Engaging Private Sector at Scale in Climate Actions and the SDGs

NDC Support Programme- Uganda

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Private Sector as Critical Actor

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- **Unmet need of US$4 trillion a year** required in developing countries to deliver on the Climate pledges and the SDGs (US$2 trillion of which is particularly for climate-related sectors),
- The **private sector** is not just an important actor but a **critical actor**.
- But clearly **more action is required to unlock and redirect the vaster quantities of private climate finance** that are required.

What does Private Sector Need Most?

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Private Sector needs **a business case** to invest in climate actions and SDGs. A business case can be enhanced through:

- **Enabling policy environment** with targeted policy incentives to engage private sector in climate actions and the SDGs,
- **Improving ease of doing business** to accelerate investment decision of private sector,
- **Targeted capacity building** to promote private sector engagement,
- **Access to climate finance** to strengthen the business case for actions.

1. Enabling Policy Environment

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Ministries put in place **policies and regulations to incentivize private sector** investment such as:

- Feed-in tariffs,
- Import duty exemptions for green technology,
- Tax holidays,
- Standards,
- Investment incentives etc.

2. Increase Ease of Doing Business

Government Institutions put in place the **business environment to crowd-in private sector**:

The WB enhanced Business Registration and Licensing that led to:

- Digitization of files in the business registry,
- Businesses can register in a day,
- Registration can be done online,
- A one stop shop center created at URSB for URSB, NSSF, NWSC, UIA, URA, Ministry of Lands.

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3. Private Sector Capacity Building

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Accelerate private sector engagement through **targeted technical assistance** e.g. through PSFU:

- Entrepreneurship training,
- Financial training (business plan development),
- Understanding the relevant regulations and existing incentives,
- Technical feasibility studies for priority projects and programmes.

4. Climate Finance

- Climate finance refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change (UNFCCC)
  - Climate finance for mitigation, because large-scale investments are required to significantly reduce emissions.
  - Climate finance for adaptation, as significant financial resources are needed to adapt to the adverse effects and reduce the impacts of a changing climate.

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International Climate Finance

Green Climate Fund (GCF) Private Sector Facility

GREEN
CLIMATE
FUND

- PSF to fund and mobilize institutional investors and leverage GCF's funds to encourage corporates to invest in climate actions by reducing the costs of lending:

  Mitigation (clean cooking, solar, rural electrification, energy efficiency)

  Adaptation (climate resilience of communities, livelihoods , building adaptive capacities, climate information services etc

Climate Finance at Regional and National level

Financial Institutions:

- Development banks finance (AFDB, EADB, UDB)
- Commercial bank finance (Centenary Bank Stanbic, Microfinance)
- Financing credit line (energy efficiency credit line with Diamond Trust Bank)
- Private sector finance through CSR, direct project investments e.g. renewable energy, energy efficiency

Support by UNDP globally

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- Working with Governments to **improve the policy environment**,
- **Development of financing platforms** to support investments e.g. Financing platform developed to increase access to RE and EE in rural areas
- Development of **Green Bonds initiatives** by governments to support investments in climate action
- National Financing Vehicles e.g. the **Green Investment Fund** for Uganda
- **Carbon finance mechanisms** including support countries in the transfer of mitigation outcomes under Art. 6 of Paris Agreement

THANK YOU

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