risk-reward balance acceptable?
  - ❑ What is the market demand potential?
  - ❑ Can administrative barriers be overcome within acceptable time frames or cost levels?
- (Source: WBCSD)

## Barriers that affect private-sector engagement

- ❑ Competitiveness of low-carbon investment when externalities are not included/ no price on carbon;
- ❑ Lack of experience with new and unproven technology;
- ❑ Lack of information resulting in behavioural failures; and
- ❑ Overall financial, regulatory and political issues in the country and the size of the market in question



## Public sector perspective on challenges in engaging private sector

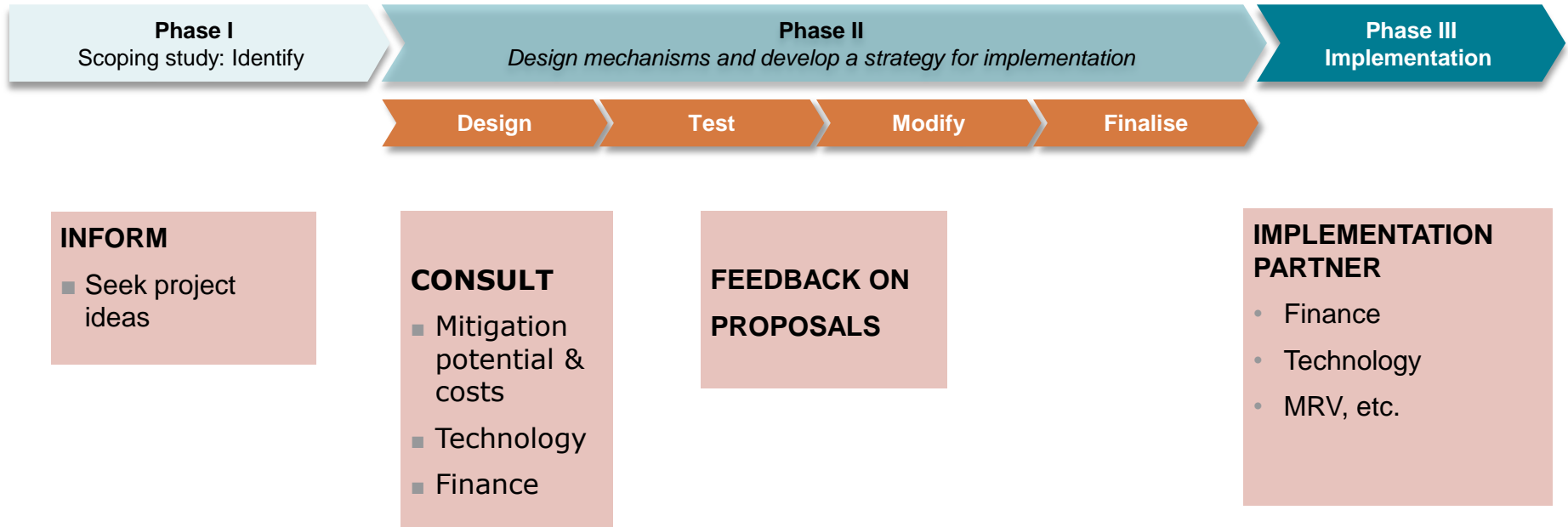
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Need private sector to: Finance (83% responses); Feedback on policy proposals (72.5%); to Get political support (34.5%); Get technical expertise; Import and apply technology; Help identify national priorities OR private sector is not interested (7%)

### BUT:

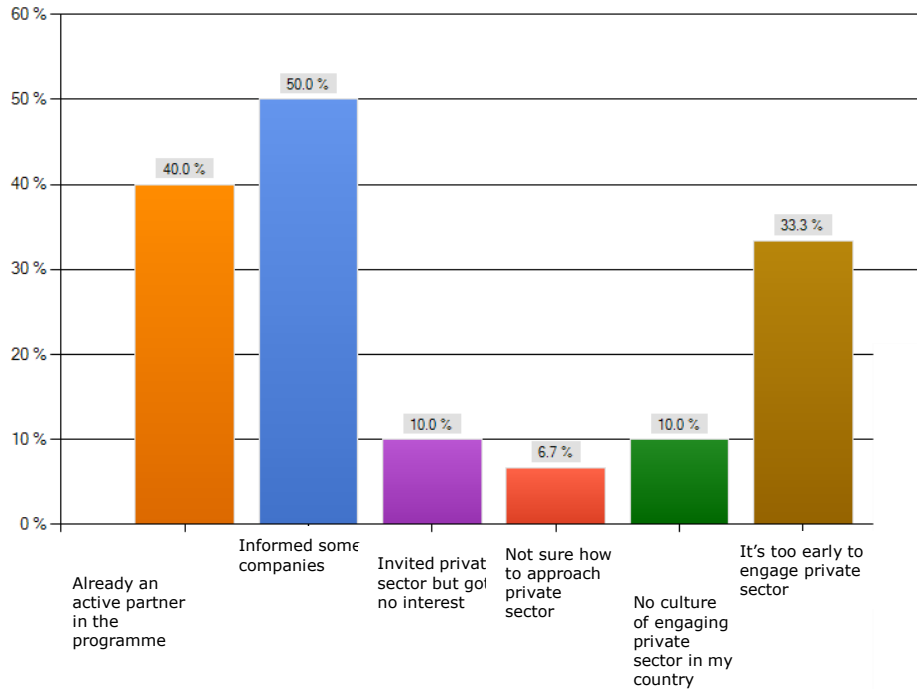
- ❑ Profit-driven nature & risk-reward focus may come into conflict with wider social and environmental objectives of LEADS and NAMAs
- ❑ Potential conflicts of interest & lack of private-sector confidence in the notion of sustainability
- ❑ Attracting low-carbon investment is difficult due to competition with high-carbon technology in terms of returns
- ❑ Reducing GHG emissions is often seen as a burden rather than opportunity
- ❑ Private sector is mistrustful of government policies as a result of mixed experiences with the CDM;
- ❑ Gaps in private-sector skills and capacities; and
- ❑ Private-sector time constraints and limited attention to the issue

# Private-sector involvement in LEDS and NAMAs

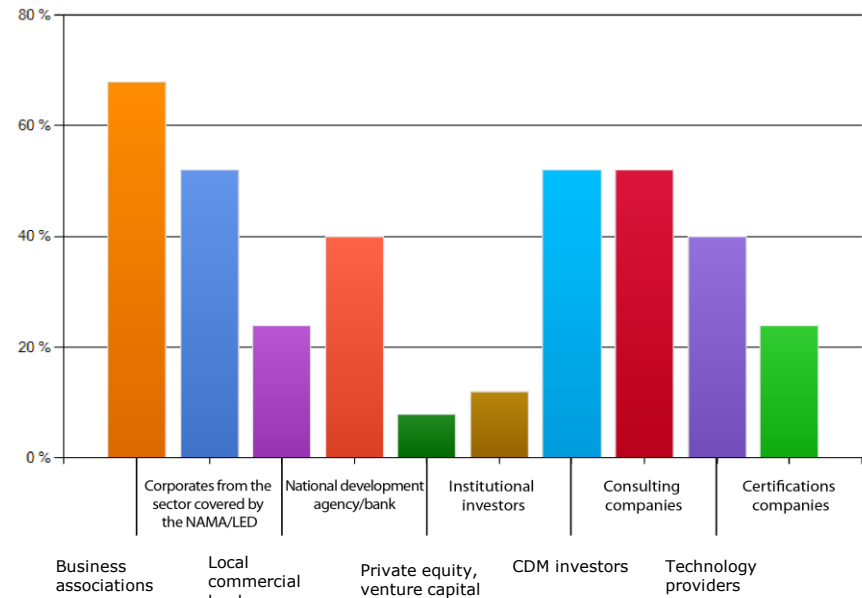


# How and who is being engaged?

Has the private sector been engaged in the LED/NAMA process in your country? (Choose all that apply)



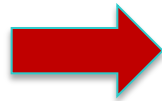
If private sector has been engaged in LED/NAMA in your country, which organizations are involved? (Tick all that apply)



# LECB country experience so far

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- ❑ Several countries have or are planning to engage private sector
- ❑ So far engagement has been mainly limited to business associations or a small number of interested companies
- ❑ Little involvement of finance and investor community
- ❑ In a couple of countries private sector has not been engaged in the earlier stages and is opposing proposals now
- ❑ Concrete practical engagement examples exist
  - ❑ Chile RE and waste management NAMA; Costa Rica coffee and dairy industry; Mexico cement and real estate, Ghana investor capacity building



**Importance of engagement is recognized  
but limited practical experience so far**



# Lessons learnt

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- ❑ **WHAT & When:** Make clear the benefits for investments & convince
  - ❑ Reliable, specific & transparent policy framework
  - ❑ Clear structure of financial incentive/ measures removing barriers
  - ❑ Long-term commitment from the government: clarity on financing and returns from NAMA/LED interventions
- ❑ **WHO:** Identify private actors to engage
- ❑ **HOW:** Getting attention being focused & targeted
  - ❑ Educate & communicate
  - ❑ Speak their language & to their issues
  - ❑ Identify co-benefits for companies
  - ❑ Avoid raising unrealistic expectations
  - ❑ Develop trust for working together



# Capacity building needs

Where would you likely require assistance with engaging the private sector?

