Engaging the Private Sector to Facilitate the Creation of Decent Work and Quality Jobs in Low-emission Sectors

Best Practices

United Nations Climate Change
Katowice Committee on Impacts

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Preface

The urgent need for a sustainable and low-emission future has never been more apparent. As the world grapples with the consequences of climate change, there is a growing recognition that the private sector must play a pivotal role in fostering economic resilience, innovation, and the creation of decent work and quality jobs. This paper serves as a valuable resource for policymakers, business leaders, and stakeholders committed to advancing climate actions and sustainable development through meaningful private sector engagement.

This report outlines the evolving landscape of private sector involvement in low-emission industries. It highlights innovative strategies, challenges, and lessons learned in mobilizing private sector investments, fostering workforce development, and ensuring inclusivity in the transition to a green economy. The findings underscore the necessity of collaborative approaches—where governments, development agencies, businesses, civil society and local communities work together to unlock new opportunities for sustainable economic growth.

We hope this report serves as a valuable tool for decision-makers and practitioners alike, fostering a deeper understanding of the private sector's indispensable role in building a more inclusive, resilient, and environmentally responsible global economy.

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Mandate description

This work is an output of the implementation of activity 8 of the workplan of the forum on the impact of the implementation of response measures and its Katowice Committee of Experts on the Impacts of the Implementation of Response Measures.

Activity 8: Identify and exchange experiences and best practices in engaging the private sector, including small and medium-sized enterprises and public–private partnerships, to facilitate the creation of decent work and quality jobs in low greenhouse gas emission sectors.

Acknowledgement

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

This report offers a comprehensive exploration of the private sector's crucial role in generating decent work and quality jobs within low-GHG-emission sectors. It provides a comprehensive overview of the current situation, pinpoints key challenges and provides recommendations for future strategies.

This report was compiled through a process that involved several key components. Firstly, an extensive desk review scrutinized the available literature, policy documents and reports related to the private sector's engagement. This review specifically emphasized strategies, tools and the essential political, policy and institutional support required for these engagements. Secondly, the study was complemented by a global survey to which 150 organizations from diverse backgrounds across developed and developing nations responded. The survey, conducted in multiple languages, actively involved enterprises and business organizations and aimed to gather comprehensive data on private sector engagements in low-emission sectors. Thirdly, three open dialogue sessions with stakeholders were held as part of regional climate weeks to share the findings and capture their views in the final development of the report.

This report underscores the pressing requirement for collaborative efforts to fulfil the goals outlined in the Paris Agreement, emphasizing the pivotal role of the private sector in advancing sustainable development objectives and honouring climate commitments. It acknowledges the growing trend among private sector entities to shift towards low-emission businesses, recognizing their critical contribution to fostering quality job opportunities in emerging sectors. Additionally, this report uncovers best practices and insights gained from engaging the private sector, including SMEs and public–private partnerships, within this framework.

Key areas in which the private sector is actively engaging include scaling up engagements in technology, workforce development, gender equality and infrastructure development. The necessity of financial support for low-carbon technologies and fostering partnerships for effective transitions is underscored. This report discusses the economic and social impacts of climate change mitigation, public policy mechanisms and the private sector's increased awareness of the need to drive investments and skills.

Creating a conducive environment involving policies and institutions is vital for sustained private sector involvement in climate change mitigation. Effective private sector engagement relies on trust, defined roles, transparency, incentives for innovation and sustainable contributions. Engagements aim to share responsibilities and resources through various means, aligning with organizational goals and fostering mutual respect.
This report identifies the private sector's multiple roles in private sector engagement and strategies for engagement, highlighting two levels: one involving national governments and local private sectors, and another with donor countries mobilizing private sectors for development cooperation.

Moreover, this report extensively outlines the ongoing engagement of the private sector in promoting quality job creation. It encompasses various aspects, such as financial backing and investment, bolstering workforce development and skill enhancement, advocating for gender equality, promoting inclusivity in infrastructure projects and nurturing collaborative partnerships. Furthermore, it delves into the private sector's initiatives regarding climate change, examining its comprehension of mitigation effects, incentives, motivations and the actions taken for climate-related initiatives.

This report acknowledges the historical contributions made by the private sector towards achieving both national and international development goals. It highlights a global survey that reveals substantial awareness among businesses regarding the operational impact of climate change. This report stresses the strategic integration of private sector engagement at every stage of implementation in order to facilitate the transition towards societies with lower GHG emissions.
The survey's results indicate that 67 per cent of the respondents noted a positive impact on their operations owing to the implementation of climate change mitigation policies, with 62 per cent recognizing the need for the creation of opportunities for new skill development to support their business operations.

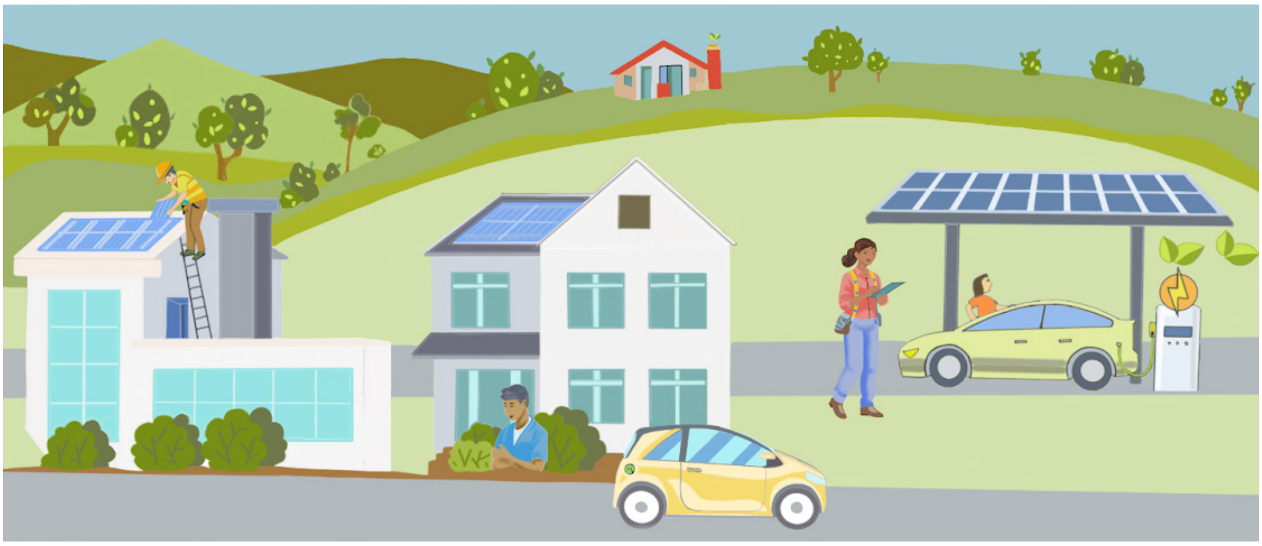
However, this report does not shy away from highlighting the challenges faced by the private sector in transitioning towards a low-emission future. Notably, 47 per cent of stakeholders cited internal resource shortages, such as knowledge, skills and a qualified workforce, as a major barrier. Other challenges include insufficient funds for investing in costly low-carbon initiatives (45 per cent of the respondents) and a lack of in-house expertise to address site-specific issues (35 per cent of the respondents).

Moreover, this report outlines the monitoring processes for tracking the implementation of commitments made under private sector engagements. The findings from this comprehensive analysis aim to guide the design of future strategies to involve the private sector in creating decent work and quality jobs within low-emission sectors.

This report concludes by stressing the necessity for effective monitoring, evaluation and reporting systems to bolster private sector engagement in the transition to a low-emission economy. It also emphasizes the importance of international support in addressing these challenges and propelling the shift towards a cleaner, more resilient, low-emission future.

ABBREVIATIONS AND ACRONYMS

COVID-19	coronavirus disease 2019
DCED	Donor Committee for Enterprise Development
ESG	Environmental, Social and Governance
EU	European Union
EV	Electric Vehicle
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GHG	Greenhouse gas
IFC	International Finance Corporation
ILO	International Labour Organization
NDC	Nationally determined contribution
NGO	Non-governmental organization
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal
SME	Small and medium-sized enterprise



CHAPTER 1
Introduction

The climate is changing faster than expected and action is being taken by all countries to meet the goal of the Paris Agreement (i.e. to keep the global temperature rise to below 1.5 °C). This translates into an accelerated increase in mitigation actions, often referred to as response measures. While governments have the primary responsibility for meeting their climate commitments, all stakeholders in society, including governments, civil society organizations, academia and the private sector, have to play critical roles to meet these commitments. The effectiveness of all forms of cooperation needs to be maximized for the shared benefits of people, the planet, prosperity and peace. To meet the climate commitments, governments are increasingly expecting the private sector to contribute socially and economically.

Climate change is strongly reflected in the SDGs. Owing to the effects of climate change on the achievement of many of the SDGs (United Nations, 2022), "Take action to combat climate change and its impacts" was adopted as one of the SDGs itself (SDG 13) (United Nations, 2020) (SDG, 13; (United Nations, 2022), (Nature, 2023). The private sector also plays a critical role in the achievement of decent work and economic growth. SDG 8 aims to "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". The commitment of "a just transition of the workforce and the creation of decent work and quality jobs" is acknowledged in the Paris Agreement, which presents an opportunity for all stakeholders to join forces to co-create inclusive and sustainable prosperity. Therefore, both governments and development agencies need to take holistic solutions to achieve the SDGs and the climate goals.

The development agencies and civil society have intensified their actions and raised their expectations in order to scale up their engagement with the private sector to leverage additional finance and new business models, create partnerships, and build inclusive markets and value chains across key sectors to achieve the goals of the Paris Agreement. The aspiration to expand the scope of an effective private sector in development cooperation is in its early stages and is not firmly established within the realm of climate change institutional arrangements. Different stakeholders are facing different challenges in private sector engagement, such as insufficient attention to concrete results and outcomes; limited transparency and accountability for the outcomes of private sector partnerships; the risk of diverting public resources for predominantly private motives; and related negative market distortions.
However, in the environment of increasing governments' climate commitments and increasing demand for green services and products, in the past decade private sector

actors have increasingly shifted to low-emission operations for the long-term sustainability of their businesses and profit maximization. Their engagement, along with other participants, benefits each other's assets, connections, creativity or expertise to achieve intended outcomes (Crishna Morgado and Lasfargues, 2017; Di Bella et al., 2013). Other development-oriented stakeholders (partner country governments, bilateral and multilateral aid agencies, international financial institutions and civil society organizations) are also joining forces with them through various development cooperation initiatives to harness private finance, create decent and quality jobs, enhance service delivery potential, promote innovation, and enhance regional, national and local expertise to address climate change.

Cognizant of the fact that both climate change and the implementation of climate change mitigation policies and actions will significantly influence the future labour market, private sector engagement is necessary for both taking action to mitigate climate change and providing decent work and quality jobs in emerging low-emission sectors.

Abundant literature exists that provides information about private sector engagements, such as their underlying strategies, goals, objectives, outcomes and challenges. The existing experience of governments, international organizations and development organizations in engaging the private sector, and in implementing international agreements, has not been analysed to benefit the implementation of the Paris Agreement specifically with respect to creating jobs in emerging low-emission sectors.

The aim of this study is to identify best practices in engaging the private sector, including SMEs and public–private partnerships, to facilitate the creation of decent work and quality jobs in low-emission sectors. This report includes experiences, challenges, best practices and lessons learned in engaging the private sector, SMEs, other enterprises and industries, local financial institutions, workers as stakeholders, employers, business organizations and public–private partnerships.

1.1. Methodology and approach

1.1.1. Data collection

To identify effective practices for involving the private sector across various levels and by diverse agencies, and to comprehend the tools employed in these engagements, a thorough desk review was conducted in conjunction with a global survey. The desk review encompassed the examination of pertinent works, (studies, papers and reports) within the framework of response measures and the Katowice Committee of Experts on the Impacts of the Implementation of Response Measures, as well as those by other constituted bodies under the Convention, and an analysis of existing scientific/academic literature, policy and public documents, and other published reports on:

Private sector engagements, including SMEs and public–private partnerships, for the creation of decent work and quality jobs in low-emission sectors (such as nature-based solutions , renewable energy generation, carbon capture utilization and storage, and hydrogen production and use);
The current state of the private sector and SMEs in low-emission sectors;
Various types of engagement between development stakeholders and private partners;
Essential building blocks for private sector engagement and partnerships;
Strategies employed for private sector engagement;
Tools utilized for private sector engagement;
Political, policy and institutional support and contributions through private sector engagements, portfolios and partnerships;
Processes and procedures for monitoring the progress of implementing commitments under private sector engagements.

The desk review informed the design of a survey focusing on the above issues, which was made available online in English (see annex I) after a notification to Parties and observers. The survey was also translated into French and Spanish. The conduct of the survey was also facilitated with assistance of the regional collaboration centres in the Caribbean, Asia and the Pacific, East and Southern Africa, the Middle East and North Africa and

South Asia, and West and Central Africa. It encompassed the participation of enterprises, industries, local financial institutions, workers as stakeholders, employers and business organizations. Furthermore, discussions with various stakeholders were conducted across Latin America, Asia and the Pacific, and the Middle East and North Africa to discuss the preliminary findings of the study and to incorporate their perspectives in order to enrich the research.

1.1.2. Nature and profile of surveyed organizations

The analysis presented in this report draws upon both a desk review and input from 150 organizations that responded to the global survey, spanning developed and developing countries. The geographic representation and organizational profile of the respondents to the survey suggest comprehensive coverage across regions and types and sizes of institutions in developing countries. However, it may not be sufficient for drawing meaningful interpretations for developed countries.

While the response enjoyed wide coverage across all regions in developing countries, about 34–35 per cent each were from Asia and the Pacific and Latin America and the Caribbean; 17.5 per cent were from sub-Saharan Africa; and only 2.1 per cent were from the Middle East and North Africa (all values hereafter are percentages of the entities responding to the global survey; i.e. 150). Regarding organizational types, approximately 54 per cent of the respondents were from the private sector, and 21 per cent each were from public/government organizations and NGOs. Notably, around 4 per cent of organizations were already engaged in public–private partnerships, and approximately 11 per cent were multinational enterprises operating across all developing country regions (figure 1).

In terms of the number of employees, the spectrum of enterprises ranged from small to large corporations spanning those with more than 250 employees to the self-employed. Specifically, most organizations fall in two categories; that is, 38.4 per cent employed more than 250 people and 22.6 per cent employed 6–20 people. The distribution of responses for all other sizes of entities varied between 6 and 10 per cent, including for self-employed people (figure 1). The distribution of enterprises responding to the survey indicates that the survey's results represent the views of larger organizations that employ more than 250 people. These large organizations have a higher willingness, tolerance or capacity to accommodate and/or adjust to the job impacts arising from climate policies and shocks, and thus will have differentiated approaches to addressing them, including the monitoring and evaluation of these impacts.

1.2. Definitions and concepts

In order to understand the level of engagement of the private sector for the creation of decent work and quality jobs in low-emission sectors, this report adopted some existing terms and applied them in the context of climate change.

The private sector is organizations that engage in profit-seeking activities and have a majority private ownership (i.e. not owned or operated by governments). They embody financial institutions and intermediaries, multinational companies, micro companies, SMEs, cooperatives, individual entrepreneurs and farmers who operate in the formal and informal sectors. They exclude actors with a non-profit focus, such as private foundations and civil society organizations. (OECD, 2016b; Crishna Morgado and Lasfargues, 2017; Di Bella et al., 2013). Development agencies link the term private sector with multinational and large local companies.

Private sector engagement is an activity that aims to engage the private sector for positive development outcomes. The OECD has proposed a very broad definition of private sector engagement as "an activity that aims to engage the private sector for development results, and involves the active participation of the private sector"(OECD, 2016b). Therefore, it implies complete involvement and application of all modalities for engaging the private sector in development cooperation, from informal collaborations to more formalized partnerships (OECD, 2016b; HLF4, 2011). The engagement can occur in any sector or area, for example health, education, the private sector,

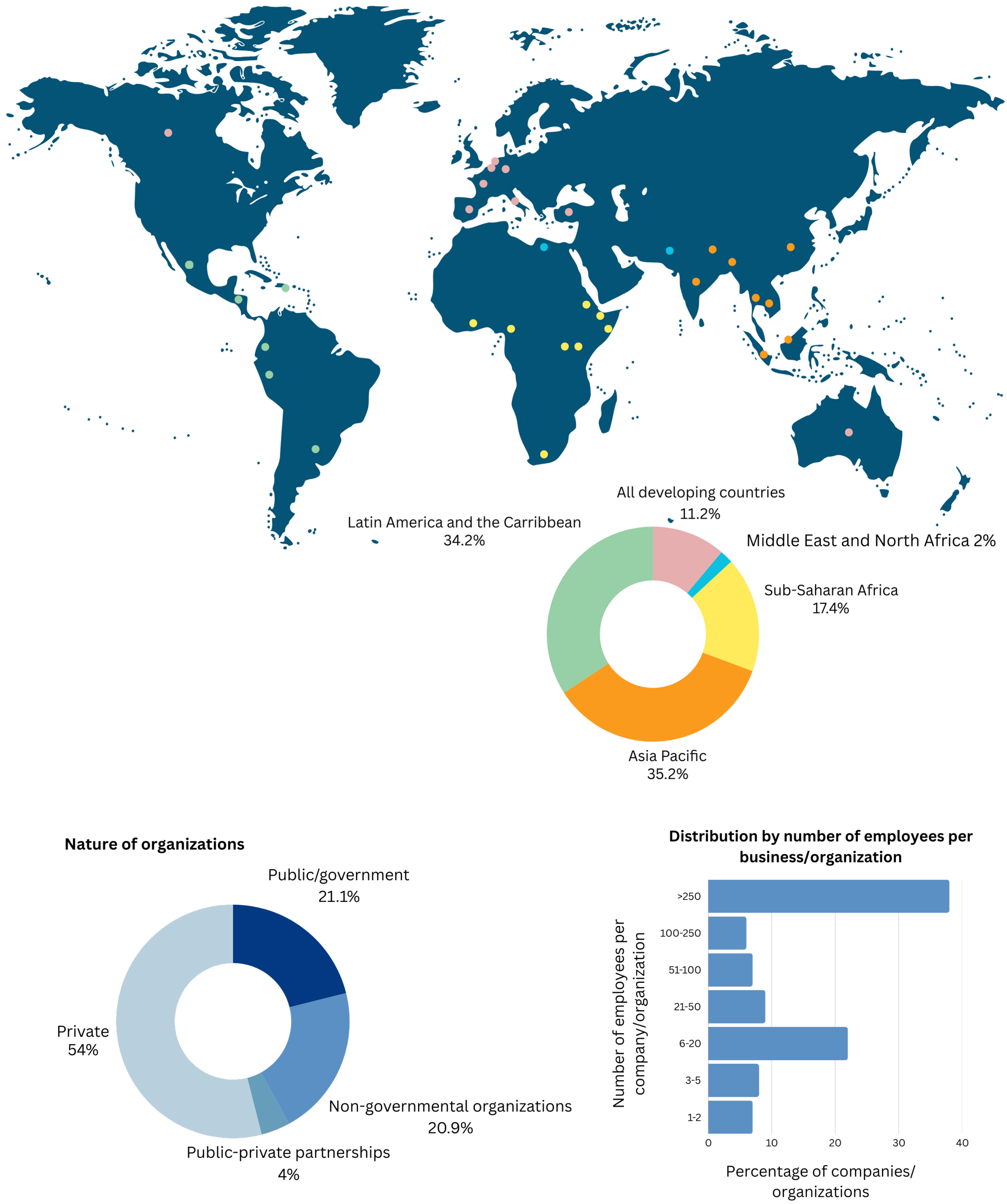


Figure 1. Profile and Geographic Spread of Surveyed Organizations (% Respondents)

development, renewable energy, governance and nature-based solutions. The engagement modalities may include operations and funding, carrying out development projects, adopting and implementing inclusive business models, aligning core activities to explicitly contribute to the achievement of development outcomes, creating inclusive value chains, adopting and supporting the widespread adoption of responsible business practices in areas such as environmental sustainability and human rights, improving accountability and transparency in business operations, and targeting the transfer of technologies to host communities (Crishna Morgado and Lasfargues, 2017).

In the context of climate change and for this study, private sector engagement refers to collaborating with companies on their core business activities, as well as with banks and investors to mobilize private finance, foster technology innovation, and build capacity for implementing climate action. This engagement aims to help achieve the commitments outlined in the Nationally Determined Contributions (NDCs) under the Paris Agreement.. This includes establishing strategic partnerships in addition to transactional relationships.

Private sector collaboration is a subset of private sector engagement that has low levels of formality, obligation and risk. In a private sector collaboration, partners explore opportunities to address challenges common to them and to achieve aspirations together (OECD, 2016b; Commonwealth of Australia, 2015).

Public–private partnerships are collaborative arrangements between diverse stakeholders from the private and public sectors that enable the pooling of resources, skills, knowledge and institutional capacities and a sharing of the financial burden (Perrin, 2018). These arrangements support the delivery of GHG emission reduction projects, especially where the technology is too costly or complex for one party to bear, or help to overcome the risks associated with investing in a new technology versus traditional carbon-intensive technologies.

Decent work and quality jobs. The ILO defines decent work as "productive work for women and men in conditions of freedom, equity, security and human dignity"[1] . Decent work entails providing opportunities for all individuals to engage in productive employment that offers a fair income, workplace security and social protection for families. It also promotes improved prospects for personal development and social integration. Furthermore, it emphasizes the importance of ensuring equal opportunities for both women and men at the workplace (United Nations, 2018). Decent work, employment creation, social protection, rights at work and social dialogue represent integral elements of the 2030 Agenda for Sustainable Development and is also embedded in 16 SDGs.

Low-emission sectors. Low-emission sectors refer to specific industries or economic activities that produce relatively low amounts of GHG emissions compared with other sectors. For this study, low-emission sectors include implemented practices, technologies and processes that reduce GHG emissions, such as renewable energy generation, carbon capture utilization and storage, hydrogen production and use, nature-based solutions, sustainable agriculture, energy efficiency, waste management, public transport and sustainable construction.

[1] https://international-partnerships.ec.europa.eu/policies/sustainable-growth-and-jobs/employment-and-decent-work_en

CHAPTER 2

State of the Private Sector with Respect to Decent Work

Historically, the private sector has contributed to national development goals and implementing international agreements such as the Monterrey Consensus of the International Conference on Financing for Development (2002), the Busan Declaration: Towards a New Humanism for the 21st Century (2011), the outcome document of the United Nations Conference on Sustainable Development (2012) and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (2015). International organizations, such as the OECD, the World Bank, and numerous agencies and programmes affiliated with the United Nations, have also focused on the means to incentivize and better include the private sector and multinational enterprises in the development agenda.

Efforts to involve the private sector extend beyond international organizations. Governments also view them as crucial partners in economic development. Recognizing the limitations of government budgets and capacities in achieving the SDGs, the EU sought the assistance of the private sector to fulfil the objectives of the Global Gateway initiative, employing a 'team Europe' approach (Karaki, Bilal, and Van Seters, 2022). The 2030 Agenda for Sustainable Development actively advocates for increased involvement of the private sector in both driving and monitoring its progress. This is crucial because various systemic and capacity-related hurdles hinder meaningful engagement in numerous countries, making it imperative to prioritize this involvement.

While private sector investment and innovation are crucial, its involvement in making a significant contribution is yet to become widespread, particularly in the context of decent work. There is a need for a collective initiative to amplify the scale, quality, and accountability of private sector commitments and initiatives, ensuring they have a tangible and measurable impact. Governments can send strong economic signals by creating markets that incentivize private sector engagement in climate action aimed at creating decent work and quality jobs, for example the EU Hydrogen Bank (Hydrogen Europe, 2023), which seeks to address the market and regulatory risks associated with low-carbon hydrogen and green hydrogen production and use by creating public support and a coherent regulatory framework to achieve long-term and full-scale competitiveness in global markets and act as a major funding scheme to ramp up the hydrogen value chain. It is a market-making tool supporting both the domestic production and consumption of renewable and low-carbon hydrogen and the import of hydrogen and its derivatives, helping to achieve European targets for decarbonization.

In addition, governments can create the needed enabling environment to address cross-border barriers, for example those linked to trade, to address job losses and to enhance the creation of decent work and quality jobs.

The worldwide survey conducted to inform this report reveals a significant level of consciousness regarding the connection between the activities of businesses and organizations and climate change (as depicted in figure 2). Among the 150 respondents from around the globe, 98 per cent demonstrated varying degrees of awareness regarding the influence of climate change on their business or organizational operations, spanning from limited awareness to a high level of understanding. Only one per cent reported a lack of awareness. These results were similar to a survey conducted by the United Nations Global Compact, in which 98 per cent of more than 2,600 chief executive officers spanning 18 sectors in 128 nations viewed sustainability as integral to their leadership, demonstrating a growing responsibility of the corporate sphere to fulfil development objectives, including climate change. However, 87 per cent expressed their concerns about the prevailing geopolitical and economic turbulence impeding the attainment of the SDGs, and 51 per cent assert that heightened dedication and proactive measures from the private sector could be pivotal in realizing these objectives (Nelson and Ingram, 2023).

Nevertheless, the awareness needs to translate to concrete action. According to regional studies conducted by the UNFCCC secretariat (UNFCCC Paris Committee on Capacity-building, 2021), the potential for micro-, small and medium-sized enterprises to engage in climate action can be bolstered by ensuring access to dependable information on climate change trends and policies, thereby strengthening their decision-making and planning capabilities. This involves providing technical knowledge on climate action, including insights into existing measures and practical solutions. Additionally, there is a need to enhance awareness about available financial opportunities, including information on how to access financial resources and support for the implementation of such measures.
It is evident that despite some commendable practices and well-intentioned efforts, engagement processes often face challenges,

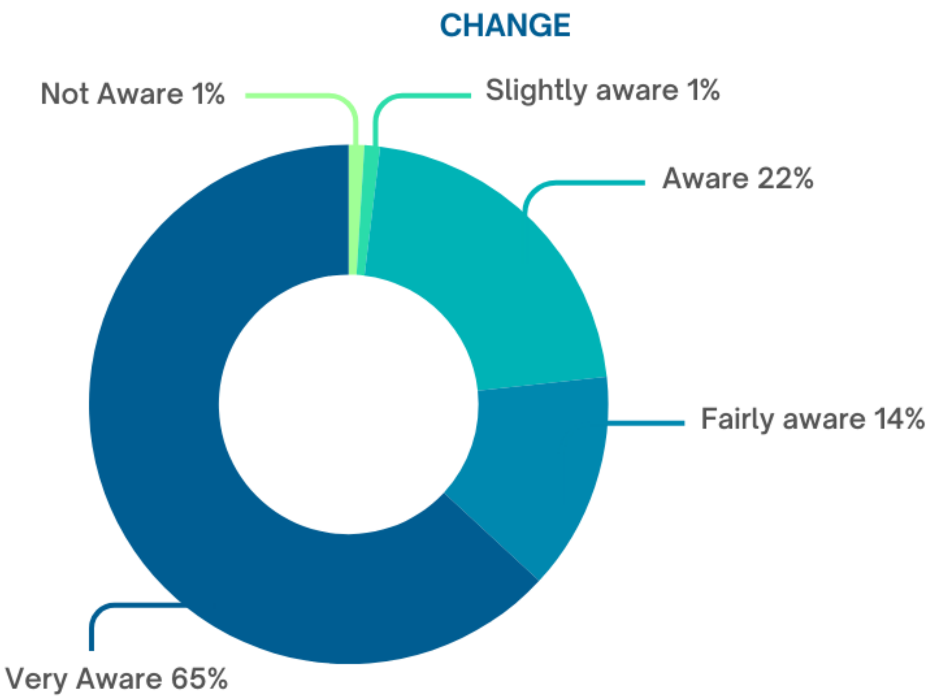


Figure 2. Self-Reported Level of Awareness of the Impact of Climate Change on Operational Activities Among Surveyed Organizations

such as rushed implementation, inadequate resource allocation and insufficient planning. These issues can result in frustration and failure to achieve the desired objectives (Chaturvedi et al., 2020; Pérez-Pineda and Wehrmann, 2021; United Nations, 2009; OECD, 2011; ILO, 2022; ESCAP, 2018). Building on previous experience and recognizing that the private sector will continue to be a crucial partner in the transition to a low-emission society and in achieving the goals of the Paris Agreement, its involvement should be strategically incorporated at all stages of implementation with a systematic approach (Nelson and Prescott, 2003; Pingeot, 2014).

A functional private sector engagement entails four basic characteristics that define, govern, shape and contribute to the effectiveness and productivity levels of the engagements. These include a well-defined engagement objective and purpose; the desired influence or impact of the engagement; recognition of engagement interrelationships and linkages; and a collaborative drive that spells out the roles, rights, responsibilities and accountability of partners. Meeting these characteristics at the outset of the private sector engagement formation normally ensures sustainable outputs and outcomes that are beneficial to all actors.

2.1. Spectrum of involvement

To effectively achieve the goals of the Paris Agreement, private sector engagement is crucial across various domains. Urgent scaling up of private sector engagements, whether through their own investments or partnerships, is needed to shift these sectoral focal areas towards low emissions. This entails addressing the gaps in key engagement areas, including capacity-building, technology development and transfer, investment/finance for low-emission technologies and initiatives, and innovation (including research and development). These efforts are essential for facilitating the transition to low-emission economies, particularly in developing countries, where the need for means of implementation and innovation is more pressing.

The results of the global survey (figure 3) also reveal that organizations in developing countries are predominantly focusing their engagement on the energy, agriculture, forestry and waste management sectors. For example, out of the 150 respondents, 23 and 22 per cent indicated that they are engaged in the energy and agriculture sectors respectively. These strategic alignments reflect the economic structures and GHG emission patterns in most developing nations. These sectors play a central role in anthropogenic activities that are either sources or sinks of GHG emissions, making them prime candidates for initiatives aimed at transitioning towards low-emission economies. Consequently, this focus is vital for addressing the potential adverse social, economic and environmental impacts, including impacts on the workforce, decent work, jobs and wages.

Another vital aspect of private sector engagement in these sectors is the provision of decent and high-quality jobs. This, in turn, should be complemented by efforts to ensure living wages within the global supply chain, as part of responsible business practices that promote ethical behaviour, economic growth, social empowerment and environmental governance.

2.1.1. Financial support and investment

The urgent need for an unprecedented pace and scale of technology transfer, innovation and investment is paramount across all sectors to mitigate the severe impacts of our deteriorating climate. Achieving this transformation at the required speed and scale necessitates proactive and innovative partnerships with and throughout the private sector. While innovation and private sector engagement in climate change adaptation and resilience are evolving rapidly, the pace and scale needed to address the climate mitigation and adaptation financing gap and create a more climate-resilient society have not been reached (GEF, 2023). Climate finance needs, especially in developing countries, are pressing, as GHG emissions are expected to rise with their industrialization (IFC, 2016). To limit these projected emissions, investments in low-carbon technology and nature-based solutions in these countries will be vital in the coming years. Public finance alone will not suffice, and private sector engagement is essential (Patel, 2010).

The private sector has significant room to increase investments in climate change mitigation. In 2016, the IFC estimated that at least USD 23 trillion in investment opportunities exist for climate-smart investments in emerging markets, with a particular emphasis on green buildings and sustainable transport. While certain climate investment markets, such as renewables and energy efficiency, have matured, numerous investment opportunities remain in energy distribution, storage and battery technologies. Challenges are more pronounced in sectors such as cement, steel, aviation, manufacturing,

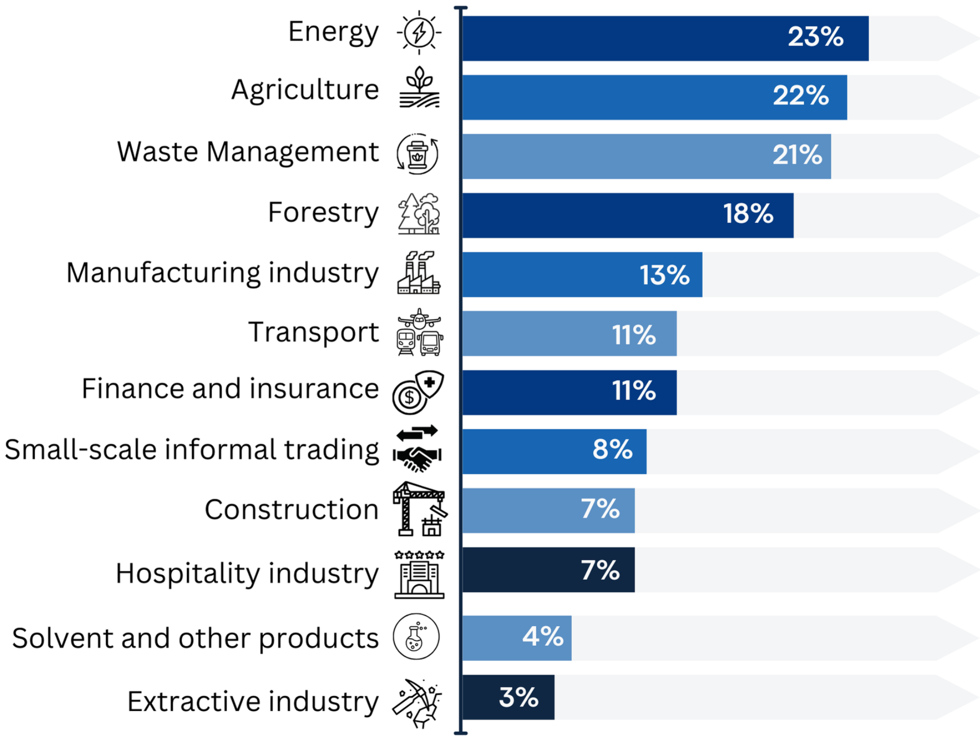


Figure 3. Sectoral Focus of Private Sector Engagement in Climate Action Among Survey Respondents (%)

agriculture and land use, where solutions are less well understood and greater innovation is required.

2.1.2. Workforce development and skills enhancement

As investment in these sectors from private sources continues to increase, there will also be a corresponding shift in demand for various skilled professionals. These sectors will require people such as architects, engineers, construction workers and transport planners to focus on designing, constructing and maintaining energy-efficient buildings and transport systems. Additionally, there will be a need for roles such as solar panel installers, wind turbine technicians and energy auditors in the renewable energy sector. The cement and steel sector will seek process engineers, environmental engineers and plant managers. Sustainable aviation practices in the aviation sector will necessitate roles such as aviation engineers, air traffic controllers and airport managers. Similarly, the manufacturing sector will require manufacturing engineers, quality control specialists and supply chain managers. Lastly, the agriculture sector will rely on farmers, agricultural scientists and food safety inspectors to promote organic farming, the conservation of agriculture and agroforestry practices (UN News, 2021).

The relationship between employment, economic development and the policies guiding them is intricate. Substantial improvements in employment and income levels are contingent on economic growth, wherein business organizations play a critical role in identifying, designing and implementing educational and training programmes that drive economic development. However, relying solely on growth-centric economic policies might not adequately address the skills needed in low-emission sectors, nor existing issues, such as unemployment, precarious informal jobs and poverty, especially in developing countries. To create a more inclusive pattern of growth and capacity development, the private sector must align its investment in training programmes in line with labour market demands. This includes ensuring that people undergoing training, especially marginalized people such as women and people with disabilities, acquire skills relevant to employment in low-emission sectors. Companies employing low-skilled workers can realize significant benefits from such training programmes (UNDP and SESRIC, 2018). Consequently, the private sector has the potential to bridge skill gaps in low-emission sectors, thereby contributing to the creation of decent high-quality jobs in these industries.

Three main areas in which the private sector is currently playing a role in workforce development for low-emission sectors and in which it must intensify its efforts are fostering skills development and training initiatives, initiatives for job creation, and policy development and advocacy.

Fostering skills development and training initiatives. Businesses, specifically educational institutes, shape education and training programmes to meet future workforce needs in low-emission sectors. Traditionally, employers worldwide prepare individuals for workforce, particularly young people, first-time job seekers and young jobless people. In addition, owing to the shift in skills required in the near future, their involvement will further expand. As per the OECD (2012) (OECD, 2012), support for eco-innovation and the diffusion of green technologies by strengthening initial education and vocational training is a must.

The private sector contributes to this aspect by:

1. Active participation in national vocational training systems and enterprise-based training initiatives to ease the transition of a skilled, unemployed and young workforce to a workforce suitable for the emerging low-emission sectors;
2. Expanding training opportunities for young people within the private sector, including campaigns to encourage businesses to create or expand training programmes;
3. The implementation of specialized training programmes to meet the specific skill demands of emerging industries or businesses, including schemes designed to support disadvantaged young people;
4. The establishment of school–industry partnerships to enhance the relevance of education and facilitate the transition of young people from school to the workforce, such as workplace learning initiatives within the educational framework.

Initiatives for job creation. The private sector serves as a vital engine for job creation, and sustainable measures are needed to enable employers to generate employment opportunities. Low-emission economic growth is driving changes in jobs and will reshape labor markets. The initiatives of the private sector to expand job prospects and aid integration into the labour market specifically for a young workforce include:

1. Job facilitation and placement programmes that match job offers from companies, such as organization-operated job banks;
2. The utilization of government programmes and incentives to create new job opportunities;
3. Mentoring young entrepreneurs and providing assistance for starting new businesses;
4. The establishment of networks for young entrepreneurs or support to facilitate access to enterprise networks.

Policy development and advocacy. Business participation in policy development enhances the relevance of interventions and makes them more responsive to labour market needs. Labour markets and skill policies maximize the benefits of economic greening for workers. Employers, through their organizations, can also play a significant role in raising awareness, disseminating information and mobilizing support. According to the OECD (2012) (OECD, 2012), the main policies required are to be geared towards providing support for a smooth reallocation of workers from declining to growing industries, while reducing the adjustment costs borne by displaced workers. In this regard, policies such as tax reform and benefit systems for workers ensure that cost pressures generated by environmental policies do not become a barrier to employment. There is also a need for a green-specific labour market and skill policies, including top-up training for mid-career workers who need to adapt to greener ways of working. Their contributions include:

1. Active participation in national tripartite policymaking bodies related to vocational education, training and job creation;
2. A contribution to policy and programme development and implementation through social dialogue and collective bargaining;
3. Conducting research on youth employment issues and disseminating information, particularly concerning the private sector's requirements for skills and job roles;
4. Launching promotional campaigns and initiatives targeting various groups, depending on the context, using tools such as advertisements, radio broadcasts, television discussions, videos, newspaper articles and job fairs.

Creating decent work in low-emission economies requires a strong coherence between economic development and skills development policies. The availability of a skilled labour force in emerging low-emission sectors is pivotal, and the private sector must align its investments in training programmes with labour market demands. By taking these steps, the private sector can bridge skill gaps, thereby contributing to the creation of high-quality jobs in industries aligned with low emissions.

2.1.3. Advancing gender equality

The private sector has a role in job creation for both women and men. Achieving gender equality in emerging jobs within low-emission sectors is vital for driving economic growth and prosperity while transitioning to a low-emission society. The private sector's involvement is essential in advancing gender equality in the workforce by implementing policies and practices that eliminate gender-based discrimination and promote diversity and inclusion.

Currently, women are underrepresented in the science, technology, engineering and mathematics fields, accounting for only 8 per cent of the workforce in these sectors. A significant portion of women's employment is concentrated in climate-vulnerable sectors, with approximately 48 per cent in the global agriculture sector (FAO, 2024) (69 per cent in the agriculture sector of South Asia) (M. Manjula, 2021) and 85 per cent in the global fish processing sector (Merayo, 2019). As the impacts of climate change worsen, the productivity of these sectors is expected to decline, leading to pressure to reduce the pay of female workers. Livelihood opportunities will also diminish, affecting both local communities and global food security.

Globally, women constitute only 32 per cent of the workforce in the renewable energy sector (IRENA, 2019), and have a mere 23 per cent representation in managerial roles within water utilities (World Bank, 2019). To encourage meaningful participation by both women and men in emerging climate-friendly fields, the private sector should integrate gender perspectives into climate investments, ensure equitable job opportunities in emerging sectors and increase financial backing for the growth and enhancement of businesses led by women. In this context, it is crucial to eliminate restrictive policies, discriminatory legal frameworks, unconscious biases and unfair hiring practices (Zineb Sqalli et al., 2021; UN Women, 2022; Hana Brixi, Jennifer J. Sara, and Mary Porter Peschka, 2022, 2022).

2.1.4. Bringing inclusivity in infrastructure for sustainable development and social progress

A significant portion of private sector investments are directed towards low-emission infrastructure projects. Recognizing that many large infrastructure endeavours often exhibit monopolistic traits, robust regulatory measures can ensure that such investments align with government priorities, including action towards meeting climate commitments and social development goals. The priorities often include providing essential infrastructure needs for socioeconomic development, environmental protection, poverty reduction, employment creation and the promotion of gender equity. Infrastructure projects serve as catalysts yielding both direct and indirect employment and economic advantages.

The direct benefits of inclusive infrastructure include the creation of construction jobs, improvements in work productivity and the growth of small enterprises. Indirect gains include improved resource allocation and time management, especially for women, significant environmental enhancements, advancements in public health through the provision of high-quality infrastructure that promotes well-being and the fostering of social integration in urban environments, and increased access to employment, education and cultural opportunities (Bond, 1999). Additionally, the private sector's capacity for innovation can be harnessed to tailor infrastructure solutions to the specific needs of marginalized groups, such as providing employment for people living with disabilities. While strategies for private sector engagement may require customization to suit the particular sector, it remains imperative to adapt recommendations flexibly to accommodate the distinctive characteristics of the specific infrastructure project in question, thereby optimizing opportunities that benefit the intended stakeholder groups.

2.1.5. Fostering partnerships for balancing profitability with social responsibility

The most important factor to take into account is that the private sector is primarily profit-driven, and would be inclined to engage in a partnership if it contributes to improving its financial performance (i.e. the partnership should provide a return on investment). Assessing how partnership outcomes support the company's short and long-term business objectives should be a fundamental objective.

Private sector engagement in low-emission sectors ought to be predicated on the creation of decent work and quality jobs and the achievement of SDG 8. Therefore, in fostering partnerships for a just transition, businesses need to factor into account the social dimensions of the impacts of the transition. The results of the global survey indicate that 54 per cent of the respondents consider that the shift to a resilient low-carbon economy will boost their prosperity and will be a net driver of job creation (figure 4). Forty-eight per cent agreed with the need to address the challenges associated with the transition for workers, communities and countries, while 44 per cent indicated that the transition to a low-carbon economy across the board ought to be fast and fair, leaving no one behind. **This shows that about half of the organizations consider that jobs will be created in a transition to a low-emission society, but there is a need to address the challenges facing workforces and communities.**

Contribution to societal goals, including existing responsibilities to respect international human rights and labour standards, was an issue supported by 41 per cent of the respondents. Forty per cent concurred with the need to promote policy advocacy and partnerships, including by making a just transition a part of policy dialogue at the subnational, national and international level, and to take part in place-based partnerships. It is observable how 39 per cent of the respondents see a need to broaden the understanding of systemic risks from climate change by factoring into account issues such as social exclusion and increasing inequality, as well as the need to have a continuous process of learning and reviewing in order to understand emerging lessons and disclose results, so that the efficiency and effectiveness of investor actions on the transition to a low-carbon economy (including through investment in low-emission sectors) can continue to improve.

Uncovering investment opportunities that combine climate and social goals, such as inclusive growth, identified through the lens of a just transition, was seen by 35 per cent of the respondents as important. A quarter of the respondents indicated that understanding the key value drivers, both in corporate workplace practices and in securing broader social acceptance, will increasingly depend on aligning with just transition principles. Ensuring corporate engagement in a just transition is expected by investors, while requesting disclosure, benchmarking performance and pressing for improvements were also recognized as important for fostering impactful private sector engagement in just transition partnerships.

Twenty-three per cent of the global survey's respondents identified a need to put in place an investment strategy to assess social dimension, including employment impacts, in transition partnerships. They also emphasized the need to promote dialogue with workers and other key stakeholders in such investment policies. Allocating capital through the incorporation of the social dimension into strategies for climate investment partnerships across all asset classes, including listed equities, bonds, private equity and real assets, was judged by 21 per cent of the respondents as useful. However, reinvigorating fiduciary duty by better capturing the interrelated environmental and social drivers of long-term performance through social dialogue and community engagement was recognized by only 15 per cent of the respondents as important for private sector engagement.

Figure 4 provides a snapshot of the responses on the reasons why businesses and organizations need to factor into account the social dimensions of the impacts of the transition when engaging in just transition partnerships.

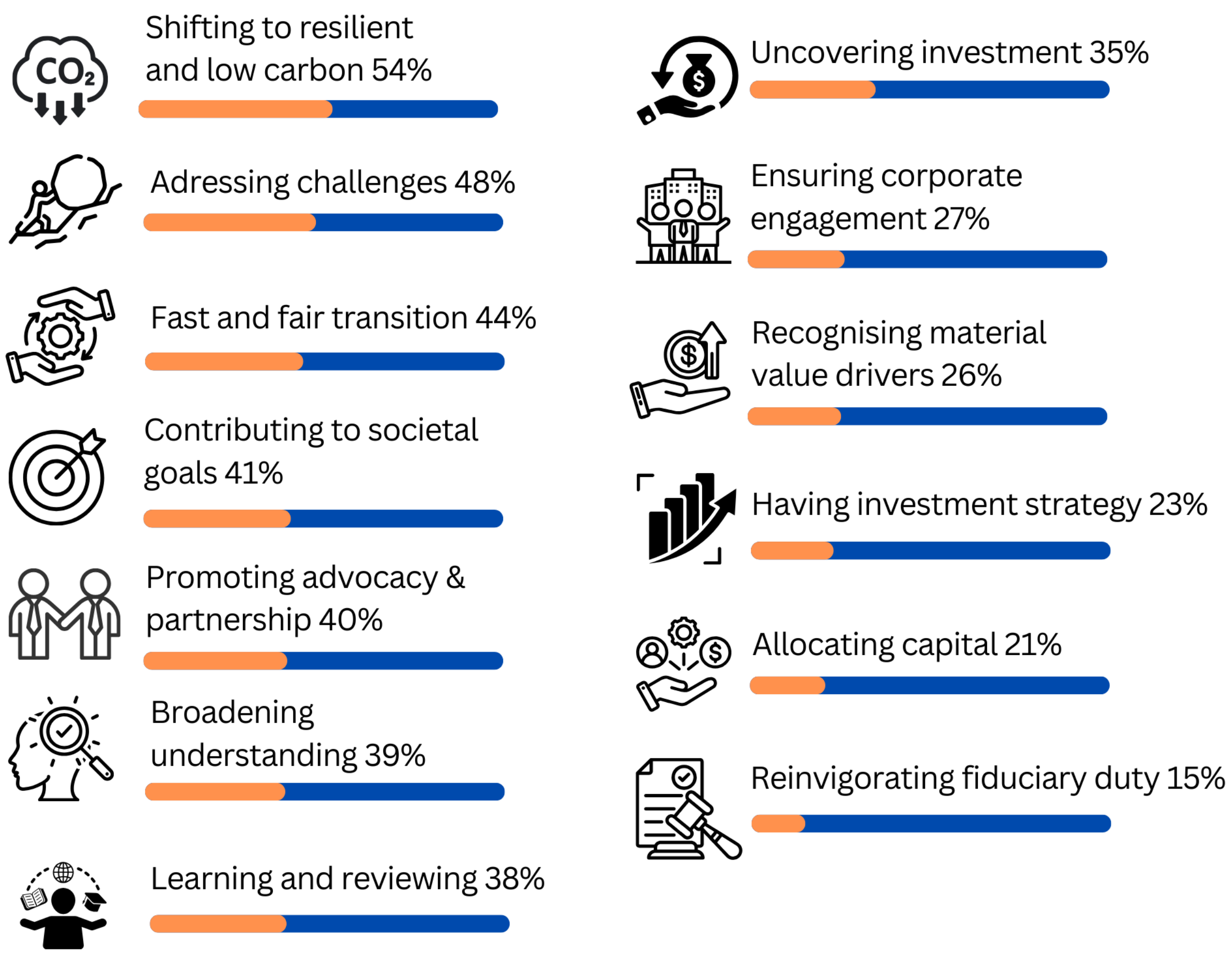


Figure 4. Motivations for Integrating Social Impacts into Just Transition Efforts by Surveyed Organisations

Figure 5 shows the distribution of the experience of businesses and organizations in establishing partnerships and stakeholder engagements aimed at promoting the creation of decent work and quality jobs in low-emission sectors, such as energy and nature-based solutions. When asked to rate the partnerships/ engagements in terms of productivity, mutual benefit and profitability, approximately 75 per cent considered their experience levels to be moderate to very high in this domain.

2.2. Understanding the private sector's climate initiatives

2.2.1. Awareness of the impacts of climate change policies in business operations

Climate change and responses to climate change have economic and social impacts that are positive and/or negative, intended and/or unintended, and which can be felt domestically and/or across borders (UNFCCC KCI, 2022). Countries are employing various tools to understand these impacts (UNFCCC KCI, 2022a) and are establishing strategies to manage these impacts to facilitate a just transition and economic diversification (UNFCCC KCI, 2023).

When asked to categorize the impacts of their climate change mitigation policies, 89 per cent of the respondents chose the environmental impacts of their policies, while 79 per cent chose the economic impacts and 77 per cent chose the social impacts (figure 6). Furthermore, about 67 per cent of the survey's respondents consider that the implementation of climate change mitigation policies and measures had a positive impact on their operations, while 32.7 per cent believed that the impacts were both positive and negative. Less than 1 per cent stated that these actions negatively affected their operations (figure 6). The results further (figure 7) substantiate the belief of the respondents that the positive effects of implementing climate change mitigation policies on businesses are related to skills. Notably, 62 per cent of the respondents acknowledged that implementing

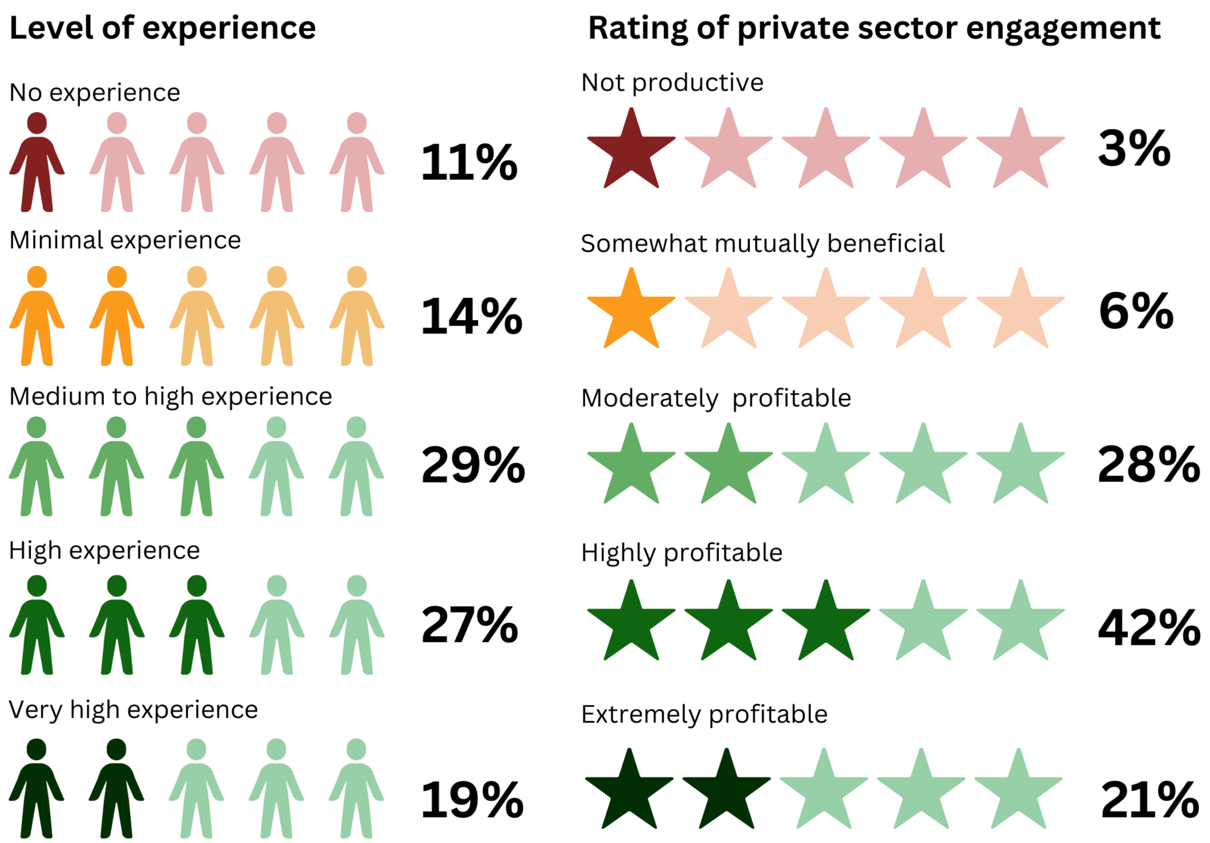


Figure 5. Organizations' Engagement in Partnerships for Decent Work in Low-Emission Sectors and Their Perceptions of Partnership Effectiveness

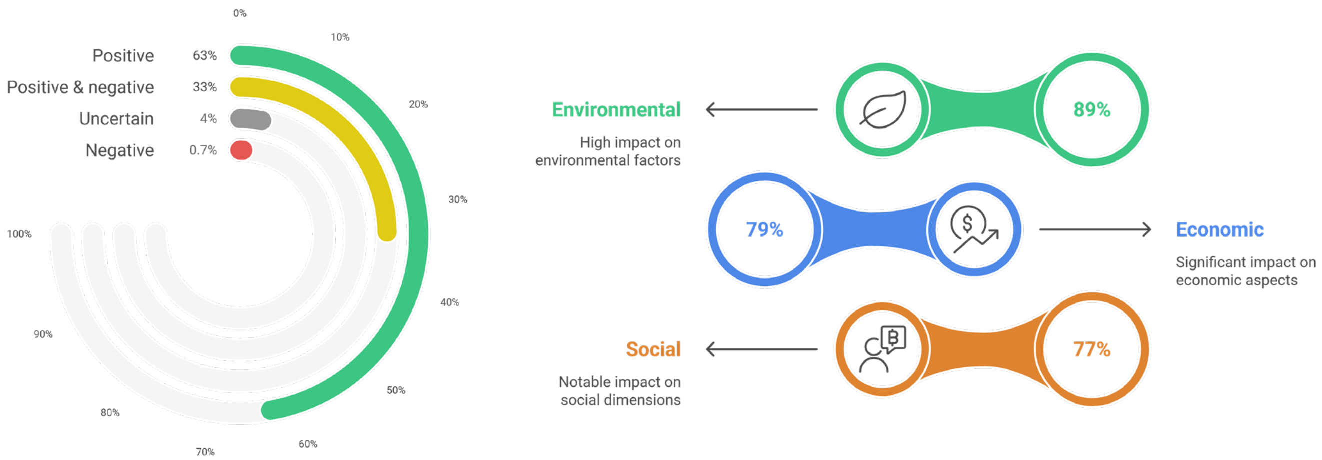


Figure 6. Perceived effects of climate change mitigation policies on business operations

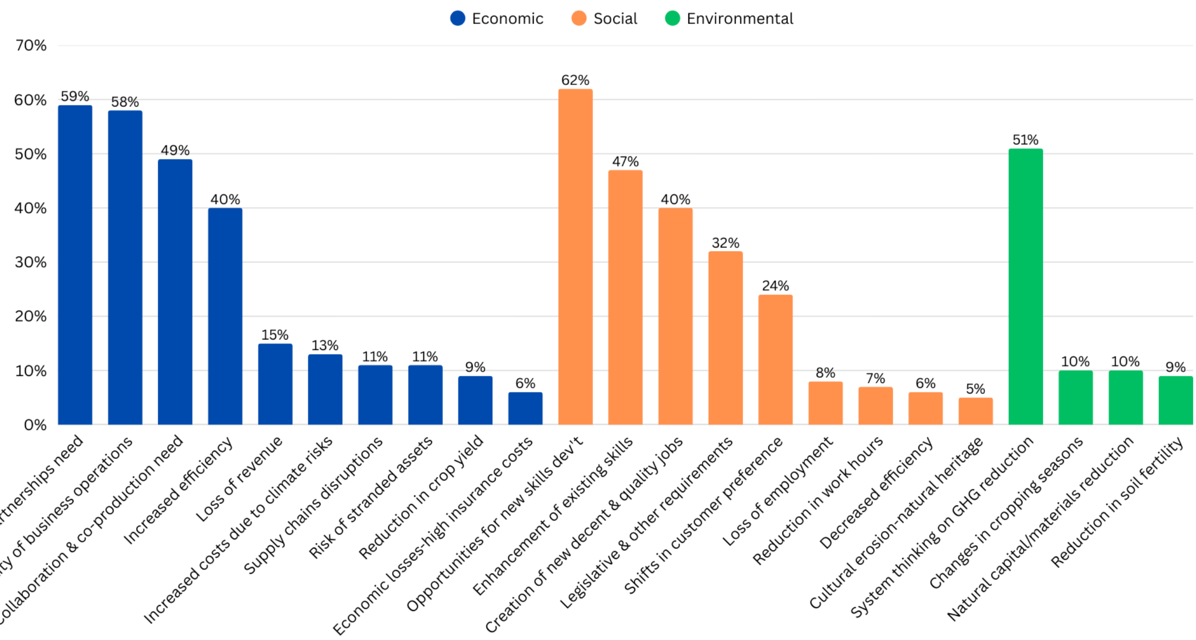


Figure 7. Perceived nature of identified impacts of climate mitigation measures on business operations

climate change mitigation policies at the local, national or global level create opportunities for the development of new skills to support their business/organizational operations. Additionally, 47 per cent agreed that it enhanced existing skills within their organizations.

Furthermore, 59 per cent of the respondents regarded the increased need for forming strategic business partnerships as a positive outcome for their organizations. A substantial 58 per cent recognized that implementing climate change mitigation policies and measures contributed to a better understanding of the sustainability of their business/organizational operations. A significant 51 per cent of the respondents affirmed the importance of adopting a whole-system approach to minimizing GHG emissions within their businesses/organizations, which encouraged value-chain and life cycle assessments. This approach also emphasized the necessity of collaboration and co-production, which resonated with 49 per cent of the respondents.

Despite concerns about heightened legislative, regulatory and reporting requirements, including social and environmental due diligence (noted by 32 per cent of the respondents), businesses and organizations believed that implementing climate change mitigation policies and measures, both at the national and global level, led to increased operational efficiency and the creation of new, decent work and quality jobs (40 per cent). Importantly, the survey revealed relatively low levels of respondents perceiving negative effects, such as loss of revenue, risks of stranded assets, and harm to workers and communities, with only 15 per cent and 11 per cent holding these negative perceptions respectively.

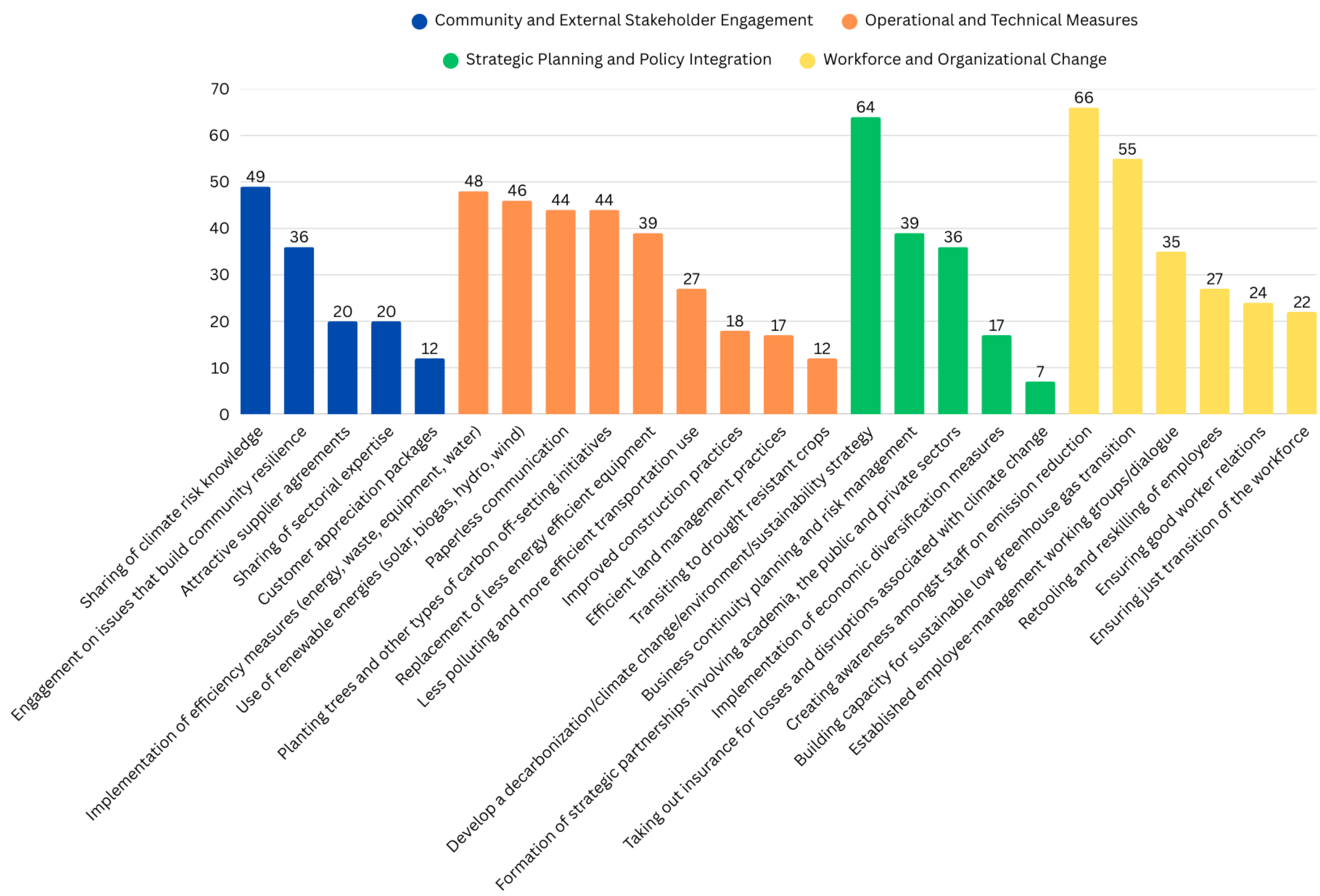


Figure 8. Actions by Businesses and Organizations to Address Climate Change and Manage Impacts from Mitigation Efforts.

The perception of decreased efficiency in business operations resulting from implementing climate change mitigation policies and actions at the local, national or global level was shared by only 6 per cent of the respondents.

2.2.2. Motivations encouraging private sector climate initiatives

The surveyed businesses and organizations have implemented a range of climate change mitigation measures, and they have shared the reasons behind these actions.

When asked about the reason behind action taken to address climate change, two of the most prominent reasons were awareness creation and knowledge-sharing. About 66 per cent of the respondents stated that they introduced climate change mitigation programmes to raise awareness among their staff regarding their role in reducing GHG emissions. Additionally, 49 per cent aimed to disseminate knowledge about climate change risks.

When asked about the actions taken to address climate change, most highlighted actions were related to preparing strategies, implementing energy efficiency measures and capacity-building. A significant 64 per cent of the respondents indicated that their actions were centred on developing strategies for decarbonization and implementing efficiency measures such as minimizing energy use, reducing waste, procuring and utilizing more efficient equipment, and adopting water-saving practices. Building capacity for a sustainable low GHG transition was an activity that 55 per cent of the respondents undertook capacity-building for.

The majority (74 per cent) of the respondents expressed that their primary motivation for these actions was to contribute to the global effort aimed at addressing climate change and meeting the global 1.5 °C goal by mid-century. For 66 per cent of the respondents, these actions were part of their corporate social responsibility measures. Another significant driver for these actions was enhancing resilience to climate change, with 59 per cent of the respondents emphasizing its importance. Furthermore, compliance with government regulations and reporting requirements, including on social and environmental due diligence, played a crucial role in motivating businesses and organizations to take climate change action, with 51 per cent of the respondents recognizing its significance. Although increasing access to capital and finance was a factor for some, only 27 per cent considered it a reason for taking climate action. Additionally, a few respondents acknowledged food and energy security as an important driver for their climate change actions.

These details about the implemented actions and the reasons for their adoption are illustrated in figures 8 and 9 respectively.

2.2.3. Incentives for the private sector for climate action

As mentioned above, the underlying involvement of private sector organizations in any partnership is for financial gain. Although it is not confirmed that public policies would necessarily attract private sector funds, there are efforts by governments to create enabling environment aimed at leading a change in incentives and a shift in public and private spending towards climate goals. The most common policies include carbon taxation, emissions trading, feebates, clean technology subsidies and government investments in green projects. The increased awareness and consciousness of employees and the public on climate change and social inequality issues is also forcing businesses to take climate action. These include new investments, new talent recruitments and the acquisition of new skills.

Much of this new corporate empathy stems from events at Amazon's Seattle headquarters in April 2020, when the company fired two workers, Emily Cunningham and Maren Costa. The company cited persistent violations of internal policies as the reason for the sackings, while supporters claimed that they were a knee-jerk reaction to the pair's vocal efforts in calling the company to task over its lack of action on global warming.

The global survey aimed to identify the incentives that influenced the actions taken by

Figure 9. Purposes for climate action taken by businesses and organizations

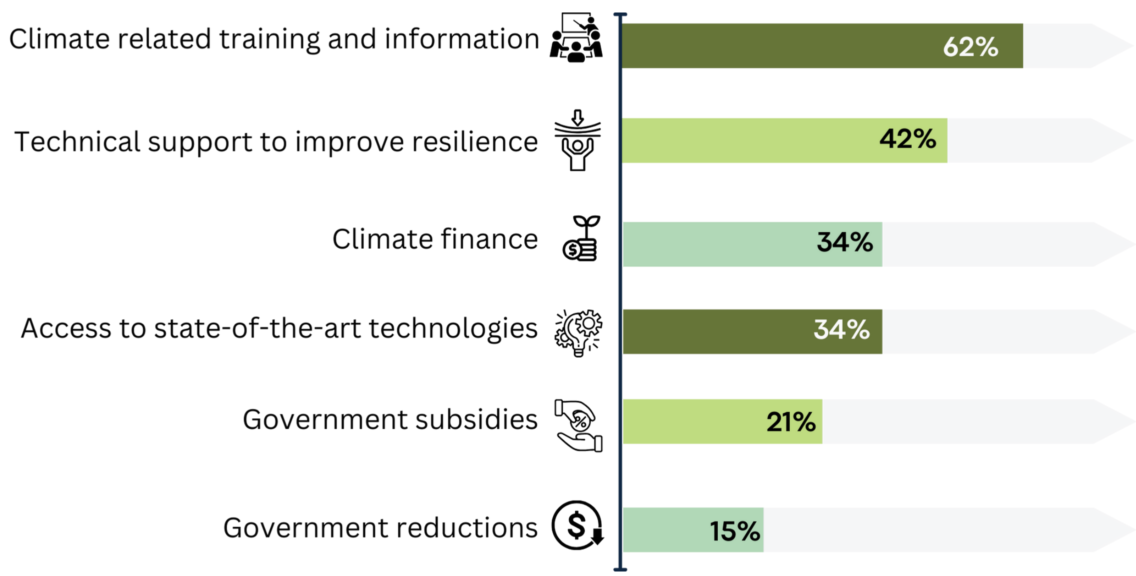


Figure 10. Types and extent of use of incentives by businesses for climate action

businesses and organizations. It is noteworthy that 62 per cent of the respondents, when asked about the incentives that existed and which their business/organization leveraged to support climate action, emphasized the importance of gaining access to climate-related training and information. It is important to note that the primary driver for their actions was not financial incentives, although access to funding and financial incentives were important, as depicted in figure 10. It was also emphasized that strategies to encourage private sector participation in multi-actor partnerships are more successful when tailored to the specific desire of each actor to engage in the partnership.

The survey's results also support the fact that funding provision for climate action has been limited in general and has not met the expected level. It could be argued that governments' direct funding interventions constitute an important source of funding compared with other financial flows. This is further illustrated in figure 11 in comparative (per cent) terms.

2.3. Politics, policies and institutional issues

Engaging the private sector in the pursuit of sustainable development, especially in the context of transitioning to low-emission societies, necessitates the establishment of a conducive or enabling environment to attract, retain and sustain private sector involvement. Most of the issues revolve around providing adequate finance in line with mitigation ambition and transition pathways (UNFCCC, 2021). Although there has been a substantial increase of private sector investments in recent years, the demand for climate finance remains substantial. The enabling environment hinges on three main factors: global/local politics, policies and institutional settings. A harmonious blend of these elements can drive innovation and investments in climate change mitigation endeavours that could propel the creation of decent work and quality jobs in low-emission sectors, including nature-based solutions.

Broadly, on the politics and policy fronts, factors such as political stability, the continuity of government policies and strategies, and a reduction in government interference and public corruption play crucial roles in fostering private sector engagement and facilitating public–private partnerships. Unforeseen events, such as the COVID-19 pandemic, regional conflicts and climate-related disasters, also have a significant impact on climate action and public–private sector engagement, as they disrupt the economic environment of

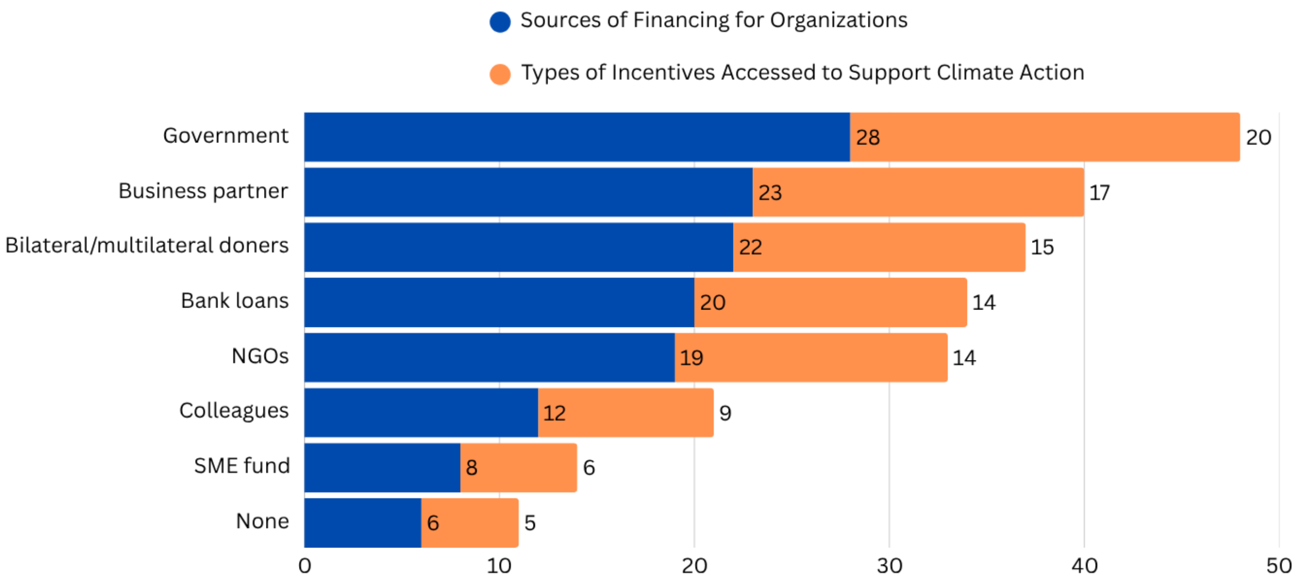


Figure 11. Access to finance for climate action by businesses and organizations.

countries, affecting global climate initiatives and energy geopolitics. It is worth noting that significant external shocks, often termed 'focusing events', can occasionally play a pivotal role in challenging the status quo. An International Monetary Fund study, which surveyed 14,500 participants across 16 large countries, suggests that people personally affected by the COVID-19 pandemic have exhibited heightened public concern regarding climate change and an increased willingness to support eco-friendly recovery initiatives. Additionally, the research highlights that those who have faced financial challenges because of the pandemic, including income reduction or job loss, are more likely to experience heightened anxiety regarding climate change. Nevertheless, they are notably less inclined to endorse green policy measures (Adil Mohommad, and Evgenia Pugacheva, 2022).

In such drastic situations, policymakers often opt for short-term decisions, which heighten the risk of locking in new carbon emissions for the long term. These hurdles can create difficulties for governments in maintaining their commitment to harness private sector-driven solutions for development challenges and in supporting domestic commercial interests while striving to achieve their development objectives. To address these challenges and transition towards a more resilient, cleaner and low-emission future, international support is crucial. Governments must develop recovery plans that prioritize climate-positive measures and reshape their economic foundations to move towards low-carbon development, energy efficiency and environmental protection. International support can facilitate the coordination of best practices and the sharing of lessons learned from other successful examples.

A critical examination of national policies pertaining to private sector engagement and development underscores the significance of presenting a coherent narrative supported by the clear communication of objectives, activities and results. These factors are instrumental in the effective implementation of sustainable development and climate change mitigation initiatives. A well-established framework that addresses climate change, human rights, labour standards and inclusive growth has the capacity to stimulate and attract a diverse range of private sector participants.

To support effective implementation, the establishment of suitable institutional arrangements is essential. This entails transparent governance structures that define roles and responsibilities clearly, alongside efficient and regular coordination mechanisms. Furthermore, timely capacity development and skills enhancement, as well as transparent systems for monitoring, evaluation, reporting and the sharing of implementation results and knowledge, can serve as crucial incentives for private sector engagement.

The global survey unearthed valuable insights into the factors that facilitate private sector engagement and effective partnerships. When asked about the politics, policies and institutional issues that enable their organization's engagement with the private sector, the respondents provided the following perspectives:

1. Fifty-one per cent emphasized the significance of having the right global-level policy signals related to carbon neutrality targets, which are instrumental in driving private sector engagement, reducing GHG emissions and promoting the creation of decent work and quality jobs;
2. Forty-five per cent stressed the importance of a commitment to ESG indicators, which guide 'impact-first' investment and business practices, serving as a foundational element for private sector engagement;
3. Forty-four per cent recognized the value of policies that regulate and encourage ethical codes of conduct, covering employee protection and rights, supply chain and environmental standards, and consumer protection and safety. Both the government and the private sector share the responsibility for ensuring compliance with these policies;
4. Additionally, voluntary management plans and strategies that prioritize people, the planet and profit, and the understanding that ESG factors can significantly impact a company's performance and market value, were acknowledged by 43 and 42 per cent of the respondents respectively.

CHAPTER 3
Understanding Private Sector Engagement

3.1. Building blocks for effective private sector engagement

The basic building block of successful private sector engagement is the ability of partners to establish trust by bridging conflicting values and agendas, and to establish clear rules, procedures and engagement principles. Moreover, stakeholders in private sector engagement must define specific roles and responsibilities, identify mutual or individual benefits, and ensure transparency, especially concerning the monitoring, reporting and verification of key performance indicators. This initial agreement sets the stage for working towards the desired outcomes.

In 2014, Pattberg and Widerberg (2014) outlined nine essential building blocks for prosperous transnational multi-stakeholder partnerships (figure 12) (Pattberg and Widerberg, 2014). These building blocks fall into three categories, actors, process and context, all of which significantly influence partnership outcomes. The actors category encompasses the leadership and partner elements, given their substantial impact on engagement dynamics. The process category addresses internal operational conditions, including goal setting, funding, management and monitoring, reporting, evaluation and learning. The context category considers meta-governance, problem structure, and the political and social environment.

Most of these building blocks were further confirmed by the Swiss Agency for Development and Cooperation z(SDC, 2023) with additional elements from the donors' perspective, such as an overarching international or national cooperation framework, role delineation, programme cycle management, communication strategies, risk management processes and engagement exit planning. For implementing nature-based solutions, the primary and secondary drivers together with operationalization strategies are considered as the main building block for private sector engagement. These drivers encompass cost reduction, natural disaster risk management, community stakeholder engagement, enhanced marketing and branding, sustainability goal achievement and employee well-being promotion.(Nature Conservancy Business Council – Natural Infrastructure Working Group, 2019) The strategies highlighted in this report (Nature Conservancy Business Council – Natural Infrastructure Working Group, 2019) include:

1. External partnerships: owing to the site-specific nature of nature-based solutions, businesses often lack the necessary expertise internally, necessitating external partnerships to provide the required knowledge;
2. Company policies: implementing nature-based solutions relies on policies that enable employees to select and showcase

performance benefits and financial savings;
3. Company leadership: sustainability leadership across the enterprise is crucial for identifying nature-based solutions opportunities and providing guidance on their implementation;
4. Company structure: companies fostering ongoing dialogue between departments find it easier to deploy nature-based solutions effectively

Based on this study, four main building blocks of private sector engagement for the creation of decent work and quality jobs can broadly be given below, which are further discussed in the next section.

People: who should be involved in the engagement or partnership? This may include the private sector, governments and policymakers, NGOs and civil society, academic and research institutions, labour unions and worker representatives, international organizations and development agencies, industry associations and trade groups, financial institutions and investors, local communities and Indigenous Peoples groups.

Purpose: why a private sector actor should be engaged. The purpose could be environmental responsibility, social responsibility, regulatory compliance, public image and reputation, partnership synergies, competitiveness, financial leverage, technology and innovation, and being a knowledge or service partner.

Mechanism: including the modalities and architecture of partnership development. Most prevalent mechanisms are multi-stakeholder partnerships, public–private partnerships, industry networks and coalitions, innovation hubs and technology platforms, capacity-building and skill development programmes, policy dialogues, cross-sectoral collaboration models, and monitoring and evaluation frameworks.

Process: including procedures, tools and products that guide the implementation of partnerships, such as public–private investment platforms, green entrepreneurship support, policy frameworks and guidance documents, industry standards and certifications, and impact measurement and reporting tools.

Additionally, the global survey uncovered supplementary building blocks, which can complement Pattberg and Widerberg's nine blocks. The respondents highlighted the significance of financial and economic incentives as a primary driver for private sector engagement. The recognition of the private sector as an innovation catalyst and its vital role in various sectors, including nature-based solutions, also received considerable attention. Enhancing competitiveness and fostering contributions to sustainable development had significant support. Building trust among partners emerged as a cross-cutting concern, and was deemed as crucial by a substantial portion of the respondents. Figure 13 gives an overview of the numerous building blocks emanating from the global survey conducted as part of this report.

3.2. Private sector engagement types

Private sector engagements are typically anticipated to contribute to achieving development outcomes, whether in response to multilateral and bilateral agreements or national development agendas. The nature of these engagements is generally influenced by the specific conditions and imperatives of the development context. They are designed to foster shared responsibilities, resources and costs through various avenues, such as policy dialogues, value chains, knowledge exchange, technical cooperation, advisory services, social investments and financial support (Di Bella et al., 2013). In 2011, the German Federal Ministry for Economic Cooperation and Development (BMZ) proposed six distinct forms of cooperation with private sector entities. The OECD (2016) further categorized private sector engagements, taking into account modalities, objectives, mechanisms, examples, roles and the level of financial risk associated with these engagements. This offered additional insights into the diverse landscape of private sector engagements. All these forms of engagement with the private sector have gained importance in recent years with the establishment of SDG 17, "Strengthen the means of implementation and revitalize the global partnership for sustainable development".(OECD, 2018).

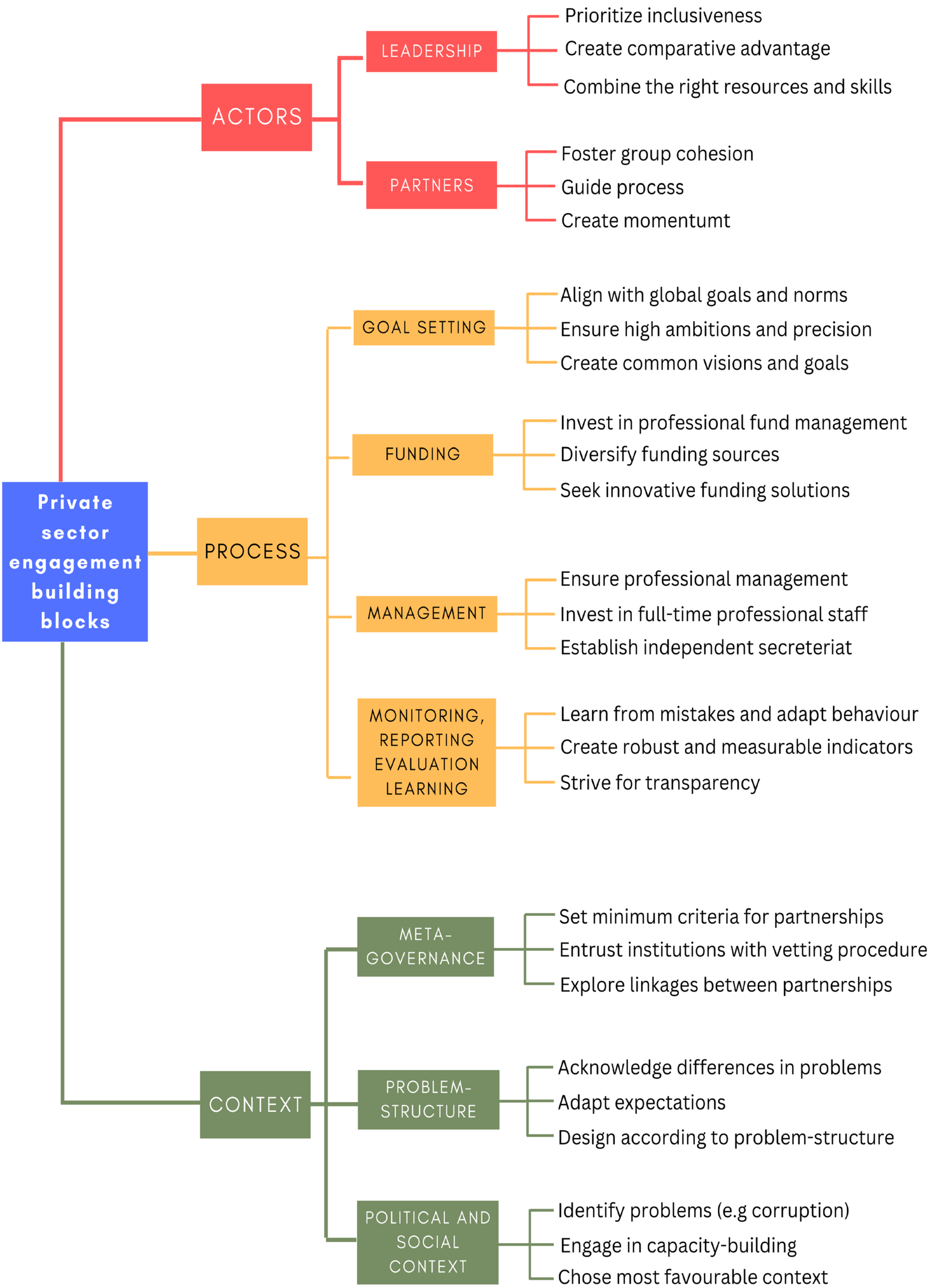


Figure 12. Nine building blocks for successful private sector engagement adopted from Pattberg and Widerberg (2014)

In response to the question regarding the types of engagement between development stakeholders and private sector partners, the global survey's findings reveal several key motives and types of private sector engagement. Figure 14 illustrates the diverse range of private sector engagement typologies in developing countries. Approximately 42 per cent of the respondents indicated that the primary objective of their private sector engagement is to scale up effective development and humanitarian assistance and promote partners' sustainability goals. While a significant percentage (39 per cent) mentioned profit-oriented motivations, others suggested that private sector engagements serve charitable (20 per cent) or philanthropic (22 per cent) purposes.

The global survey also highlighted the significance of harnessing resources (financial, technical and technological) for project and programme implementation (36 per cent), supporting countries in developing necessary skills, knowledge and local institutions (33 per cent) and leveraging private sector expertise, innovation and resources to enhance national self-reliance (27 per cent). Other private sector engagement forms aim to mobilize market-based solutions for sustainable outcomes (23 per cent), promote inclusive economic growth with positive social and environmental impacts (18 per cent) and eradicate extreme poverty (17 per cent).

Other forms of private sector engagement were noted in the desk review, including, for example, economic diplomacy, which relies on the use of international diplomatic assets to advance national and global prosperity, and multi-stakeholder partnerships (development cooperation), such as the Global Partnerships for Effective Development Cooperation.

Based on the survey's results, 10 categories and typologies for private sector engagement in the creation of decent work and quality jobs in the low-emission sector can be distinguished (table 1).

Private sector engagement can be in various forms, such as blended finance, market transformation, policy dialogue and capacity-building. The classification of partnerships by a study by the European Training Foundation is a good example of collaboration between public and private actors to improve the skills and employability of young people and adults, especially in sectors that contribute to low-carbon emissions and sustainable development. This study classifies partnerships for workforce development and skills enhancement into three categories.(European Training Foundation, 2021)

Programme partnerships: these are long-term arrangements that aim to achieve specific policy outcomes, such as increasing the quality and relevance of vocational education and training, enhancing the employability of graduates, or addressing skill gaps and mismatches in the labour market. An example of this type is the Green Skills Partnership in the United Kingdom, which brings together employers, trade unions, education providers and government agencies to promote green skills and jobs across various sectors.

Project partnerships: these are short-term initiatives that focus on delivering specific outputs, such as developing curricula, training materials or assessment tools, or providing training or mentoring services to a target group. An example of this type is the skills for Green Jobs Programme in Egypt, which involves cooperation between the Ministry of Trade and Industry, the Federation of Egyptian Industries and the ILO to support green entrepreneurship and innovation among young people.

Institutional partnerships: these are formal and stable structures that involve the participation of private sector representatives in the governance and management of vocational education and training institutions, such as schools, colleges or training centres. An example of this type is the National Skills Academy for Environmental Technologies in the United Kingdom, which is a network of accredited training providers that offer high-quality courses and qualifications in renewable energy and energy efficiency, with the involvement of industry associations and employers.

Engaging the private sector to facilitate the creation of decent work and quality jobs in low-emission sectors: best practices

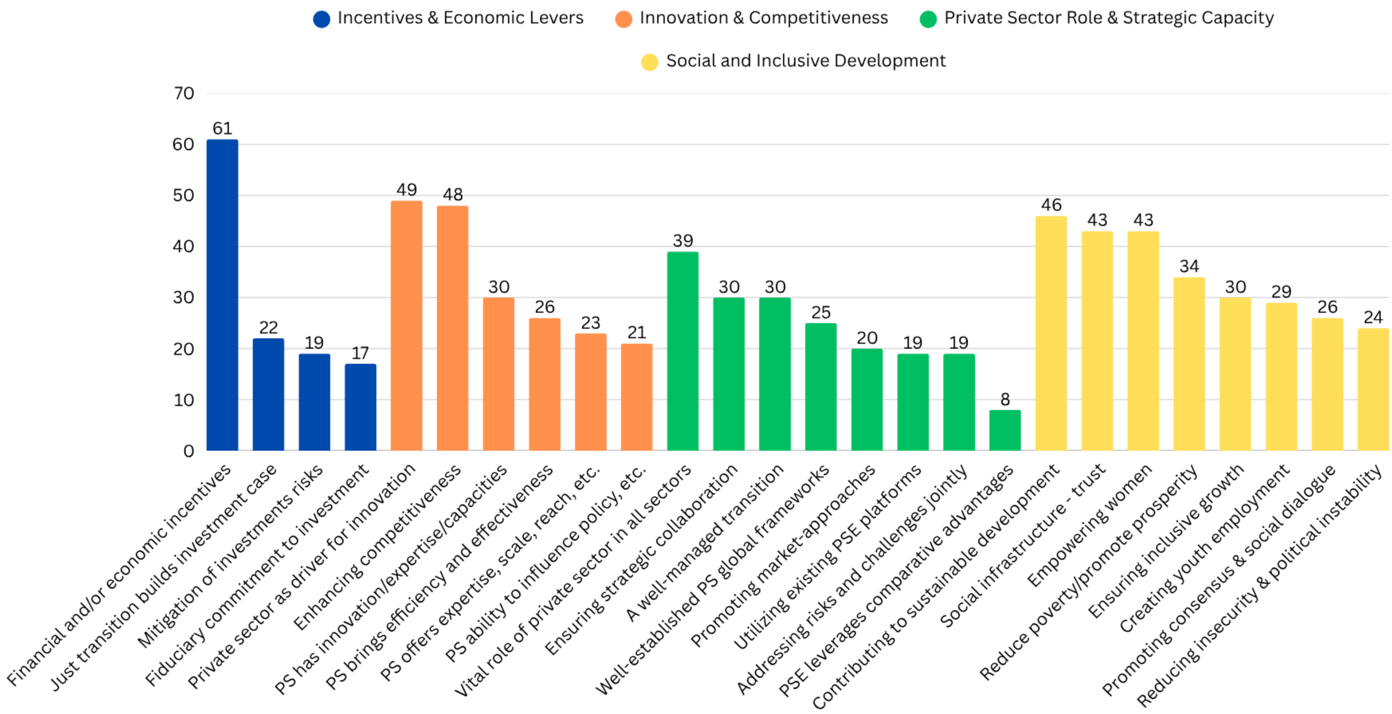


Figure 13. What Organizations Identify as Critical Elements for Effective Private Sector Engagement in Low-Emission Sectors (% Respondents)

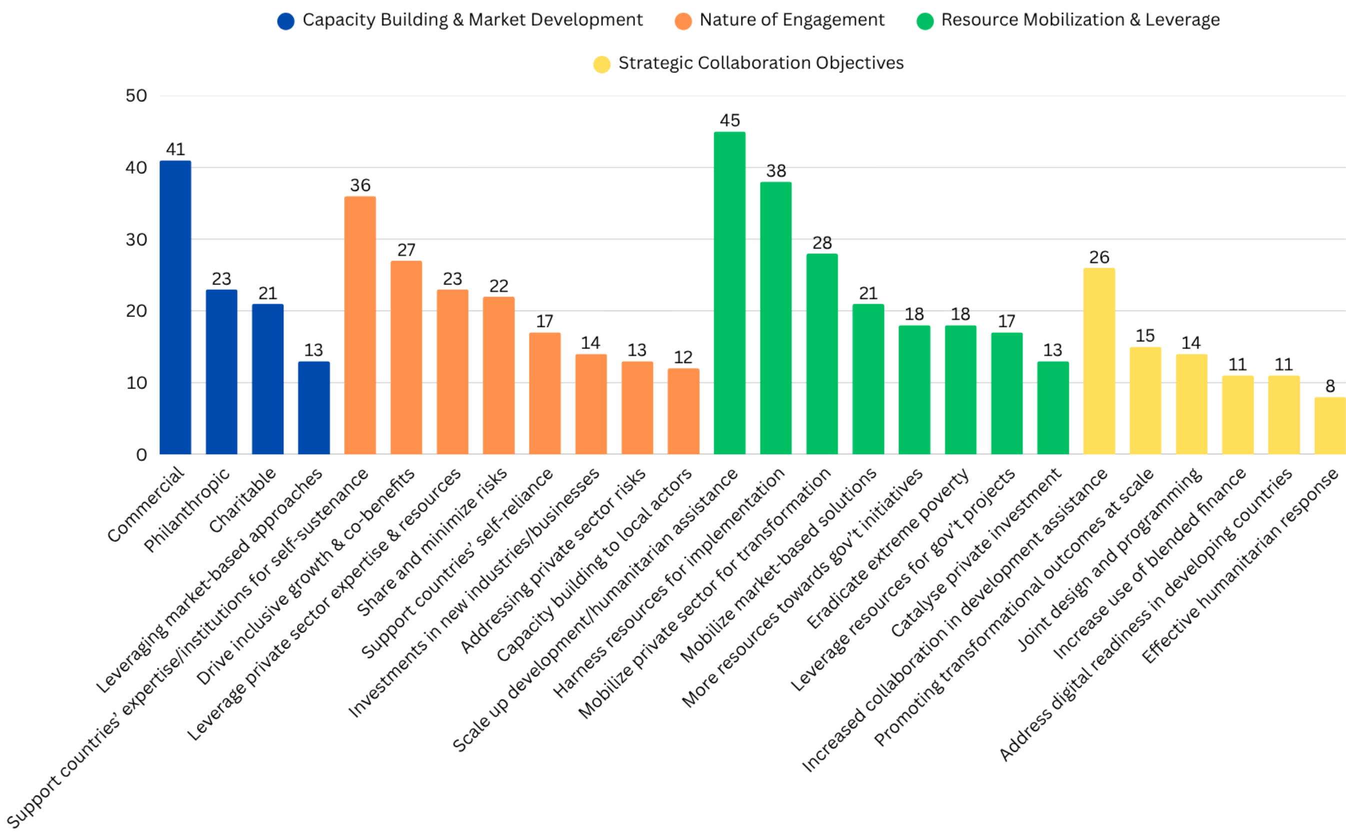


Figure 14. Typologies of public–private development partnerships, illustrating key engagement types across strategic, financial, and capacity-building domains, reflecting evolving policy priorities for resource mobilization, strengthening self-reliance, and promoting sustainable, market-driven outcomes.

Table 1. Typology for private sector engagement in the creation of decent work and quality jobs in the low-emission sector

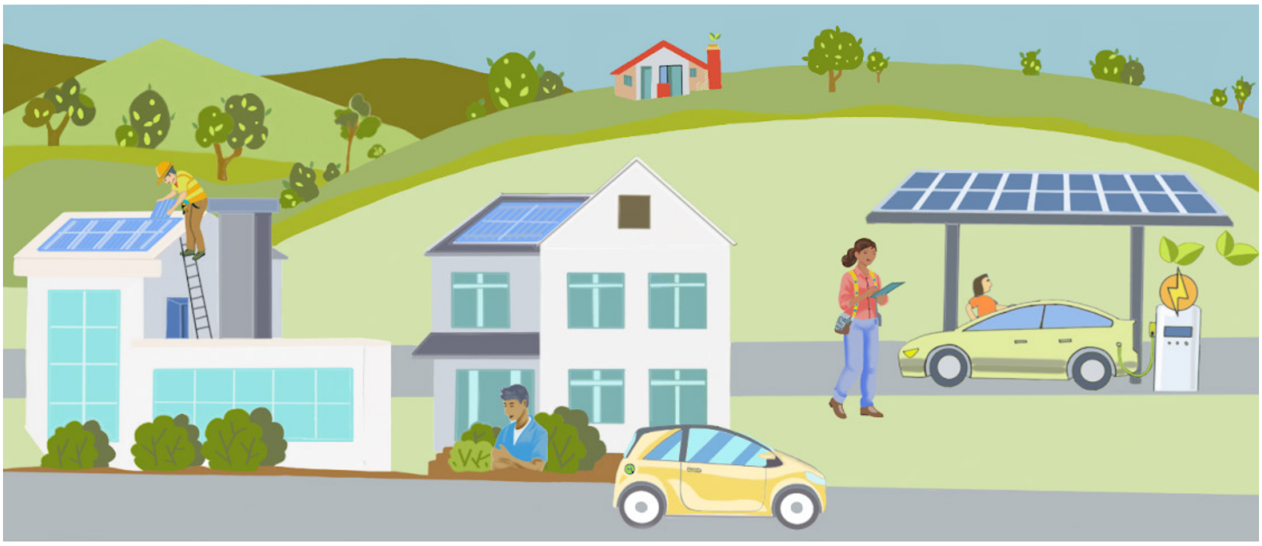
Private sector engagement	Description
Collaborative partnerships	1. Formation of partnerships between the private sector and government agencies or non-profit organizations to drive low-carbon job creation. 2. Participation in multi-stakeholder initiatives that promote green employment.
Investment in low-carbon technologies	1. Direct investment in low-carbon technologies and industries. 2. Support for research and development in clean energy and sustainability. 3. Funding for start-ups and businesses in the renewable energy and green technology sectors.
Green finance and investment incentives	1. Offering financial incentives or special investment opportunities for low-carbon projects. 2. Promoting green bonds and sustainable financing options.
Skill development and workforce training	1. Initiatives aimed at training the workforce for jobs in the low-carbon sector. 2. Educational programmes and vocational training for green jobs. 3. Support for skill development to meet the demand for renewable energy and sustainable practices.
Community engagement and local job creation	1. Initiatives that focus on creating jobs within local communities in the low-carbon sector. 2. Investment in community-based renewable energy projects.
Entrepreneurship and start-up incubation	1. Support for entrepreneurs and start-ups focused on the low-carbon sector. 2. Incubation programmes for green businesses and innovations.
Supply chain sustainability	1. Encouraging sustainable practices within the supply chain of private sector companies. 2. Support for suppliers and partners to adopt low-carbon practices.
Promotion of clean energy and sustainability practices	1. Support for the adoption of clean energy and sustainable practices within the private sector. 2. Investment in energy-efficient technologies and green infrastructure.
Resource efficiency and waste reduction	1. Support for resource-efficient practices and waste reduction strategies within businesses. 2. Investment in technologies and processes that reduce environmental impacts.
Policy advocacy and regulatory engagement	1. Advocacy for policies and regulations that promote green job creation. 2. Engagement with governmental bodies to shape supportive policies for the low-carbon sector.

3.3. Private sector roles

The private sector assumes different functional roles and responsibilities depending on the type of engagement and the modalities of operation. Vaes and Huyse (2015) classified private sector roles in private sector engagement as either beneficiary, implementer/developer, reformer, resource provider, participant or target. These roles in private sector engagements are not mutually exclusive, as the private sector may assume several responsibilities in a single private sector engagement. Table 2 provides a non-exhaustive description of the roles in these instances.

Table 2. Roles of the private sector (adopted from Vaes and Huyse 2015)

Role	Description
Beneficiary	The private sector benefits from development cooperation activities, including in terms of the creation of an enabling business environment, financial support that aims to catalyse private sector activity or investment with a particular development impact, capacity development, technical assistance, information provision and knowledge-sharing that aim to increase private capacity to contribute to development goals.
Implementer/ developer	The private sector serves as an implementer/developer when companies implement new business models or initiatives to realize development impacts in terms of social, economic or environmental sustainability.
Reformer	The private sector reforms existing business models to increase its positive development impacts in terms of social, economic or environmental sustainability.
Resource provider	The private sector is a resource provider when it invests financial resources, expertise or other strategic resources, which include donations and investments (financial and non-financial, such as data, networks, research capacity, etc.) in projects or initiatives that have development objectives.
Participant	The private sector is a participant when it participates in development-related initiatives such as policy dialogue, knowledge-sharing and multi-stakeholder initiatives.
Target	The private sector is a target when it is targeted by government, civil society, other private sector stakeholders or multilateral organizations to change its business practices.



CHAPTER 4
Private Sector Engagement Strategies and Partnerships

Private sector engagement strategies vary based on the initiating organization and their specific goals. Key factors include strategic alignment, value creation, independence and impartiality, transparency and ethical practices, and potential endorsement and exclusivity incentives. For example, the GEF's strategy focuses on encouraging private enterprises to pursue commercially viable activities that yield global environmental benefits. Its goal is to make a lasting impact on the global environment. The United Nations Environment Programme's private sector engagement strategy aims to drive transformative changes and innovations that align with its medium-term strategy and work programmes, emphasizing environmental sustainability. The International Fund for Agricultural Development's private sector engagement strategy centres on two primary objectives: mobilizing private funds and investments in rural micro-, small and medium-sized enterprises and small-scale agriculture and expanding markets to boost income and create job opportunities in rural areas. Its aim is to foster economic growth and poverty reduction.(IFAD, 2019; UNEP, 2019).

Based on the experiences of these organizations, the key principles that should be followed for engaging the private sector in the creation of decent work and quality jobs can be summarized as follows: (IFPRI, 2019; PSI, 2021).

1. Engage the private sector early and often;
2. Incentivize and value private sector engagement throughout planning and programming;
3. Expand the use of approaches and tools that unlock the private sector's potential;
4. Build and act upon the evidence of what works and what does not;
5. Maintain transparency and accountability;
6. Cultivate mutual respect and agreement;
7. Prioritize quality and ethics;
8. Manage risk.

These principles and examples illustrate how development organizations engage with the private sector to achieve specific objectives while upholding ethical standards and promoting sustainable development.

4.1. Levels of private sector engagement

There are two levels of private sector engagement needed to address the climate emergency that the world faces. The first level deals with how developing country national governments can work together with the local private sector to mobilize the local expertise, capacities, finance, technology and innovation. The second level is how donor countries can mobilize their private sector in support of development cooperation that they are engaged in with developing countries. Both levels require the development of national, and

Box 2 - Programmes for creating an enterprise culture

To promote the growth of sustainable employment and quality job opportunities in low-emission sectors, a comprehensive effort must be made from both public and private sector perspectives. Development organizations can design targeted programmes aimed at enhancing the workforce, with a focus on initiatives such as empowering women in science, technology, engineering and mathematics and fostering soft skills development.

For example, the ILO has been actively running programmes such as the Know About Business programme and the Start and Improve your Business programme, which have successfully trained and certified numerous training centres worldwide to independently conduct these training sessions. These programmes are designed to raise awareness among young people about the potential opportunities and challenges in entrepreneurship and self-employment, emphasizing their role in shaping not only their future but also contributing to their country's economic and social development.

Furthermore, these programmes concentrate on initiating and enhancing small businesses as a strategic means of generating more and better employment opportunities, particularly in developing and transitional economies. According to the ILO, the Start and Improve your Business programme has reached an estimated 4.5 million trainees, established a continually expanding network of more than 17,000 trainers and collaborated with 2,500 partner institutions, making it one of the world's largest management training systems dedicated to supporting micro- and small enterprises.

In the pursuit of creating a greater number of high-quality jobs within markets and value chains, the ILO's Value Chain Development programme adopts a market system development approach across a wide spectrum of sectors. It builds on private sector development strategies that seek to strengthen enterprises, business relationships and services, market structures and the business environment. The ultimate goal is to ensure that these efforts benefit marginalized populations and lead to the creation of more and improved employment opportunities for them.
Source: based on information from ILO.

in some cases regional, strategies, policies and instruments that target their private sector depending on the functional role(s) the private sector is expected to play in any given private sector engagement. Donor agencies working for their parent countries, and falling under the second level, also develop similar instruments that are consistent with the overall direction of their national governments to engage with the private sector to lead and drive development assistance.

Many developing countries have established institutions and put in place systems, including legal and regulatory frameworks and other relevant instruments, incentives and strategies, to attract private sector investments and collaboration. The donors' private sector policies and instruments often focus on engaging the local private sector either directly or indirectly through investment funds or commercial banks to leverage private finance for sustainable development (Byiers and Rosengren, 2012). According to the European Centre for Development Policy Management (2022), donors and their implementing agencies also engage the private sector by:

1. Organizing regular dialogues to improve the relevance, effectiveness and development impacts of private sector engagement policies and instruments;
2. Facilitating the integration of enterprises in developing countries in sustainable global value chains and supporting the adoption of responsible business practices by the domestic private sector to foster sustainable investment in developing countries;
3. Mobilizing international and local private finance for sustainable development in

developing countries;
4. Improving the local investment climate, including the business environment, to facilitate the development of local private sector activities;
5. Mobilizing private sector expertise and capacity through public procurement opportunities.

4.2. Types of engagement strategies

The review of private sector engagement strategies shows that not many of the strategies are geared specifically at supporting private sector engagement in low-emission sectors. However, they provide valuable information, experiences, lessons and insights that are relevant for the creation of decent work and quality jobs in the low-emission sector. The DCED (2022) notes that there is a wide range of private sector engagement strategies and modalities, which means, therefore, that a general verdict on whether private sector engagement 'works' is not meaningful, and that lessons from effective practice are emerging for specific forms of private sector engagement as donors are enhancing results measurement to fill knowledge gaps. The two main set of strategies opted by the DCED's private sector engagement working group (DCED, 2022) are:

1. **Engagement with companies around their core business,** which typically involves engaging companies around innovative or improved core investments and activities to achieve lasting and scalable development results, driven by business interests in sustainable and profitable business operations;
2. **Engagement with private finance providers** through innovative financing instruments such as blended finance, which serve to catalyse additional finance for development while achieving financial returns, and results-based finance, where pre-financing is mobilized for SDG-relevant projects by agreeing to fully repay or financially reward investors or implementers upon verified achievements of results.

The global survey furnished valuable insights into the strategies employed by various stakeholders when partnering with the private sector to foster the creation of decent work and quality jobs in sectors with low GHG emissions. When asked "What strategies motivated your business or organization to collaborate with the private sector, encompassing small and medium-sized enterprises and other public–private partnerships, to promote the development of quality employment in low greenhouse gas emission sectors and nature-based solutions", 45 per cent endorsed sustainability leadership as the cornerstone of their private sector engagement strategy (figure 15). This entails establishing strong, well-resourced sustainability goals at the enterprise level, aligning with the principles of sustainability. This aligns with the 12th United Nations Global Compact–Accenture CEO Study in 2023 (UN Global Compact, 2023b), in which an overwhelming 98 per cent of chief executive officers expressed their sense of accountability for their companies' sustainability performance.

Additionally, 44 per cent of the respondents considered forming research partnerships to address gaps in knowledge, capacity and resources, especially in domains such as nature-based solutions, which demand a nuanced understanding of natural systems. Furthermore, 39 per cent of the respondents affirmed the significance of collective action in striving for the ambitious 2030 Agenda for Sustainable Development when engaging with the private sector. Thirty-seven per cent of the respondents recognized that engaging with the private sector could effectively enhance business or organizational policies, making it a strategic choice for private sector engagement. The establishment of a well-documented company culture, ensuring sustainable business or organizational structures that facilitate ongoing dialogue among different sections and departments, and enhancing research and knowledge management within the entity, formed a solid foundation for private sector engagement. These strategies found favour with 35 per cent of the respondents.

An array of private sector engagement strategies mentioned by a third of the respondents include early, timely and sustained engagement, the promotion of fair and transparent relationships, raising awareness and advocating capacity development among partners. Furthermore, working together to foster inclusive market development was emphasized. Additionally, 24 per cent emphasized the importance of ensuring mutual benefits for all involved entities, promoting a shared value (a win-win situation), and maintaining integrity, credibility and impartiality as supplementary strategic objectives for private sector engagement.

A variety of private sector engagement strategies are available for governments, development agencies, and multilateral and intergovernmental organizations. These resources offer valuable insights into effective private sector engagement, highlighting both successful approaches and potential challenges, along with practical guides for fostering sustainable development through private sector collaboration (Table 3).

Table 3. Compilation of Sources and Focus of Private Sector Engagement Strategies

Source	Key topics
Coverage area: General Private Sector Engagement	
EU development cooperation and finance.	Private sector engagement, EU policies, geostrategic diplomacy, challenges, and recommendations.
Categorization of private sector engagement strategies.	Modalities, governance, typologies, and differences within categories.
Private Sector Engagement Policy.	Definitions, myths, and practices for collaboration.
Lessons from the DAC on private sector engagement.	Tools, definitions, and strategy delivery.
Coverage area: Risk Management & Partnership	
Handbook on private sector engagement.	Risk assessment, partnership agreements, communication, monitoring, and adaptation.
Rules for private sector engagement.	Desired outcomes and mutual benefits in private sector engagement.
Coverage area: Stakeholder & Civil Society Engagement	
Best practices for stakeholder engagement in research projects.	Stakeholder identification, conflict management, and engagement methods.
Stakeholder engagement strategy for civil society and private sector.	Policy frameworks, engagement tactics, and monitoring and evaluation.
Coverage area: Adaptation & Environmental Impact	
Strategy for private sector engagement in climate adaptation.	Strategies in climate adaptation across sectors.
Private sector's role in climate adaptation.	Developing effective tools for private sector engagement in climate adaptation.

Scaling up climate ambition in land use and agriculture.	Proposed interventions and resource mobilization.
Private sector strategy focusing on accountability and conservation.	Accountability, conservation collaboration, and informed community strategies.
Coverage area: Development & SDG alignment	
Private Sector Engagement Strategy 2021-2025 and annual reports.	SDG alignment, economic, social, and environmental development.
Private Sector Engagement Strategy.	Addressing environmental degradation through private sector transformation.
Private sector development strategy to make markets work for all.	Market-based approaches for development in partner countries.
Coverage area: Multi/actor and collaborative partnerships	
Multi-actor partnerships in development cooperation.	Global Partnership for Effective Development Co-operation, strategies, challenges, and recommendations.
Opportunities for scaling and diversifying partnerships.	Case studies, organizational systems, policy incentives, and challenges.
Guidance on engaging the private sector in development.	Engagement principles, cross-cutting themes like gender equality, and risks.
Coverage area: Adaptation planning and implementation	
Private sector engagement in the National Adaptation Plan.	Planning, implementation, key stakeholders, and alliances.
Private sector engagement in NDC actions.	Addressing barriers, prioritized sectors, and political will.
Coverage area: Strategy delivery and resource mobilization	
Strategy for private sector engagement.	Strategic visions, principles, risk management, and resource mobilization..
Guidelines for public-private engagement.	Principles and maximizing benefits of partnerships.

Compiled based on (Karaki, Bilal, and Van Seters, 2022; Donor Committee for Enterprise Development, 2022; SDC, 2023; BiodivERSA, 2014; German Federal Ministry for Economic Cooperation and Development (BMZ)/GIZ, 2018; Sweden's International Development Cooperation Agency (Sida), 2019; Australian Department of Foreign Affairs and Trade (DFAT), 2020; Bangladesh, 2010; Climate Action Network (CAN) Europe, NA; Food and Agriculture Organization (FAO), 2021, pp.2021-2025, 2022; GEF, 2020; Global Green Growth Institute (GGGI), 2017; USAID, NA) (UNEP, 2019; World Meteorological Organization (WMO), 2021; Overseas Development Institute (ODI), 2013; FAO/UNDP, 2022; International Union for Conservation of Nature (IUCN), NA; Eswatini, 2021; Organization of Caribbean States, 2021; UK Department for International Development (DFID), NA; OECD, 2016a)

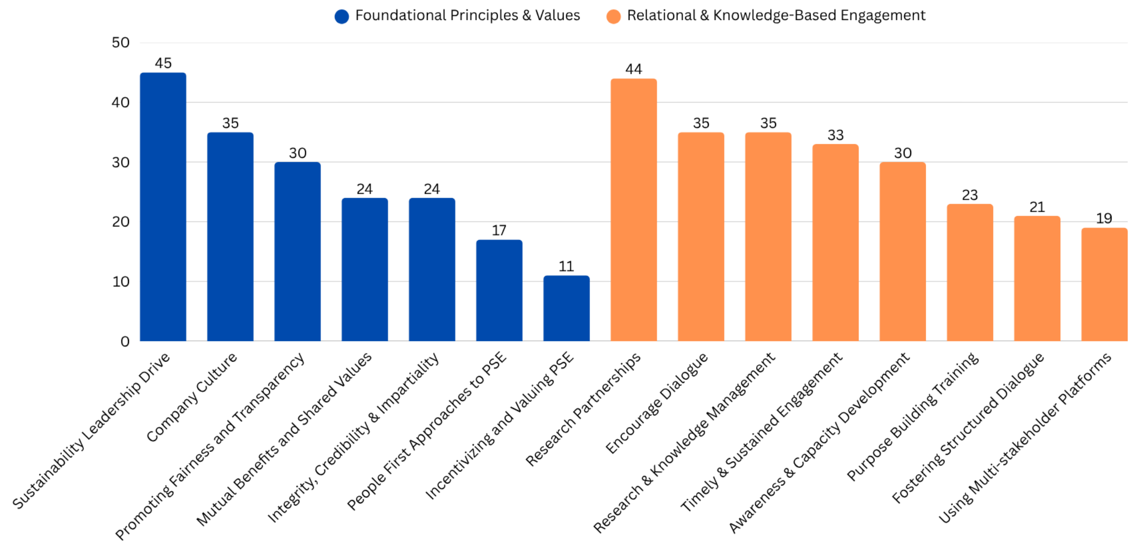


Figure 15a. Engagement strategies driving collaboration with the private sector for decent work and quality job creation in low-emission sectors, reflecting institutional, operational, financial, and capacity-building approaches to advance sustainable development goals.

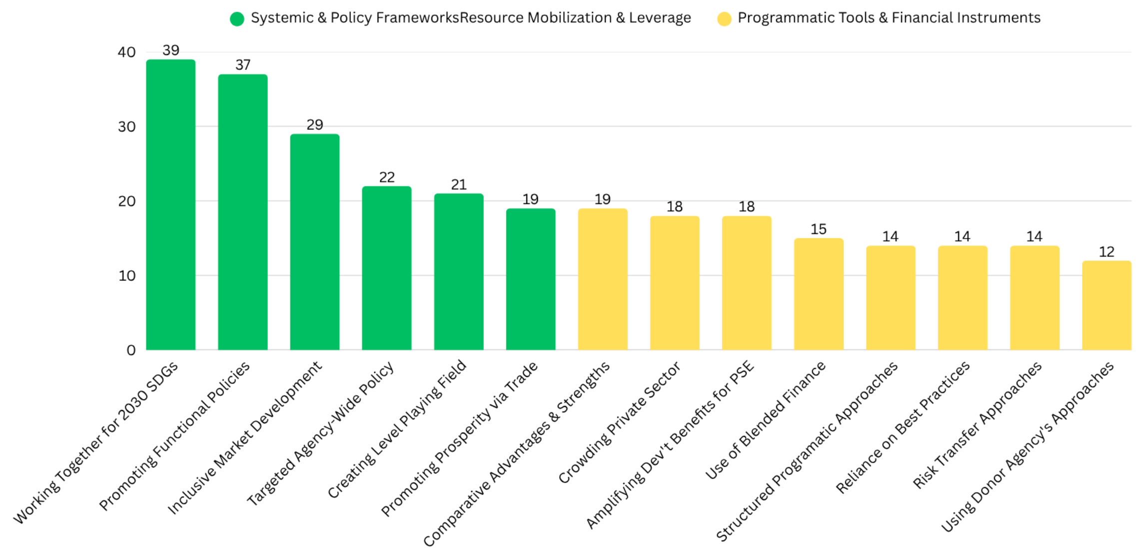


Figure 15b. Engagement strategies driving collaboration with the private sector for decent work and quality job creation in low-emission sectors, reflecting institutional, operational, financial, and capacity-building approaches to advance sustainable development goals.

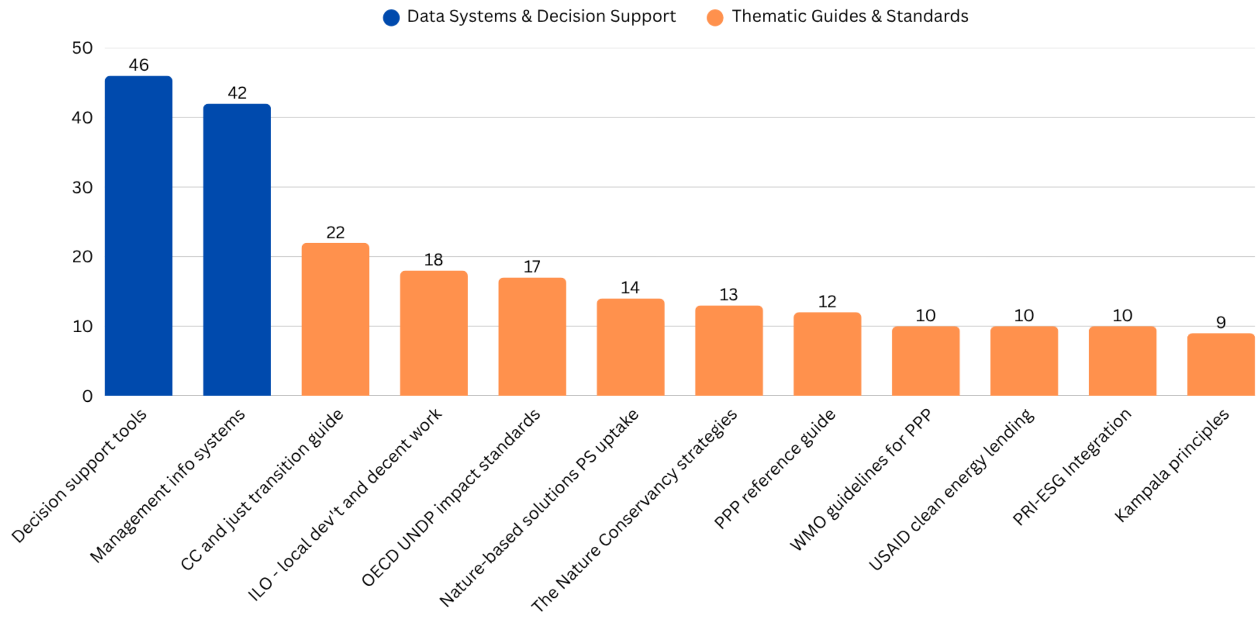


Figure 16a. Use of private sector engagement toolkits by businesses/companies

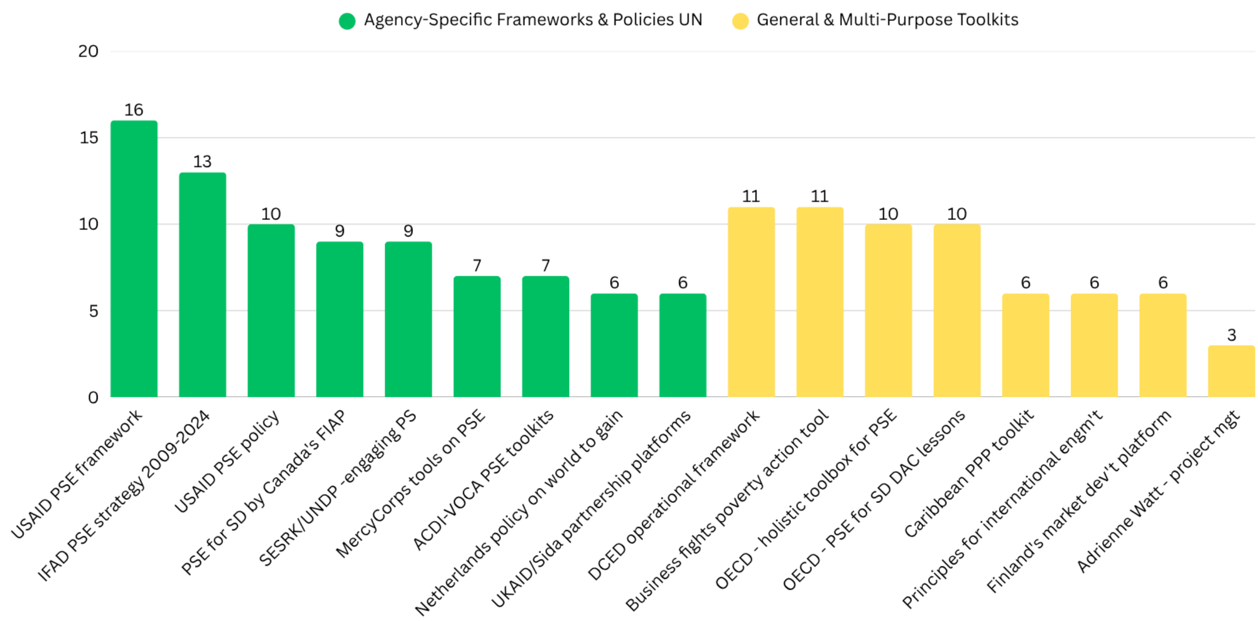


Figure 16b. Use of private sector engagement toolkits by businesses/companies

4.3. Toolkits For private sector engagements

The effectiveness of engaging the private sector relies on the initial design and implementation strategies. Therefore, it is crucial to consult available guidance materials related to private sector engagement at the outset. There are numerous valuable tools on private sector engagement that have been compiled and are provided in annex II . This list of tools is non-exhaustive, and readers are encouraged to consult other sources as needed.

These toolkits offer comprehensive guidance on private sector engagement, spanning a diverse array of critical components. They elucidate the rationale for investors to participate in a just transition, integrating ESG considerations into their decision-making. These resources provide an inclusive view of private sector engagement, incorporating definitions, partner identification and fundamental attributes. Additionally, they encompass topics such as economic policy frameworks, the promotion of local enterprises, private sector collaboration and strategies for public procurement. The toolkits go further to explore the objectives and vision of private sector engagement, its constituent elements, modalities, roles, responsibilities, risk management and the crucial aspects of monitoring and evaluation.

Some toolkits offer practical guidance on fostering effective collaboration with the private sector, creating successful partnerships, adapting to evolving circumstances, emphasizing the development of milestones, conducting exit interviews and implementing due diligence processes; these toolkits delve into the detail of private sector engagement. They also address the creation of decent employment opportunities, the formulation of business models that promote decent work and the art of effective project management. These resources equip users with a comprehensive toolbox for private sector engagement, facilitate monitoring and evaluation for impact investing, and encourage considerations for capacity development providers.

Moreover, they underscore the significance of private sector involvement in skills training, the implementation of clean energy solutions and the cultivation of valuable partnerships. Offering strategies for maximizing cooperation to enhance development effectiveness, these toolkits explore the intricacies of partnering, the formulation of partnership agreements and the sustenance of successful collaborations. They also provide detailed knowledge for selecting and executing public–private partnership projects, which includes policy development, project screening, business case creation, procurement and contract oversight.

The usefulness of these toolkits stems from the fact that they provide step-by-step guidance and contain information useful to equip users with relevant knowledge and skills. They also help businesses to understand risks, including climate change risks, and help position all actors in low-emission sectors in a framework for better engagement and networking that promotes sound and sustainable environmental and social governance.

The results of the global survey conducted for the study reveal that 46 per cent of the respondents make use of general decision support tools that empower decision-makers in guiding their engagement with the private sector. Additionally, 42 per cent of the respondents used various management information systems, including private sector information databases, marketing tools, and monitoring and evaluation tools. These were the two highest response categories, confirming the reliance of stakeholders on existing and comprehensive tools. However, 22 per cent of the respondents reported using Climate Change and the Just Transition – a Guide for Investor Action to support their private sector engagement efforts. For a detailed breakdown of the existing tools and the degree of familiarity and usage among respondents in their private sector engagement decision-making, see figure 16.

In contrast, specialized tools such as Mercy Corps' Private Sector Engagement Toolkit, designed for effectively establishing and sustaining programme partnerships with the private sector, and the ACDI/VOCA (2022) Private Sector Engagement Toolkit, created in collaboration with the private sector, were employed by only 7 per cent of the survey's respondents for their private sector engagement needs.

CHAPTER 5
Best practices in private sector engagement

The global economy offers many opportunities for private sector engagement. The private sector plays a vital role in tackling some of the most urgent problems of our time, using its speed and creativity. It is not just a source of economic growth, but also a partner for social impact.

However, private sector engagement is not without its difficulties and risks. Some of the frequent challenges that emerge in private sector engagement are aligning goals and interests, ensuring accountability and transparency, managing expectations and conflicts, measuring results and impact, and ensuring responsible business conduct. Therefore, it is crucial to find and apply best practices that can improve the effectiveness, efficiency and sustainability of private sector engagement.

This chapter examines some of the best practices in private sector engagement, based on the experiences and insights of various actors and sectors. It presents some real-world examples to show how innovation and cooperation enable the private sector to go beyond economic participation and create positive social outcomes. The best practices highlighted in this chapter are not driven by profit alone, but by a story of mutual responsibility, sustainability, and a balance of business skills and social values.

This chapter also showcases some case studies that demonstrate how private sector engagement can be applied in different settings and areas, such as skills development, health, environment and governance. Finally, it presents some of the challenges and lessons learned from private sector engagement and provides some suggestions and guidance for future private sector engagement initiatives through case studies, insightful analyses and anecdotes.

Partnerships for climate action

The NDC Partnership, a global initiative that involves more than 120 countries and 80 institutions, aims to achieve ambitious climate goals while promoting inclusive and sustainable development. Similarly, a coalition of leading companies, civil society, business organizations and the United Nations has committed to align their actions with the 1.5 °C scenario, the most ambitious target of the Paris Agreement. By joining this coalition, more than 1,000 companies have shown that it is possible to adopt low-carbon business models that generate economic opportunities and social benefits, while reducing GHG emissions to net zero by 2050.(Burrow, 2015; UN Global Compact, 2023b).

Adapting to the effects of climate change is also crucial for enhancing the resilience and well-being of billions of people, especially the most vulnerable. The Marrakech Partnership for Global Climate Action supports 30 global adaptation initiatives that address the key challenges faced by five impacted systems: food and agriculture, water and nature, coasts and oceans, human settlements, and infrastructure. These initiatives also provide guidance and resources for planning and financing adaptation actions. By taking a holistic and collaborative approach, the Marrakech Partnership for Global Climate Action aims to foster a climate-resilient future for all.

Partnerships for climate finance

Partnerships with the private sector offer a dynamic way to mobilize and direct climate finance from a variety of stakeholders, including businesses, investors, banks and foundations. The Energy Development Corporation works in the geothermal power sector in the Philippines and proactively invested in strengthening its infrastructure, training its staff and local communities, and issuing a pioneering green bond with support from the IFC to reduce the risks of extreme weather events such as typhoons and floods. This innovative green bond raised 8.5 billion Philippine pesos (equivalent to USD 177 million) and was recognized as the first climate bond certified project in South-East Asia.(World Bank, 2021).

The Climate Bonds Initiative actively encourages the use of green bonds as a financing tool for low-carbon and climate-resilient projects. It collaborates with issuers, investors, regulators and intermediaries to develop standards, certification processes and market intelligence specifically for green bonds. As at June 2021, the total issuance in the global green bond market had reached a remarkable USD 1.2 trillion (Resonance, 2023). A partnership of government bodies, development banks, private investors and philanthropic organizations further enhances the impact of such initiatives. A similar network is the Global Innovation Lab for Climate Finance. Since its establishment in 2014, it has facilitated the introduction of 49 innovative financial instruments, mobilizing more than USD 2.4 billion for climate action in developing countries.(World Bank, 2021).

Recent progress in private sector engagement towards climate goals includes the Glasgow Financial Alliance for Net Zero, a consortium of more than 450 financial institutions across 45 countries collectively managing assets worth USD 130 trillion (Glasgow Financial Alliance for Net Zero, 2021). The Glasgow Financial Alliance for Net Zero is committed to redirecting its financial activities to achieve net zero emissions by 2050. At the same time, the Climate Finance Partnership, a significant collaboration featuring BlackRock and the Governments of France, Germany and Japan, along with leading United States impact investing organizations, is strategically allocating resources to expedite progress towards the ambitious goal of achieving net zero emissions (Black Rock, 2024), demonstrating the transformative potential of public–private alliances.

Community engagement for risk management

Established connections between companies, local communities and other stakeholders facilitate swift and effective mobilization. In this context, during the response to the COVID-19 pandemic companies highlighted the significance of pre-existing relationships and past experience. Involving companies with prior experience collaborating with community groups is important. This underscores the imperative for systematic support mechanisms aimed at assisting companies in cultivating and sustaining positive local relationships. For example, ArcelorMittal, having established the Ebola Private Sector Mobilization Group during the 2014 Ebola outbreak in West Africa, successfully applied the optimal structuring of multi-actor response mechanisms when the COVID-19 pandemic emerged, demonstrating the value of proactive crisis preparation. Similarly, the Coca-Cola Company collaborated with the International Federation of Red Cross and Red Crescent Societies to provide financing to vulnerable households in Uganda before flooding, based on weather forecasts and triggers, demonstrating a proactive approach to disaster response (IFRC, 2019). The Coca-Cola Company also provided financial support to the Uganda Red Cross Society to implement water, sanitation and hygiene activities in high-traffic areas during the COVID-19 pandemic (The Independent, 2020).

The Zurich Insurance Group, in collaboration with the International Institute for Applied Systems Analysis and other partners, established the Zurich Flood Resilience Alliance. This initiative aims to enhance the flood resilience of communities in nine countries through risk assessment, community engagement and advocacy (Zurich Foundation, NA).

The Ikea Foundation, in conjunction with the United Nations High Commissioner for Refugees, have worked together on several projects to provide renewable energy to refugee communities. These projects provide grants and technical assistance to SMEs in Ethiopia, Kenya and Uganda, aiming to scale up their renewable energy solutions and create jobs for refugees and host communities (UNHCR, NA). The Global Facility for Disaster Reduction and Recovery, a multi-donor partnership including the World Bank Group, collaborates with various partners to provide data, tools and financing. The Global Facility for Disaster Reduction and Recovery helps countries and communities to reduce disaster risk and build resilience and has mobilized approximately USD 35 billion in financing since 2015 for disaster and climate resilience operations (GFDRR, NA).

CEMEX has aligned its crisis responses with the SDGs in order to safeguard broader sustainability objectives from compromise or sidelining owing to quick impact interventions. It acknowledges the need for greater coherence between long-term goals and strategies as opposed to ad hoc responses.

These examples illuminate diverse ways that the private sector can engage with communities for climate risk management. Effective governance of private sector interventions plays a role in building social resilience against future shocks. By doing so, companies not only safeguard their assets and interests but also actively contribute to global endeavours aimed at addressing the challenges posed by climate change.

Good practice for skills development

Corporate responsibility towards sustainable employment was show in the global survey conducted as part of this study to be important to the respondents. This commitment necessitates ongoing support for skills development and updates, with collaborative initiatives involving companies and the public sector perceived as more effective in creating lasting impacts and ensuring the sustainability of skills programmes. An exemplary model is the Industry-led Skills Development Program in Georgia, funded by the United States Agency for International Development and implemented by International Executive Service Corps . The initiative collaborates with private sector enterprises to provide skills training for students, professionals and job seekers, aiming to support Georgia's economic expansion. Prioritizing a private-sector-led economy, the programme emphasizes empowering Georgians for success in a dynamic job market, with a focus on high-growth industries and inclusive training for underrepresented groups, such as rural residents, women and ethnic minorities (USAID, NA).

Further insights have come from the How the Private Sector Develops Skills: Lessons from India study conducted by the United Nations Development Programme and the Federation of Indian Chambers of Commerce and Industry. The study analysed the business models of 16 private sector organizations involved in improving the skills of people, and identified key drivers, challenges and innovations for effective skills development. The focus extends to recommendations on how the private sector can contribute more significantly to skills acquisition and employability, especially in environmentally friendly sectors such as renewable energy, waste management and green construction (UNDP, 2017).

The United Nations Environment Programme's Strategy for Private Sector Engagement delineates the vision, principles and approaches for collaborating with the private sector to advance environmental and sustainable development agendas. The strategy centres around four key areas: influencing corporate sustainability performance and reporting, mobilizing private finance for sustainable development, fostering green and inclusive markets and value chains, and enhancing private sector resilience and adaptation to environmental risks (UNEP, 2019).

In parallel, the GEF implements a private sector engagement strategy to harness the private sector's innovation, expertise and financing for environmental challenges and green growth. The strategy comprises two pillars: expanding the use of blended finance to catalyse private investments in low-emission sectors and mobilizing the private sector as a driver for market transformation by supporting the adoption of green technologies, standards and practices. These initiatives collectively underscore the pivotal role of collaborative and strategic private sector engagement in advancing sustainability goals (GEF, 2020).

5.1. Case studies

5.1.1. Case study 1: electric vehicles and employment

EVs stand out as a crucial solution for mitigating GHG emissions in the transport sector, albeit not without challenges. Issues such as high upfront costs, limited charging infrastructure, and lack of consumer awareness and acceptance present hurdles to widespread adoption. Addressing these challenges necessitates robust policy support and incentives to bolster EV uptake, where public and private partnerships play a role in overcoming these obstacles.

One notable initiative exemplifying the power of collaboration is the Circular Cars Initiative (World Economic Forum, 2023). Launched under the World Economic Forum's Climate Action Platform, the Circular Cars Initiative strives to make a vehicle's entire life cycle emission-free by harnessing connected car data and cutting-edge technologies. Collaborative efforts between major automakers further underscore the impact of public–private partnerships. Volkswagen and the Ford Motor Company's expanded collaboration in Europe, where Volkswagen supplies the EV architecture for a Ford model, aims to reduce costs, enhance efficiency and expedite innovation for both companies (thumbnail and John Rosevear, 2022).
To respond to the need for infrastructure development, the city of Bonn issued a request for proposals (FORTH, 2021) to install and operate public charging stations for EVs. This initiative, complemented by incentives such as public land concessions, seeks to attract private companies to contribute to the city's sustainable mobility goals. Recognizing similar need for the standardized planning and implementation of EV charging infrastructure, the Boston Consulting Group and the International Energy Agency jointly developed a comprehensive framework offering best practices, tools and successful examples of public–private partnerships from different countries and regions, which can be a blueprint for governments (Bakatjan Sandalkhan et al., 2021).

Furthermore, the collaboration between the public and private sectors for EVs shows how such partnerships can drive the transition to net zero. In the first half of 2021, global EV sales experienced an astonishing annual growth rate of 320 per cent, constituting 26 per cent of new vehicle sales. Major car manufacturers are setting ambitious targets for EV adoption, with Mercedes-Benz committing to exclusively launch EV architectures starting in 2025.

Figure 17 illustrates the significant decrease in the average cost of lithium-ion battery packs, to USD 137 per kWh in 2020 (Bloomberg NEF, 2020), reflecting a 13 per cent reduction since 2019 and an impressive 88 per cent reduction since 2010 (Lee, 2020). This highlights remarkable progress in battery technology, especially lithium-ion batteries, which are crucial for transitioning away from fossil fuels, supporting EVs and stabilizing intermittent power from renewable sources.

Public and private sector collaboration has been instrumental in building momentum for EV adoption, primarily through policy and regulation, innovation and product development, market-making efforts, and political and public will. However, the evolving landscape of the vehicle industry, driven by electric mobility, digitization and new business models, necessitates proactive strategies and policies. A study by the Fraunhofer Institute for Industrial Engineering suggests that while job losses in vehicle manufacturing due to electric mobility will be lower than predicted, digitization will require significant upfront effort and skills transitioning, posing challenges for the workforce (Juliane Segedi, 2020).

To address these challenges, the vehicle industry requires proactive strategies, including entering new business fields, investing in research and development, reskilling and upskilling the existing workforce, and collaborating with other stakeholders in the automotive ecosystem. Notable examples of public–private partnerships addressing employment challenges in the EV industry include initiatives such as Hertz Electrifies (Hertz, 2023), E-cosse (Transport Scotland, 2013), REV Midwest (Bill Chappell, 2021) and the Biden–Harris administration EV initiative (Joint Office of Energy and Transportation, 2023).

In the case of Hertz Electrifies, the partnership between Hertz and various United States cities, including Denver, focuses on introducing Hertz's EV fleet to urban areas, establishing charging infrastructure, providing educational opportunities, and extending electrification benefits to underserved communities. E-cosse, a collaboration in Scotland involving Urban Foresight and key stakeholders, seeks to advance EV adoption as part of a sustainable transport system and smart energy grid, offering strategic guidance, policy recommendations and stakeholder engagement for the implementation of Scotland's EV road map. REV Midwest, spanning six Midwest United States, aims to coordinate and expand EV charging infrastructure, foster job growth and reduce carbon emissions, intending to create a network of fast-charging stations along major highways. Lastly, the Biden–Harris administration EV initiative represents a comprehensive partnership between the United States federal government, automakers, electric utilities, labour unions and environmental groups. This initiative commits to increasing EV production, expanding charging networks, incentivizing customers, creating high-quality jobs and advocating for clean transport policies, collectively supporting the United States' transition to EVs.

These partnerships demonstrate how diverse sectors can collaborate to overcome challenges, leverage the opportunities of electrification, and contribute to environmental, economic and societal benefits.

5.1.2. Case study 2: private sector contribution to socioeconomic development

At the 12th African Private Sector Forum, held in Cairo, Egypt, in November 2021, the United Nations Economic Commission for Africa (UNECA, 2021) stated that to set Africa firmly on the path towards economic and social transformation, private sector engagement is crucial. The African Union has throughout the years worked closely with the private sector to define the large contribution and significant role the private sector plays in driving the economic development agenda of the continent. The private sector in Africa accounts for more than 80 per cent of total production, two thirds of total investment and three quarters of lending. (African Union, 2021). The sector also provides jobs for about 90 per cent of the employed working-age population. Further, SMEs are the backbone of the African private sector, accounting for more than 90 per cent of businesses in Africa and translating to 63 per cent of employment in low-income countries, while contributing to more than 50 per cent of the gross domestic product, according to the United Nations Economic Commission for Africa (figure 18).

5.1.3 Case study 3: Asahi Group – open innovation for all

The Asahi Group, a leader in the beverage industry, is driving sustainability and creating decent work opportunities in low-emission sectors through open innovation. At its Ibaraki plant in Japan, Asahi developed a proprietary process that captures biomethane gas from wastewater and converts it into electricity using fuel cells. Rather than patenting this technology, the company has chosen to share it openly, enabling widespread adoption and encouraging innovation across industries. This approach has garnered interest from both partners and competitors, accelerating the transition to low-carbon solutions.

In addition to its energy innovations, Asahi has collaborated with local governments to utilize by-products from its brewing process as a non-toxic fertilizer for rice farming. This innovation protects rice plants from pests like the jumbo snail while supporting biodiversity, offering a sustainable alternative to harmful chemicals. The company shared this process with Australian farmers facing similar challenges, further extending its positive impact globally. Through these efforts, Asahi not only contributes to reducing emissions but also fosters the creation of green jobs and supports sustainable agricultural practices.

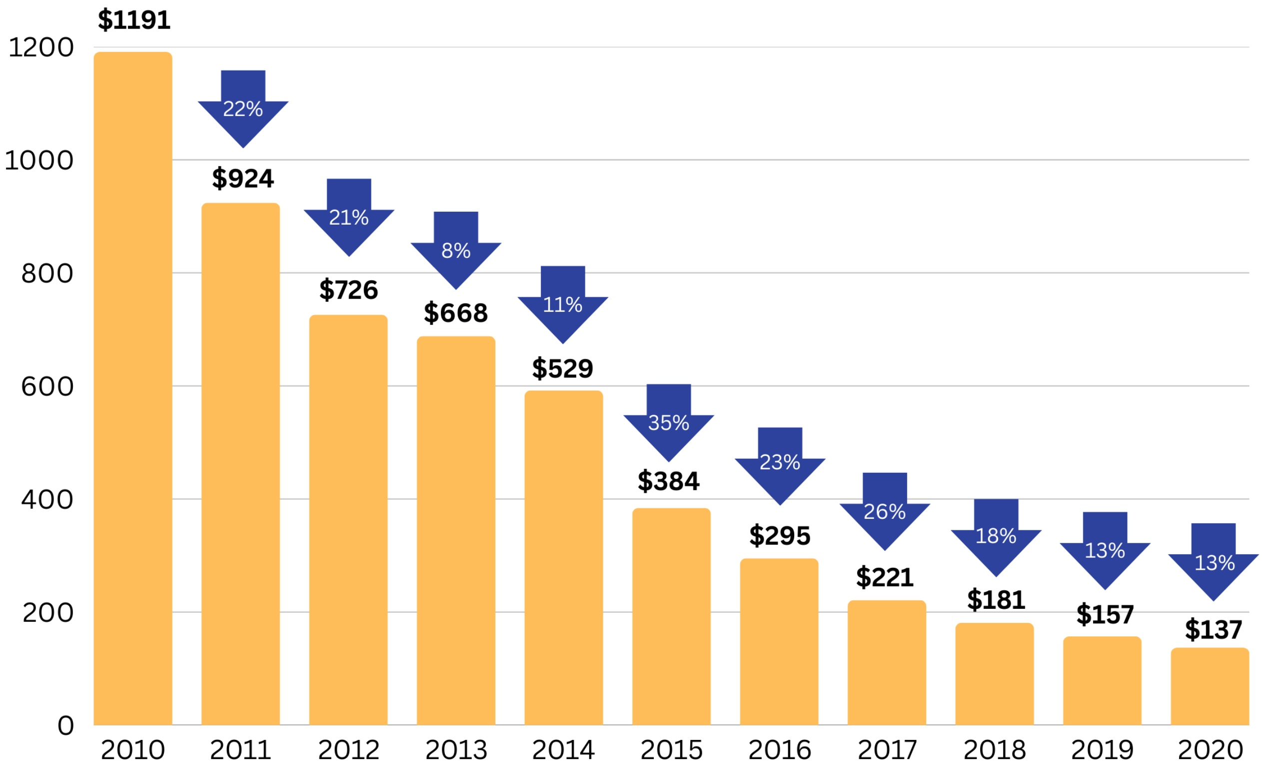


Figure 17. Price of a lithium-ion battery pack, volume-weighted average. Real 2020 United States Dollar per kilowatt hour

5.2 Lessons learned

In this study's analysis, it is clear that private sector engagement has the potential to effectively address the challenges of job creation and skills development in low-emission sectors while harmonizing with other economic growth needs. Private sector engagement is universally applicable but particularly advantageous in countries with weak or informal private sectors, offering solutions to market failures, stimulating incentives, building capacities and reducing aid dependency. Through the mobilization of private investment, private sector engagement significantly contributes to job creation in low-emission sectors.

Private sector engagement initiatives can respond to market systems and commercial development constraints through collaboration with key private sector actors and governments. They aim to incentivize participation, enhance local capacity and attract new actors. Integrating private sector perspectives into strategic planning and project design allows private sector engagement to identify market constraints more effectively, especially in the realm of skills development. However, it is crucial to note that private sector engagement is not a universal solution for all development and humanitarian challenges. While it can identify and eliminate investment barriers, due diligence is imperative, involving an assessment of past performance, reputation,

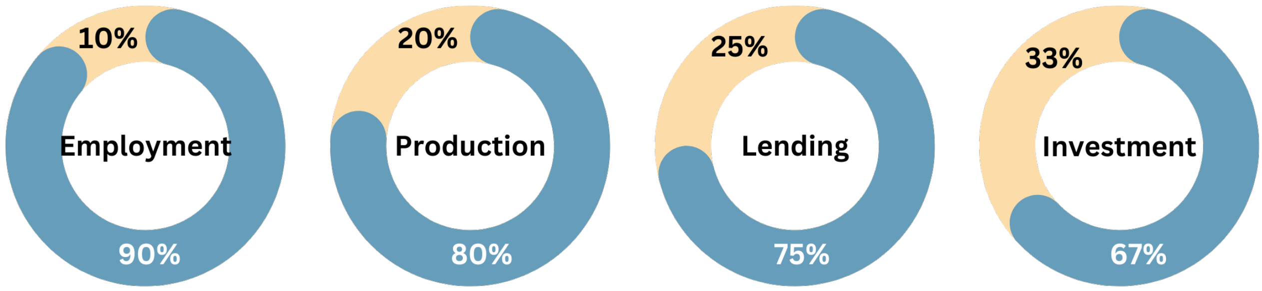


Figure 18. Private sector contribution to African socioeconomic development (adapted from UNECA, 2021, and AU, 2021). The private sector share is in blue.

policies and future plans of private sector partners. Effective relationship management is crucial for identifying opportunities and addressing potential misalignments of values or objectives.

Investments involving the private sector often result in higher co-financing, balanced regional distribution and comprehensive solutions to environmental degradation. Engaging the private sector enhances the efficacy of public aid by leveraging private investments and introducing new products and services, thereby contributing to economic expansion and improved stability. Considering the broader ecosystem of prosperity in affected regions and communities is paramount.

Multi-stakeholder platforms and coalition approaches serve as vital instruments for mobilizing systemic changes . However, concerns persist that private sector engagement, through development cooperation, has not fully realized its potential, necessitating more systematic efforts to amplify the developmental benefits of private sector initiatives. Supporting an enabling environment for the private sector can enhance transparency and reduce corruption. In fragile contexts and the least developed countries, the private sector can generate long-term benefits. Despite these advantages, it is crucial to remember that private sector engagement is a means to an end, not an end in itself.

The incorporation of sustainability into corporate strategies has proven to fortify the resilience of the private sector, with potential positive effects throughout the supply chain. However, the ILO has reported a concerning slowdown in progress towards SDG 8, which focuses on decent work and economic growth (Herr and Muzira, 2021). This prompts a critical need for global leaders to prioritize the creation of decent jobs, which presents both a challenge and an opportunity.

Investments aligned with the SDGs often face hurdles due to financial service provider and business apprehension concerning substantial upfront investments, the uncertain political context or perceived low returns. Recognizing the private sector's pivotal role in economic growth, job generation and transformative innovation, it contributes significantly to poverty reduction and inclusive socioeconomic development. To harness its potential effectively, public policies and instruments should encourage innovation, draw on private sector expertise and mobilize sustainable private finance. Distinguishing between various private sector actors is crucial. Private sector engagement necessitates a more equal, long-term and strategic donor-private sector relationship, requiring donors to adopt a collaborative mindset and relinquish some control.

Some of the specific lessons and descriptions gained from a literature review are shown in table 4.

To assess the validity of these identified lessons and best practices, a specific question was included in the global survey. Figure 19 visually represents the global stakeholders' responses, providing a tangible evaluation of best practices and lessons learned. It is essential to recognize that these lessons and best practices may lack internal consistency, yet they offer valuable insights into understanding the impacts of private sector engagement in sustainable development programmes. About two thirds of the respondents (67 per cent) affirmed that private sector actors are essential partners in addressing the challenges and shocks faced by countries and communities in the context of sustainable development, particularly the transition to a low-emission society. Despite this widespread acknowledgment of the private sector's critical partnership, a mere 10 per cent of the stakeholders concurred that private sector engagement and private capital investment serve as avenues to diversify national economies, upgrade infrastructure and deliver essential services.

5.3. Barriers and challenges

The barriers to private sector engagement in creating jobs in low-emission sectors are substantial. Despite the increasing acknowledgment of the importance of multi-stakeholder partnerships in achieving development goals, including decent work and quality jobs, there is a glaring lack of guidance for the private sector on how to effectively collaborate with governments and NGOs, which often operate differently. The United Nations Partnership Accelerator, launched in 2019, sought to foster a partnership ecosystem and recognized the need for more systematic support structures. It highlighted the crucial role of local communities in the envisaged multi-stakeholder actions for achieving the SDGs. Direct interactions between businesses and communities are most impactful at the local level, offering the potential for transformative change. However, numerous obstacles impede the development of constructive relationships.

There are countless challenges that obstruct private sector engagement. The text box below shows a non-exhaustive list of some of the challenges identified in existing policy and academic literature that were deemed relevant for this report and used to gather feedback from stakeholders through the global survey. Some of these challenges are process-related (intexrnal), while others are contextual (external). Pattberg and Widerberg (2014) suggest that internal challenges are related to partnership members and their interactions, and external challenges arise because partnerships are embedded in both international and national contexts. Visseren-Hamakers et al. (2007) argue that partnership performance depends on the "situational context" of existing rules within a country and at the international level. Therefore, a partnership should always consider and orient itself in what Pattberg and Widerberg (2014) call a governance architecture of already existing international, transnational and national institutional and legal frameworks. Effective private sector engagement requires addressing these challenges, which form part of the building blocks of successful private sector engagement, at the start of the engagement.

One of the key challenges identified in the United Nations Economic and Social Commission for Asia and the Pacific (2018) training reference manual on effective stakeholder engagement for the 2030 Agenda for Sustainable Development is identifying the appropriate stakeholder from the private sector, which can be difficult owing to the vast diversity of private sector stakeholder groups and a lack of knowledge about the right partners to engage. The manual also points out that poorly defined responsibilities for stakeholders, limited resources, a low level of trust and often a reduced space for constructive dialogue are some of the fundamental needs for effective stakeholder engagement.

According to the United Nations Economic and Social Commission for Asia and the Pacific (2018), in addition to strengthening the engagement, there is also a need for innovation to deepen the levels of engagement. This involves going beyond consultations to build trust, create a sense of ownership and develop coherent policies that integrate the perspectives of different stakeholders. Many of these challenges, including those listed in the text box below, arise owing to the overall lack of a systematic agenda and sustainable policy frameworks and strategies at the national level to incentivize and sustain the engagement of the private sector.

Table 4. Lessons learned on private sector engagement to facilitate the creation of decent work and quality jobs in low-emission sectors

Lessons learned	Description
Informed decision-making	Understand the strengths, motivations and expectations of different stakeholders, and balance the benefits and trade-offs for development outcomes.
Strategic framework	Define a clear vision and policy framework to guide private sector engagement, with specific objectives, modalities and criteria for selecting and collaborating with private sector partners.
Tailored approaches	Customize private sector engagement initiatives to fit the context and needs of partner countries, and involve local stakeholders, especially the local private sector, in the design and execution phases.
Transparency and accountability	Ensure transparency and accountability in private sector engagement, with clear roles and responsibilities, robust due diligence, risk management, and monitoring and evaluation systems.
Complementary and catalytic role	Leverage additional resources and capacities from the private sector, without distorting markets or substituting public funds, and act as a complementary and catalytic force for development.
Results-driven approach	Prioritize tangible results and impact in private sector engagement, aligning with the creation of jobs and skills development together with other development priorities of partner countries, fostering positive spillovers and ensuring long-term sustainability.
Green transition strategy	Develop and communicate a clear vision and strategy for the green transition, aligning with national and international climate goals, and engage the private sector and stakeholders in the process.
Incentives and support mechanisms	Provide incentives and support for private sector investment in low-emission sectors, such as tax breaks, subsidies, grants, loans, guarantees and public procurement.
Fair business environment	Eliminate barriers and distortions, such as fossil fuel subsidies, trade restrictions and regulatory uncertainties, to create a fair business environment and a level playing field for the private sector.
Skills development	Enhance the skills and competencies of the workforce and the private sector to adapt to evolving market demands and technological innovations in sectors with low GHG emissions, through education, training and lifelong learning.
Collaborative engagement	Encourage multi-stakeholder dialogue and collaboration involving the private sector, government, workers, civil society and the international community to exchange knowledge, share experiences and implement best practices, addressing potential social and economic impacts of the green transition.
Promotion of decent work	Promote the principles and standards of decent work and quality jobs in sectors with low GHG emissions, integrating aspects such as social protection, occupational safety and health, labour rights, gender equality and social dialogue.

Table 5: Barriers to private sector engagement in creating decent work and quality jobs in low greenhouse gas emission sectors

Internal barriers

1. Resistance to change (inertia, risk aversion, lack of awareness)
2. Centralized or hierarchical structures limiting flexibility and innovation
3. Concerns about reputation, brand, or market share
4. Lack of alignment between low-carbon initiatives and core business activities or goals

External barriers

1. Legal or regulatory challenges across different jurisdictions
2. Insufficient engagement with stakeholders (governments, civil society, local communities)
3. Inability to address social and economic implications (decent work, social protection, inclusion)
4. Lack of reliable or comparable data to measure social and environmental impacts
5. Resource and capacity constraints in public sector (public services, infrastructure, financing)
6. Policy instability affecting long-term investment decisions
7. Conflicting objectives or risk preferences between the public and private sectors
8. Concerns about misuse of public resources, market distortions, or unfair competition
9. Negative or harmful environmental or social impacts of some practices or products without safeguards
10. Insufficient safeguards or controls to prevent inefficiency, corruption, or fraud
11. Lack of transparency or accountability in evaluating low-carbon initiatives

Financial barriers

1. Lack of internal resources (knowledge, skills, workforce) for low-carbon technology development.
2. Insufficient funds to invest in low-carbon initiatives with high upfront costs, longer payback, or lower returns.
3. Limited time and human resources, particularly for SMEs with competing priorities.

Social barriers

1. Lack of engagement with local communities or stakeholders.
2. Insufficient education or information about low-carbon initiatives for customers, employees, and suppliers.
3. Lack of trust or collaboration with public sector or other private sector actors.
4. Insufficient social inclusion and equity in the design and implementation of low-carbon initiatives.

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3. Lack of trust or collaboration with public sector or other private sector actors.
4. Insufficient social inclusion and equity in the design and implementation of low-carbon initiatives.

Technical barriers

1. Lack of in-house expertise for site-specific issues (environmental, social, cultural)
2. Uncertainty in performance or impact of initiatives, particularly nature-based solutions.
3. Lack of awareness or familiarity with alternative low-carbon solutions.

Institutional barriers

1. Lack of clear or consistent policies or regulations supporting low-carbon initiatives
2. Poor coordination among government levels or agencies, affecting initiative efficiency and effectiveness.
3. Lack of incentives or mechanisms, such as public-private partnerships or blended finance, to support low-carbon efforts

The survey's results clearly indicate that the primary obstacles to private sector engagement in sustainable development transitions are internal. A significant 47 per cent of stakeholders agreed that a lack of internal resources, including knowledge, skills and/or a qualified workforce, particularly in relation to the use of new and emerging technologies and tools, is a major barrier. This aligns with the feedback that there is a lack of funds for investing in more costly low-carbon initiatives (45 per cent of the respondents) and a lack of in-house expertise to handle site-specific issues, especially with the deployment of nature-based solutions (35 per cent of the respondents). Internal resistance to change was also identified as a hindrance by 37 per cent of the respondents. Figure 20 provides feedback from the 150 stakeholders surveyed.

The challenge of tracking a just transition and its associated social impacts along global value chains, and making these impacts quantifiable (noted by 22 per cent of the respondents), along with limited transparency, accountability and evaluation of private sector projects (noted by 18 per cent of the respondents), underscores the need for effective monitoring, evaluation and reporting systems to support private sector engagement in the transition to a low GHG economy. It is encouraging that only 8 per cent of the respondents expressed concerns about the risk of using public resources solely for private motives, leading to market distortions, or the potential for de facto tied aid. A fifth of the respondents viewed the perceived lack of relevance to businesses to adopt low-carbon initiatives as a challenge.

5.4 Monitoring and evaluation of private sector engagement

Typically, policies, strategies, projects and programmes implemented by multi-stakeholder actors, including the private sector, with the aim of reducing GHG emissions are deliberately designed to yield

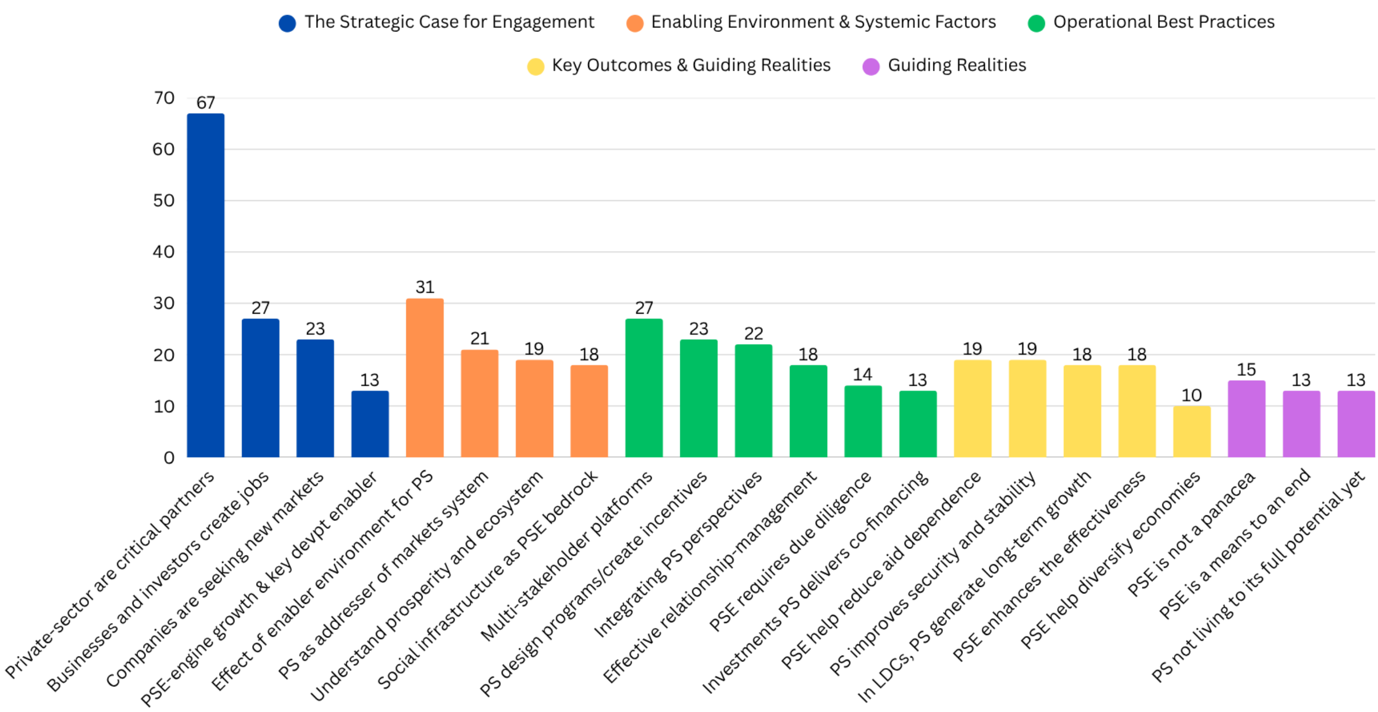

Figure 19. Best practices and lessons learned by organizations and businesses in private sector engagement to promote decent work and sustainable job creation in low-emission and nature-based sectors

positive development impacts. However, no matter how stringent the implementation control parameters are, unintended negative impacts are inevitable, either directly or indirectly, through output/outcome chains. Consequently, there is a pressing need for a more structured and continuous approach to identify, assess and manage the economic, social and environmental impacts arising from development programmes on a life cycle basis.

The goal is to have a transparent and accountable system that encourages the private sector to contribute positively to the creation of jobs in low-emission sectors. Therefore, this should be the primary outcome of the assessment of the impacts of private sector initiatives. The key performance indicators can include:

1. Job creation to quantify and evaluate the quality of jobs generated;
2. Skills development to track progress in enhancing workforce skills;
3. Income generation (wages) to assess the economic impact on people and communities;
4. Gender equality to measure inclusivity and gender balance within the workforce;
5. Environmental protection to evaluate adherence to sustainable and eco-friendly practices;
6. Social inclusion to monitor the representation and participation of diverse groups;
7. Social protection to measure coverage risks, which can adversely affect people's well-being;
8. Social dialogue to monitor the engagement of the right stakeholders in creating jobs for people impacted by climate actions;
9. Systemic aspects (including improved labour market functioning and access to jobs and opportunities);
10. Job losses in low-emission sectors.

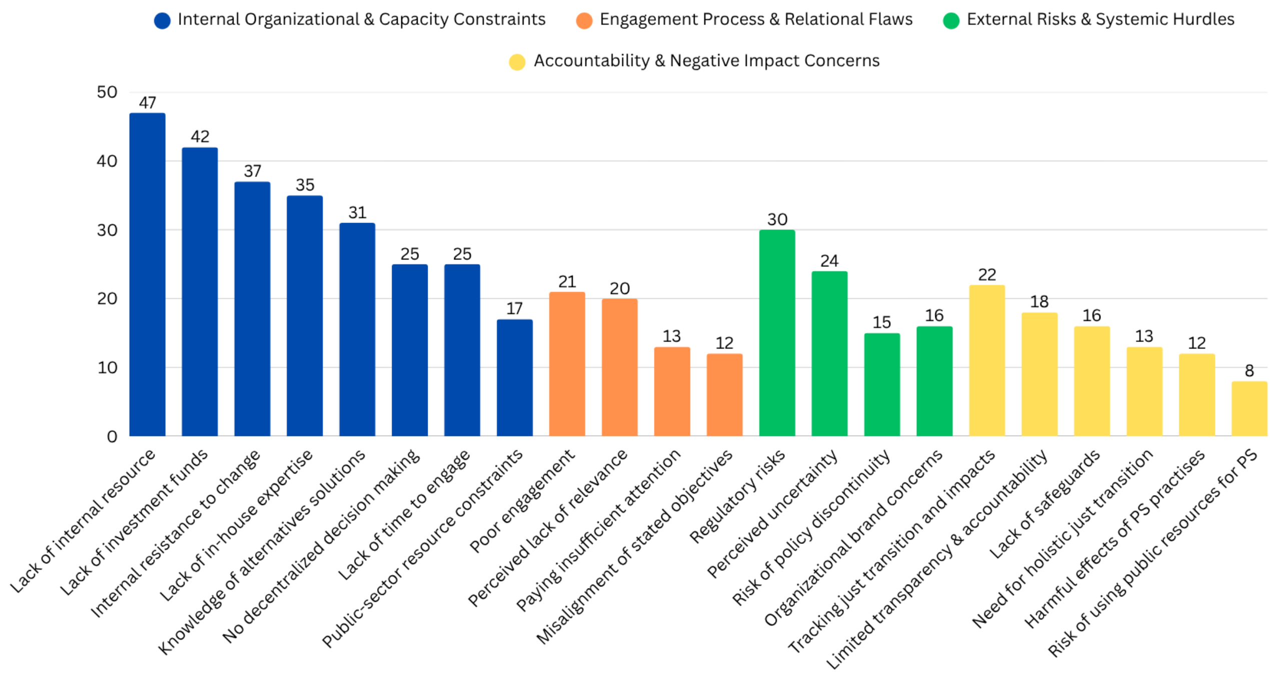

Figure 20. Barriers and challenges faced by organizations in private sector engagement

All these monitoring parameters must be aligned with national and international frameworks such as the SDGs, ILO's Framework to measure decent work, United Nations Guiding Principles on Business and Human Rights, and Indicators of Job Quality in the European Union (European Parliament, 2009).

Monitoring and evaluation, encompassing follow-up and review processes, offers various entry points for engaging stakeholders. These include assessing, proposing and prioritizing indicators, and ascertaining whether data align with reality. The review process can enhance understanding of the reasons behind progress or the lack of progress, as well as the achievement of intended outputs and outcomes. Collaboration among multi-stakeholder actors in private sector engagement is crucial for tracking key performance indicators.

The consistent and harmonized monitoring and reporting systems play a crucial role in tracking progress and verifying reported impacts. For example, the IATF report Financing for Development: Progress and Prospect 2018 (IATF, 2018) highlighted concerns about the concept of development additionality in existing projects. Specifically, it noted a lack of reliable evidence to demonstrate that blended finance, where public and private resources are combined, consistently delivers unique and measurable benefits that directly contribute to sustainable development goals. The multilateral development banks' harmonized framework for assessing additionality in private sector operations (IATF, 2018) illustrates how the use of a consistent methodology enhances understanding and simplifies the monitoring of the impacts of corporate interventions.

A 2023 IATF report, Financing for Sustainable Transformations (IATF, 2023), underscores the need to intensify monitoring and reporting to track the progress of achieving the SDGs. Despite progress in SDG reporting, significant data gaps persist, including incomplete geographic coverage, outdated data and lack of disaggregation by vulnerable population groups. This monitoring challenge extends to reporting on private sector engagement in low-emission sectors.

Numerous announcements, pledges and initiatives by both the public sector and the private sector aim to jointly address climate change. The Global Climate Action Portal[2] and the Yearbook of Global Climate Action[3] diligently track and report the state of global climate action. Periodical reports are published on the achievements of the United Nations Climate Change High-level Champions and the Marrakech Partnership for Global Climate Action, with ongoing efforts to enhance the accountability of non-Party stakeholders' climate action.

A survey conducted as part of a 2023 OECD report, Private Finance Mobilized by Official Development Finance Interventions–Opportunities and Challenges to Increase its Contribution towards the SDGs in Developing Countries (OECD, 2023), revealed that most providers actively monitor the development outcomes and impacts of their interventions, including climate-related aspects, using specific indicators. The commonly cited indicators included the Harmonized Indicator for Private Sector Operations and IRIS+, with approximately one third of the respondents explicitly acknowledging their use. The report indicated that while evidence suggests some private sector engagement initiatives have the potential for significant impacts, measuring their extent and beneficiaries proves challenging. This underscores the necessity for the effective design and implementation of monitoring and evaluation frameworks tailored to private sector engagement stakeholders, focusing on development impact assessments.

Therefore, there is a pressing need for guidelines outlining the monitoring, assessment and reporting of partnership engagements with the private sector in low-emission sectors. These guidelines, principles and requirements should prioritize simplicity and flexibility in order to ensure that they are readily adopted and applied by private sector actors, avoiding any discouragement due to complexity. Monitoring for development impact holds the potential to reinforce the evaluation processes surrounding private sector engagement instruments, fostering continuous learning among stakeholders, enhancing transparency and understanding, and instilling confidence in private sector actors engaged in climate change initiatives, especially in low-emission sectors.

In addition to tracking impacts, it is imperative to establish systems within private sector engagement that facilitate transparent reporting of these impacts. The reporting ensures that development projects are implemented in an economically benign, socially responsible and environmentally sound manner. The monitoring and reporting frameworks must align with and adhere to the transparency framework under the Paris Agreement. Recognizing the diverse nature of the private sector and other stakeholders, flexibility in monitoring and reporting the impacts of private sector engagement projects/programmes is crucial. Regardless of actor type or capacity, certain fundamental safeguards must be met, encompassing monitoring principles, data disclosure rules and reporting requirements. This approach prevents incomplete and patchy reporting of transition project/programme impacts, ensuring consistency in reported data regardless of the measurement approaches.

A similar approach is outlined in the Equator Principles 2020 (Equator Principles, 2020), which are a financial industry benchmark for determining, assessing and managing environmental and social risks in projects, and in the principles adopted by the Group of Seven ministers responsible for humanitarian action and development assistance in the Whistler Principles to Accelerate Innovation for Development Impact at Whistler, Canada, on 2 June 2018, underscoring the advantages of monitoring and evaluating development impacts (G7, 2019).

[2] https://climateaction.unfccc.int/

[3] https://unfccc.int/yearbook_of_global_climate_action

CHAPTER 6
Conclusions and recommendations

The survey presented in this report reveals that the private sector is aware of climate change issues. The motivations of the private sector to take climate action vary from voluntary social responsibility to brand-building. Many organizations are willing to increase efforts to fight climate change, which also contributes to meeting social development goals. While businesses are familiar with being competitive, they do have challenges in being a successful and meaningful partner in the fight against climate change.

This report explore the situation of the private sector with regard to mitigation policy implementation. In general, the private sector is positive towards climate policies. The majority of organizations believe that implementing climate policies has positively influenced their operations by nurturing new skills, improving existing skills, fostering partnerships and raising awareness of sustainability. Despite worries about increased regulation, there is a widespread belief that these policies improve efficiency and create new jobs, with few perceiving negative impacts such as revenue loss or harm to workers and communities.

Meeting the 1.5 °C goal, corporate responsibility, building climate resilience and complying with regulations were found to be the main drivers for climate action by the private sector. Financial incentives were not primary motivators. Access to climate training (noted by 62 per cent of the respondents) was identified as crucial, for which tailored strategies for private partnerships are recommended.

The private sector in developing countries primarily focuses on energy, agriculture, forestry and waste management to combat GHG emissions. The study highlights that the private sector's role is crucial in fostering skills development, job creation and policy development to promote a just transition to a low-emission society. Furthermore, it emphasizes the importance for businesses to align their objectives with societal goals, including respect for human rights and labour standards, and to contribute to shaping new standards. Despite these societal goals, the pursuit of profit and maintaining operational excellence remain pivotal for companies engaged in collaborative efforts towards positive societal changes.

Understanding the conducive environment for private sector engagement revealed how political stability, consistent policies and reduced interference foster private sector engagement. Disruptions caused by events such as the COVID-19 pandemic and conflicts impact climate efforts. Short-term decisions made to respond to a crisis worsen carbon emissions, which complicates governmental support for private solutions. International backing becomes crucial for a greener future and climate-positive recovery plans.

The analysis underscores the potential of private sector engagement in addressing job creation and skills development in low-emission sectors, especially in weak private sector economies, by mobilizing private investments while tackling market constraints and enhancing local capacity through collaboration with key actors and governments. However, it is not presented as a universal solution for all problems and requires due diligence. The study highlights challenges in achieving SDG 8, emphasizing the critical need for prioritizing decent job creation, and identifies obstacles such as perceived risks and uncertain political contexts that hinder investments aligned with the SDGs. The survey indicates widespread recognition of the private sector's role in sustainable development, yet fewer stakeholders view it as a key avenue for economic diversification and infrastructure improvement.

A significant barrier to private sector engagement in creating jobs within low-emission sectors is a lack of guidance for effective collaboration between the private, government and NGO sectors, leading to obstacles in constructive relationships. Challenges range from internal issues such as resource limitations, insufficient expertise in emerging technologies and internal resistance to change, to external factors, such as the need for sustainable policy frameworks at the national level and the identification of appropriate private sector stakeholders for engagement. Issues such as inadequate funding for low-carbon initiatives, internal expertise gaps in deploying nature-based solutions and tracking just transitions along global value chains pose obstacles that necessitate effective monitoring, evaluation and reporting systems to support private sector engagement in transitioning to a low GHG economy.

The study also shows that a structured and ongoing system for monitoring, evaluating and managing the economic, social and environmental impacts resulting from development programmes aimed at reducing GHG emissions is necessary. Effective monitoring and evaluation processes, involving stakeholders and assessing progress, are crucial for the success of private sector engagement, allowing for the analysis and tracking of progress made on critical aspects such as labour markets and jobs creation. However, challenges persist, including the absence of sufficient frameworks and regulations for reporting on decent work and quality jobs, incomplete and outdated data, and a lack of detailed reporting on private sector involvement in low-emission sectors. Comprehensive guidelines are required for monitoring, evaluating and reporting private sector engagements and their impacts, with an emphasis on simplicity and adaptability.

In conclusion, considerable opportunities exist through investment in low-emission sectors, including nature-based solutions, in developing countries. These opportunities are avenues for the creation of decent work and quality jobs. Private sector action by investing in these countries is important, and in fact is a 'triple-win' for the private sector, developing countries and the global environment. A whole of society approach, including the public and private sectors, is important in addressing the climate change crisis and in maximizing the positive and minimizing the negative impacts associated with the implementation of ambitious climate change mitigation actions.

Based on the study, the following recommendations are proposed for private sector engagement in the creation of decent work and quality jobs.

1. **To spur the engagement of the private sector, governments must establish a transparent, equitable and actionable playing field in which businesses can take the reins and innovate.** This can be achieved through enabling politics, policies and a targeted institutional set-up. Without collaboration between the public sector, private sector, international organizations and NGOs, the hope of making meaningful progress toward the SDGs will almost certainly be lost (UN Global Compact, 2023a). Taking a whole of society approach, governments need to support the private sector at all scales and levels, not only by engaging with the largest companies but

by also supporting SMEs to participate in productive and sustainable partnerships that can create decent work and quality jobs in low-emission sectors.

2. **A monitoring and evaluation framework for tracking the progress of private sector engagement on a just transition and the creation of decent work and quality jobs is needed.** To monitor progress towards the implementation of the climate commitments by the private sector in developing countries, including the more indirect (catalytic) effect of their interventions, providers must further align their methods for assessing the outcomes and impacts of their initiatives. There is a need for the development of monitoring and reporting frameworks for the impacts of projects/programmes in low-emission sectors, including nature-based solutions, aimed at facilitating the creation of decent work and quality jobs. The implementation of such monitoring and reporting frameworks must ensure the involvement of all stakeholders.
3. **Enhanced collaborative learning among peers can bolster private sector engagement for comprehensive socioeconomic advancement.** An effective strategy in fostering private sector engagement involves leveraging and mapping the existing wealth of regional and national expertise and knowledge. It may be useful to build and map out existing regional/national private sector engagement expertise and knowledge, promote the setting up of a one-stop-shop for the private sector in existing regional/national private sector engagement institutions and encourage the establishment of a business advisory group as a strategic tool for governments. Parties are encouraged to provide platforms for collaborative learning among non-Party stakeholders in order to advance economic and social co-benefits.
4. **The identification and application of best practices can improve the effectiveness, efficiency and sustainability of private sector engagement.** To guarantee the effectiveness of private sector engagement at the national level, systems must be put in place to address the inherent challenges and barriers to private sector engagement by addressing internal, external, financial, social, technical and institutional challenges, including through the alignment of goals and interests, ensuring accountability and transparency, managing expectations and conflicts, measuring results, reporting impacts and ensuring responsible business conduct. Parties are encouraged to identify and apply best practices that can improve the effectiveness, efficiency and sustainability of non-Party stakeholder engagement.
5. **There is a potential need for the development of a specialized toolkit by the UNFCCC secretariat to facilitate private sector engagement.** It is recommended that the specialized toolkit should aim to facilitate a just transition and advance the establishment of quality job opportunities in sectors with low emissions. This toolkit should encompass essential elements for effective private sector engagement in creating decent work and quality jobs. It ought to provide comprehensive guidance on identifying suitable partners, evaluating their interests, defining unified climate action goals and roles, employing engagement strategies, offering appropriate incentives for private sector engagement in climate action, establishing step-by-step procedures for impact monitoring, managing risks and conflicts, and ensuring adherence to key principles for successful private sector engagement.
6. **Vigorous promotion of partnerships for climate action and climate finance is needed to drive scalable and profitable solutions for lasting socioeconomic and environmental benefits**. It is recommended that international coalitions comprising leading companies, civil society groups, business organizations and the United Nations commit to aligning their strategies with the 1.5 °C scenario outlined in the Paris Agreement. This commitment should involve engaging companies in innovative and sustainable core investments that lead to scalable and long-term development outcomes. Additionally, fostering collaborations with private finance providers through innovative financing mechanisms, such as blended finance, can help to generate additional

funding for development initiatives while ensuring financial returns. Furthermore, exploring results-based finance approaches by mobilizing pre-financing for SDG-relevant projects and rewarding investors or implementers upon the verified achievement of results can significantly drive impactful and sustainable outcomes. Parties and non-Party stakeholders are encouraged to promote public–private partnership approaches for climate action to drive scalable and profitable solutions for sustainable development in line with the Paris Agreement temperature goal.

7. **There is an urgent need for workforce development in emerging industries.** Partnerships should prioritize workforce training, especially in green and high-technology sectors, to meet the evolving demands of the job market. There should be a focus on education and vocational programmes to aid people starting or advancing in their careers. Parties and non-Party stakeholders are therefore encouraged to enhance the capacity of their workforces in emerging industries, including through education and workforce training and skilling for jobs in low-emission sectors.
8. **Promotion of sustainable practices in supply chains will potentially create more decent work in sectors with low emissions.** Partnerships should emphasize the adoption of sustainable and ethical practices within private sector supply chains. Partners and suppliers should be encouraged to embrace eco-friendly standards through strategic sustainability initiatives.
9. **Creation of jobs at the community and local level will accelerate the achievement of the Paris Agreement.** Therefore, there is a need to intensify efforts focused on job creation at the community and local level, particularly in underserved areas, and to promote investment in community-based projects and businesses that prioritize local employment.
10. **Provide support for effective and ambitious climate policies to address workforce and community challenges for climate action.** The workforce and community challenges can be addressed while encouraging private investments using market-based strategies to facilitate effective climate action. For this purpose, long-term capacity-building support to local actors should be provided to bolster climate policies and transformations. This includes addressing constraints and risks within the private sector, promoting profit-oriented market-based approaches.
11. **Implement enterprise- and sectoral-level just transition initiatives.** It is imperative for businesses to play a collaborative and proactive role in advancing sustainable development, by not only complying with regulations but by taking the lead in designing and executing their own initiatives for a just transition at both the enterprise and sectoral level, focusing on the entire life cycle of products or services. This could extend beyond individual enterprises to collective efforts within industry sectors, fostering sustainability on a broader scale. There is a need for the private sector to actively engage with policymakers to contribute to balanced policymaking, ensuring that regulations are well-informed and conducive to sustainable practices. Non-Party stakeholders are encouraged to design and implement their own initiatives for a just transition, including sustainable transition plans at the enterprise and sectoral level, and to contribute to balanced policymaking.

Annex I. Survey Questionnaire

Survey on Engaging the Private Sector, Including Small and Medium- Sized Enterprises and Public–Private Partnerships, to Facilitate the Creation of Decent Work and Quality Jobs in Low Greenhouse Gas Emission sectors, Including Nature-based Solutions.

Part A - Background information on respondents

1. Personal details[4]:

Full name

Nationality

Telephone

Email

Country of residence

2. What is the nature of your organization?

- ☐ Public/Government
- ☐ Private
- ☐ Public-Private Partnership
- ☐ Not-for-profit or non-governmental organization (NGO)

3. Which sector is the primary focus of your organization?

- ☐ Energy (e.g. Conventional power generation, renewables, hydrogen, etc.)
- ☐ Transport (e.g. road, marine/water, aviation)
- ☐ Construction
- ☐ Extractive industry (e.g. coal, oil and gas production)
- ☐ Manufacturing industry (e.g. minerals, chemicals, metals)
- ☐ Solvent and other product use
- ☐ Agriculture (including crops, fisheries, and livestock)
- ☐ Forestry and land use
- ☐ Waste Management (e.g. solid and liquid)
- ☐ Hospitality Industry (e.g. hotel, restaurants, bar, touring, etc.)
- ☐ Finance and Insurance Services
- ☐ Small-scale informal traders
- ☐ Wholesale and retail industry (groceries, department store, etc.)
- ☐ Other sector (specify below):

[4] We will only use your email/telephone number in case we have follow-up questions to the answers you have provided. Your contact details will not be shared with any third party.

4. Which region(s) is/are the focus of your organization's activities? (You can select multiple responses):

- ☐ Sub-Saharan Africa
- ☐ Asia-Pacific
- ☐ Latin America and the Caribbean
- ☐ Middle East and North Africa
- ☐ All developing country regions

5. Please indicate the number of employees in your business/organization:

- ☐ 1-2
- ☐ 3-5
- ☐ 6-20
- ☐ 21-50
- ☐ 51-100
- ☐ 100-250
- ☐ >250

Part B - Climate change mitigation action

1. On a scale of 1 to 5, how aware are you of the contribution of your business/organizational operations has to climate change?

- ☐ 1. Not aware
- ☐ 2. Slightly aware
- ☐ 3. Fairly aware
- ☐ 4. Aware
- ☐ 5. Very Aware

2. How does the need to implement local, national, and/or global climate change mitigation policies and measures affect your business/organizational operations? (You can select multiple responses):

- ☐ Negatively
- ☐ Positively
- ☐ Both negatively and positively
- ☐ Not sure

3. In what ways do the implementation urgent local (or plant level), national and/ or global climate change mitigation actions affect your business/organizational operations? (You can select multiple responses)

- ☐ Loss of employment
- ☐ Creation of new, decent, and quality jobs
- ☐ Opportunities for development of new skills
- ☐ Enhancement of existing skills
- ☐ Increased need for collaboration and co-production
- ☐ Increased need for strategic partnerships
- ☐ Increased efficiency
- ☐ Decreased efficiency
- ☐ Need for whole system thinking on how to minimize greenhouse gas emissions
- ☐ Better understanding of sustainability of business/organizational operations
- ☐ Loss of revenue
- ☐ Economic losses due to high insurance costs
- ☐ Risk of stranded assets, workers, and communities
- ☐ Changes in cropping seasons
- ☐ Reduction in natural capital/raw materials
- ☐ Cultural erosion due to loss of natural heritage etc.
- ☐ Delays due to disruption of supply chains
- ☐ Increase in construction costs due to inclusion of climate risk safety standards.
- ☐ Shifts in customer preference
- ☐ Increased legislative, regulatory, or reporting requirements, including on social and environmental due diligence
- ☐ Reduction in work hours due to frequent employee illness
- ☐ Reduction in crop yield
- ☐ Reduction in soil fertility
- ☐ Others (specify below)

4. How will you categorize the impacts arising from the implementation of your business'/organization's climate change mitigation policies and measures? (You can select multiple responses)

- ☐ Economic
- ☐ Social
- ☐ Environmental

5. Which actions have your business/organization taken to: (a) address climate change; (b) respond the impacts arising from the implementation of climate change mitigation actions on your business/organization?
(You can select multiple responses)

- ☐ Develop a decarbonization/climate change/environment/sustainability strategy
  Attractive supplier agreements (supplier agreements that have flexibility for extreme weather events)
- ☐ Business continuity planning and risk management (business plans take into account threats to the business stemming from climate change)
- ☐ Engagement on issues that build community resilience (improving roads, water supply, improve quality of suppliers' produce)
- ☐ Creating awareness amongst staff on emission reduction
- ☐ Established employee-management working groups/dialogue to discuss the organization's environmental/climate change plans
- ☐ Building capacity for sustainable low greenhouse gas transition
  Ensuring just transition of the workforce
- ☐ Customer appreciation packages (build strong customer loyalty)
- ☐ Implementation of efficiency measures (energy use minimization, waste reduction, more efficient equipment, water saving measures)
- ☐ Ensuring good worker relations (build loyalty amongst staff)
- ☐ Retooling and reskilling of employees
- ☐ Implementation of economic diversification measures
- ☐ Formation of strategic partnerships involving the academia, the public and private sectors
  Improved construction practices
- ☐ Less polluting and more efficient transportation use
- ☐ Efficient land management practices
- ☐ Paperless communication
  Planting trees and other types of carbon off-setting initiatives
- ☐ Replacement of less energy efficient equipment
- ☐ Taking out insurance for losses and disruptions associated with climate change or extreme weather events

- ☐ Sharing of sectorial expertise (share and demonstrate what you are doing to anticipate climate change)
- ☐ Sharing of climate risk knowledge
- ☐ Transiting to drought resistant crops
- ☐ Use of renewable energies (solar, biogas, hydro, wind)
- ☐ Other (specify below)

6. Why did you take the climate change actions in number (10) above? (You can select multiple responses)

- ☐ Compliance with government regulations and reporting requirements, including on social and environmental due diligence
- ☐ As corporate social responsibility measures
- ☐ Self-regulation from the industry or sector we operate in
- ☐ Makes business sense by ensuring long-term sustainable operations and profit maximization
- ☐ To be part of global effort to address climate change by meeting the 1.5oC goal
- ☐ To increase access to capital and finance
- ☐ To ensure just transition and the creation and sustenance of decent and quality jobs
- ☐ Incorporating good practices and lessons learnt from others
- ☐ Being more attractive to staff, consumers, clients and business partners who value sustainable practices and seeking environmentally friendly products
- ☐ Other (specify below)

7. What incentives exist and which you took advantage of in support of the climate action as a business/organization? (You can select multiple responses)

- ☐ Climate finance (e.g. GEF, GCF funds)
- ☐ Government subsidies
- ☐ Concessional insurance premiums to protect against damages from climate change Financial rescue packages and support to cushion against climate change loss and disruptions
- ☐ Climate-related training and information

- [ ] Government tax reductions
- [ ] Access to state-of-the-art and cutting-edge technologies and know-how
- [ ] Technical support in improving community resilience
- [ ] Other (specify below)

8. From which of the following have you ever received finances to implement climate change actions? (You can select multiple responses)

- [ ] Bank loans
- [ ] Bilateral/multilateral donors.
- [ ] Business partners
- [ ] Colleagues
- [ ] Government
- [ ] NGOs
- [ ] SME fund
- [ ] Other (specify)

Part C - Partnerships and stakeholder engagements

1. On the scale of 1 – 5, what has been your business/organization's experience in partnerships formation and stakeholder engagement aimed at facilitating the creation of decent work and quality jobs in low greenhouse gas emitting sectors such as energy and nature-based solutions?

- [ ] 1. No experience
- [ ] 2. Minimal experience
- [ ] 3. Medium to high experience
- [ ] 4. High experience
- [ ] 5. Very high experience

2. What are the politics, policies and institutional issues that facilitate the delivery of private sector engagements, and effective partnerships that your business/organization engage in? (You can select multiple responses)

- ☐ Industry good governance requirements
- ☐ Commitment to meeting industry standards and creating stable conditions for longer-term operations
- ☐ Ethical code of conduct, including employee protection and rights, supply chain and environmental standards as well as consumer protection and safety
- ☐ Voluntary management plans and strategies coupling people, planet and profit
- ☐ Growing trend of social enterprise and impact investment
- ☐ The premise that environmental, social, and governance (ESG) factors can materially affect a company's performance and market value
- ☐ Committing to environmental, social and governance (ESG) indicators to guide "impact first" investing and business practices
- ☐ Corporate philanthropy and corporate social responsibility (CSR) aimed at expanding market share for a product or investment
- ☐ Carbon neutrality targets
- ☐ Requirement to contribute to achieving national determined contributions under Paris Agreement
- ☐ Product certification requirements
- ☐ Supply chain configuration
- ☐ Market driven forces, such as ensuring competitiveness, branding, and/or risk management
- ☐ Risk reduction and market development opportunities
- ☐ Government regulations such as environmental levy
- ☐ Government policy of institutionalizing private-sector engagement as core tenet of government's operational model
- ☐ Ministry or public institutions responsible for, and promoting private sector development and engagements
- ☐ Opportunities to improve ecosystem to mitigate climate change
- ☐ Changing consumer preferences, including the demonstration of implementation of climate change actions
- ☐ Ministry or public institutions responsible for, and promoting private sector development and engagements
- ☐ Trade Unions and workers' demands
- ☐ Greenhouse gas emission limitations and reduction commitments
- ☐ Greenhouse gas emission trading schemes
- ☐ Carbon border adjustment measures requirements
- ☐ Promoting "enterprise-driven development" by aligning with private sector as co-creators of market-oriented solutions

- ☐ National climate change policies
- ☐ Environmental permit requirements
- ☐ Environmental performance disclosure schemes
- ☐ Meeting fair trade policies and measures
- ☐ Mitigating natural disaster risks
- ☐ Lowering project/production costs
- ☐ Community and stakeholder engagement requirements
- ☐ Achieving sustainable development goals
- ☐ Mandate to work hand-in-hand with partners to design and deliver development and humanitarian assistance across all sectors
- ☐ Promoting employee wellbeing
- ☐ Promotion of transparency
- ☐ Advocating for public policy incentives
- ☐ Engagement is done to address need for foreign assistance
- ☐ National green movements (Green Parties)
- ☐ Transforming markets and economic systems to tackle the key drivers for environmental degradation, reverse unsustainable global trends end extend the delivery global environmental benefits
- ☐ Other (specify below)

3. On a scale of 1-5, will your business/organization rate the partnerships/engagements as productive, mutually beneficial, and profitable?

- ☐ 1. No
- ☐ 2. Some how
- ☐ 3. Moderately
- ☐ 4. Highly
- ☐ 5. Extremely high

4. What were the types of engagements between the development organizations and private partners? (You can select multiple responses)

- ☐ Charitable
- ☐ Philanthropic
- ☐ Commercial

- [ ] Increase and deepen collaboration to design and deliver development assistance
- [ ] Scale up development assistance, promoting sustainability, and effectiveness of development and humanitarian assistance
- [ ] Harness resources (financial, technical and technological) in support of projects/programs implementation
- [ ] To leverage more resources towards governments' and projects implementation objectives
- [ ] Supporting countries on their journeys to self-reliance
- [ ] Supporting countries to building the requisite skills, resources, knowledge, local institutions, and incentives that enable local systems and markets to become self-sustaining
- [ ] To leverage more resources towards governments' objectives and projects implementation
- [ ] Unlock investments in new/emerging businesses and industries
- [ ] Share and minimize risks
- [ ] Promoting more transformational outcomes at scale
- [ ] Supporting countries to building the requisite skills, resources, knowledge, local institutions, and incentives that enable local systems and markets to become self-sustaining
- [ ] Mobilize market-based solutions for more-sustainable outcomes
- [ ] Mount a more-effective humanitarian response
- [ ] Drive inclusive economic growth, and promote positive social and environmental impacts
- [ ] Leverage private-sector expertise, innovation, and resources that build country-level capacities for self-reliance
- [ ] Catalyzing private investment toward shared interests
- [ ] Filling gaps in responses/support, and providing longer-term capacity-building support to local actors
- [ ] Joint design and programming that address shared interests, including through co-creation of market-based approaches
- [ ] Addressing private-sector constraints or risks
- [ ] Profit-oriented and market-based approaches to address challenges
- [ ] Expand the use of blended finance
- [ ] Eradicate extreme poverty
- [ ] Mobilize the private sector as an agent for market transformation
- [ ] Address limited digital readiness in developing countries, including improving e-commerce
- [ ] Other (specify below)

5. What constitutes the building blocks for effective private sector engagement in partnerships to facilitate the creation of decent work and quality jobs in low greenhouse gas emission sectors and nature-based solutions? (You can select multiple responses)

- ☐ Financial and/or economic incentives
- ☐ Social infrastructure - trust
- ☐ Enhancing competitiveness
- ☐ Ensuring inclusive growth by taking into account the distributional consequences so that no one is left behind
- ☐ A well-managed transition that is devoid of immense human and economic costs resulting from climate disruption
- ☐ Contributing to sustainable development, including inclusive growth, generation of new jobs and reduced inequality and maintenance of decent and quality work
- ☐ The role of the private sector is seen as vital in all sectors
- ☐ Private sector as a driving force in innovation and the adoption of new technologies
- ☐ Reducing poverty and promoting prosperity
- ☐ Reducing insecurity and political instability
- ☐ Empowering women
- ☐ Promoting strong social consensus and social dialogue mechanisms
- ☐ Creating youth employment
- ☐ Promoting market-approaches
- ☐ Mitigation of investments risks
- ☐ Ensuring strategic and transformational collaboration
- ☐ Addressing risks and challenges jointly
- ☐ Effective PSE leverages comparative advantages
- ☐ Private sector offers expertise, scale, sustainability and reach
- ☐ Private sector has ability to influence policy, build capacity, has flexibility and pace
- ☐ Private sector brings efficiency and effectiveness
- ☐ Well-established global frameworks in terms of climate change, human rights, labour standards and inclusive growth.
- ☐ Fiduciary commitment to responsible investment and the integration of environmental, social and governance (ESG) dimensions in all decision making
- ☐ Just transition builds on and deepens the core investment case for action on climate change
- ☐ Private sector has innovation, expertise and capacities in investment, managerial and operational and have extensive networks and distributional channels
- ☐ Utilizing existing private sector engagement platforms and initiatives
- ☐ Other (specify below)

6. What were the engagement strategies that drove your business/organization to engage with the private sector, including SMEs and other public-private partnership, to facilitate the creation of decent work and quality jobs in low greenhouse gas emission sectors and nature based-solutions? (You can select multiple responses)

- ☐ Research partnerships to address gaps for example in nature-based solutions which demand site-specific and detailed understanding of natural systems.
- ☐ Well-developed and documented company culture
- ☐ Promoting functional business/organizational policies
- ☐ Establishing business/organization's sustainability leadership to create strong enterprise-level and well-resourced sustainability goals
- ☐ Ensuring sustainable business/organization structures that encourage ongoing dialogue between various sections and departments within the business/organization
- ☐ Existence of, or the need to develop, specific, targeted and agency-wide policy to foster and guide partnership, in particular private sector engagement
- ☐ Timely, early, and sustained engagement
- ☐ Incentivize and value the PSE throughout planning, programming, and implementation
- ☐ Expanding the use of donor agency's approaches and tools to unlock the potential of the private sector
- ☐ Reliance on best practices and lessons learned by building and acting on what works and what doesn't in PSE
- ☐ Acting together to achieve ambitious 2030 agenda for sustainable development
- ☐ Working together to promote inclusive market development
- ☐ Improving research, and knowledge management
- ☐ Promote long-term prosperity through trade, wealth creation and job creation
- ☐ Adherence to "people-first" approach to public-private sector engagement and partnerships
- ☐ Promoting fair and transparent relationships
- ☐ Ensuring mutual benefit for all participating entities as well as promoting shared value (win-win situation for all)
- ☐ Creating and maintaining a level playing field which allows for partners to advance together
- ☐ Raising awareness and promoting capacity development among partners
- ☐ Maintaining integrity, credibility and impartiality
- ☐ Fostering structured dialogue
- ☐ Promoting comparative advantages and building on core strengths
- ☐ Utilizing multi-stakeholder platforms or coalition approach to bring key actors together to mobilize systems change in a more scalable way
- ☐ A systematic approach to crowding-in the private sector
- ☐ Use of public or concessional funding to catalyze private sector investment for development (i.e. blended finance)

- ☐ Suitably structured programmatic approach supports interventions through innovative public–private partnerships and strategic partnerships
- ☐ Undertaking purpose building training workshops
- ☐ Amplifying the development benefits of private sector engagement
- ☐ Risk transfer approaches
- ☐ Others……. (specify)

7. What were some of the tools used by your business/organization in engaging the private sector to facilitate the creation of decent work and quality jobs in low greenhouse gas emission sectors and nature based-solutions? (You can select multiple responses)

- ☐ Decision support tools that empower decision makers
- ☐ Management information system including private sector information database, marketing tools, monitoring and evaluation tool, etc.
- ☐ USAID Private sector engagement framework
- ☐ MercyCorps tools on private sector engagement, including tip sheets 1 -15 and tools 1 - 7
- ☐ Donor Committee for Enterprise Development (DCED) operational framework
- ☐ Private sector engagement for sustainable development in support of Canada's Feminist International Assistance Policy
- ☐ Business Fights Poverty Action Toolkit
- ☐ ACDI-VOCA Private sector engagement toolkits
- ☐ Adrienne Watt - Project management – 2nd Edition
- ☐ World Meteorological Organization (WMO-No. 1258), 2021 edition on Guidelines for Public-Private Partnership
- ☐ OECD – holistic toolbox for private sector engagement in development cooperation
- ☐ SESRIC/UNDP – Engaging the private sector in skills development
- ☐ USAID Clean Energy Lending Toolkit
- ☐ ILO – Local development and decent work resource kit
- ☐ Caribbean Public-Private Partnership Toolkit
- ☐ OECD-UNDP Impact Standards for Financing Sustainable Development
- ☐ Principles for good international engagement in fragile states & situations
- ☐ USAID Private Sector Engagement Policy
- ☐ Finland's developing market platform
- ☐ The Netherlands' policy on A world to Gain: A new agenda for aid, trade and investment

- ☐ Kampala principles on effective private sector engagement in development co-operation
- ☐ Climate change and the just transition – a guide for investor action
- ☐ The Nature Conservancy Strategies for operationalizing nature-based solutions in the private sector
- ☐ OECD – PSE for sustainable development lessons from DAC
- ☐ Nature-based solutions: Increasing private sector uptake for climate-resilience in LAC
- ☐ UKAID/Sida Platforms for partnership
- ☐ Public-Private partnerships – Reference Guide
- ☐ PRI – ESG Integration: How are social issues influencing investment
- ☐ IFAD Private Sector Engagement Strategy 2009-2024
- ☐ Others (specify below)

8. What have been the challenges faced by your business/organization in engaging the private sector, including SMEs and public-private partnership to facilitate the creation of decent work and quality jobs in low greenhouse gas emission sectors and nature based-solutions? (You can select multiple responses)

- ☐ Internal resistance to change
- ☐ Lack of decentralized decision making and business operations
- ☐ Lack of in-house expertise to handle site-specific issues especially with nature-based solutions deployment
- ☐ Regulatory risks
- ☐ Business/organizational brand concerns
- ☐ Lack of internal resources, (including knowledge and skills/qualified workforce), dedicated to new and emerging technologies and tools
- ☐ Perceived uncertainty, in particular, for nature-based solutions
- ☐ Poor engagement that potentially could lead to stalled climate action, stranded assets, stranded workers and stranded communities
- ☐ Addressing holistically just transition as a system and economy-wide challenge (No single action can deliver the just transition alone)
- ☐ Tracking just transition and social impacts along global value chains (making impacts quantifiable)
- ☐ Perceived lack of relevance to businesses in adopting low carbon initiatives
- ☐ Lack of funds for investing more expensive low-carbon initiatives
- ☐ Lack of time to engage, especially for SMEs due in part to limited dedicated manpower
- ☐ Lack of knowledge of alternatives solutions or initiatives
- ☐ Public-sector institutional and resource constraints

- ☐ Risk of policy discontinuity
- ☐ Misalignment of stated objectives, appetite for risk, and short- versus long-term thinking
- ☐ Concerns about the risk of using public resources purely for private motives and leading to market distortions, or the potential for de facto tied aid.
- ☐ Concerns about the potential harmful effects of certain practises of the private sector and a lack of effective safeguards
- ☐ Lack of safeguards on the use of public resources
- ☐ Paying insufficient attention to concrete results and outcomes (particularly for the benefit of those furthest behind)
- ☐ Limited transparency, accountability and evaluation of PSE projects
- ☐ Others (specify below)

9. Which of the under listed experiences best describe the best practices or lessons learned by your business/organization in engaging the private sector to facilitate the creation of decent work and quality jobs in low greenhouse gas emission sectors and nature based-solutions? (You can select multiple responses)

- ☐ Private-sector actors are critical partners in addressing the many complex challenges that countries and communities face.
- ☐ PSE is relevant across development sectors
- ☐ In countries with small market size and largely informal, and weak private sector, PSE that focuses on working with key private-sector actors and host-country governments can address market systems and constraints to commercial development;
- ☐ PSE can design programs that create incentives for private-sector participation, or undertake piloting approaches to build the capacity of the local private sector and draw in new private-sector actors
- ☐ PSE can help reduce dependency on aid
- ☐ PSE is a means to an end
- ☐ Social infrastructure is the bedrock of private sector engagement as PSE depends on trusted relationships that deepens collaboration over time
- ☐ Integrating private-sector perspectives in country strategic planning and mapping of local systems can lead to better identification of market constraints and market-based approaches in the design and implementation of projects
- ☐ The purpose of foreign aid is to end the need for its existence, mobilizing private investments at scale, and deepen the collaboration with the private sector, can lead to the accelerate the achievement of this goal
- ☐ PSE can identify and remove barriers to investment.
- ☐ Engaging the private sector is not a panacea for addressing the myriad of development and humanitarian challenges that countries and communities face
- ☐ PSE as engine for economic growth and key enablerfor development.

- [ ] Businesses and investors create jobs; develop and fund technologies and innovation; and provide critical goods and services demanded by households, communities, other private-sector entities, governments and donor agencies.
- [ ] PSE and private capital/investment are ways diversify national economies, upgrade infrastructure and deliver critical services
- [ ] Investments involving the private sector deliver higher co-financing, have balanced regional distribution, and address drivers of environmental degradation at scale
- [ ] Engaging the private sector enhances the effectiveness of public aid by leveraging private investments and promoting new products and services
- [ ] Companies are seeking new markets; and increasingly embracing sustainable, environmentally friendly, and responsible business practices as sound investments for increased competitiveness.
- [ ] The expansion of economic opportunities, through the engagement with the private sector improves security and stability by creating the conditions for communities to thrive
- [ ] All PSE requires some level of due diligence, which includes, at a minimum, assessing past performance, reputation, policies, and future plans of a private-sector partner.
- [ ] Effective relationship-management is one of the best ways to identify opportunities and address potential misalignment of values or objectives, by fostering transparency, accountability, and flexibility
- [ ] The importance of looking beyond the direct employment impacts to understand the wider ecosystem of prosperity in affected regions and communities, without which there could be slow or even stall climate change progress, economic stagnation, and political instability.
- [ ] Multi-stakeholder platforms or coalition approaches have proven to be vital as an instrument to mobilize systems and sub-systems change
- [ ] There is concern that private sector engagement (PSE) through development co-operation does not live up to its full potential yet, calling for a more systematic effort to amplify the development benefits of private sector initiatives and principles and guidelines for effective PSE through development co-operation
- [ ] Supporting an enabling environment for the private sector can further improve transparency and reduce corruption
- [ ] In fragile contexts and least developed countries (LDCs), the private sector can generate longterm and sustainable growth, create employment opportunities and foster trade
- [ ] Other (specify below)

Part D - Creation of decent and quality jobs

1. In fostering partnerships for just transition why has your business/organization factored into account the social dimensions of impacts of the transitions, such as the creation of decent work and quality jobs? (You can select multiple responses)

- ☐ That the transition ought to be fast and fair
- ☐ The shift to resilient, low carbon economy will boost prosperity and be a net driver of job creation.
- ☐ The need to address the challenges with the transition for workers, communities, and countries.
- ☐ Broadening the understanding of systemic risks from climate change, by factoring in issues such as social exclusion and increasing inequality.
- ☐ Recognising material value drivers in terms of corporate practices in the workplace and the broader social licence to operate; business performance will be increasingly conditioned by the just transition.
- ☐ Reinvigorating fiduciary duty by better capturing the interrelated environmental and social drivers of long-term performance through social dialogue and community engagement
- ☐ Uncovering investment opportunities that combine climate and social goals such as inclusive growth, identified through the lens of the just transition.
- ☐ By putting in place investment strategy to underpin the assessment of the exposure to the social dimension (including employment impacts) of the transition, pursuing dialogue with workers and other key stakeholders, and integrating just transition factors into investment beliefs and policies.
- ☐ Ensuring corporate engagement including just transition factors in investor expectations, requesting disclosure, benchmarking performance, and pressing for improvement.
- ☐ Allocating capital through the incorporation of the social dimension into strategies for climate investment across all asset classes, including listed equities, bonds, private equity and real assets.
- ☐ Contributing to societal goals including existing responsibilities to respect international human rights and labour standards
- ☐ Promoting policy advocacy and partnerships including by making the just transition a part of policy dialogue at sub-national, national, and international levels as well as taking part in place-based partnerships.
- ☐ By learning and reviewing, in order to understand emerging lessons and disclosing results so that the efficiency and effectiveness of investor action on the just transition continue to improve.

Annex II. Compilation of tools

1. Just transition and sustainable economies

- **Guidelines for Just Transition towards Environmentally Sustainable Economies and Societies for All** (ILO, 2015): Provides guidelines on how to ensure that the transition to environmentally sustainable economies is just, fair, and inclusive, considering the needs of workers and communities.
- **Resolution Concerning Sustainable Economies and Societies for All** (ILO, 2019): Focuses on establishing policies that guide the transition to sustainable and resilient economies, ensuring social justice and fair opportunities for all workers.
- **Climate Change and the Just Transition - A Guide for Investor Action** (Robins, Vonda Brunsting, and David Wood, 2018): Rationalizes why investors should engage in just transition initiatives, aligned with fiduciary duties and responsible investment practices. Covers areas such as investor action, motivations, and starting points.

2. Private sector engagement (PSE) and collaboration

- **A Toolkit for Effectively Building and Sustaining Program Partnerships with the Private Sector** (MercyCorps, 2015): Defines PSE, key partners, strategic frameworks, and provides implementation guidelines including partner assessment and PSE opportunities. Includes 7 tool sheets and 16 tip sheets on PSE strategies.
- **General Guidance on the Private Sector in the Context of the International Cooperation Strategy 2021–24** (SDC, 2021): Economic policy frameworks, promotion of local companies, collaboration with the private sector, and public procurement strategies.
- **Handbook on Private Sector Engagement (2023)** (SDC, 2023): Outlines objectives, vision, and forms of interaction with the private sector. Covers risk management, monitoring, evaluation, and examples of successful PSE implementation.
- **Private Sector Engagement Toolkit (2022)** (ACDI/VOCA, 2022): Includes guides on co-creating development activities with the private sector, partnership health assessments, identifying partners, milestone development, exit interviews, and due diligence processes.
- **Private Sector Peer Learning Policy Brief 1** (OECD, 2020): Provides a holistic toolbox for PSE in development cooperation, offering insights on policies, tools, and best practices.
- **Private Sector Engagement Framework 2021** (USAID, 2021): Defines key principles for private sector engagement and outlines the approach for implementing PSE activities in innovative ways to foster skills development.
- **Kampala Principles on Effective Private Sector Engagement in Development Co-operation** (GPEDC, 2019): Provides five main principles for effective PSE, including inclusive country ownership, transparent partnerships, and results-oriented impacts.
- **The Partnering Toolbook (2011)** (Tennyson, 2011): Focuses on building partnerships, developing partnering agreements, and managing the partnering process for successful project delivery.
- **Caribbean Public-Private Partnership Toolkit (2017)** (Caribbean Development Bank, 2017): Provides guidance on public-private partnerships (PPP), covering project identification, procurement, policy enabling environment, and contract monitoring. Includes a model Caribbean PPP policy template.

3. Decent work and employment quality

- **Action Toolkit on Building Back with Better Jobs** (Business Fights Poverty, 2020): Focuses on business models that mainstream decent work in the recovery process, offering strategies and implementation techniques.
- **Learning Lab Series on Measuring Decent Work in the Small and Growing Business Sector** (ASPEN, 2022): Provides a comprehensive guide to measuring decent work, focusing on metrics

and methods for assessing workplace rights, respect, and cooperation.

- **"How to" Measuring Job Quality in Value Chain Development Projects** (ILO, 2021): Focuses on measuring job quality, including frameworks for assessing employment conditions within value chains.

4. Decent work and employment quality

- **How to Use IRIS+ and Harmonized Indicator for Private Sector Operations (HIPSO) Indicators Together** (IRIS+, 2021): Offers guidance on using IRIS+ and HIPSO indicators to measure impact in impact investing, with a focus on monitoring and evaluation.
- **Global Partnership for Effective Development Cooperation (GPEDC) Final Review Report 2021** (GPEDC, 2021): Reviews and offers recommendations on the GPEDC's efforts to maximize the effectiveness of all forms of development cooperation to meet the 2030 Agenda.

5. Skills development and education

- **Best Practices Guidelines and Toolkit on Engaging the Private Sector in Skills Development** (UNDP and SESRIC, 2018): Offers guidance for private sector engagement in skills training, with tools for building impactful partnerships and improving employability.

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United Nations Climate Change
Katowice Committee on Impacts

Katowice Committee of Experts on the Impacts of the Implementation of Response Measures is a constituted body which was established in Katowice December 2018 to support the work programme of the forum on the impact of the implementation of response measures

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