



GEF CEO Speech

Green Industry Platform Launch at Rio+20

Good afternoon.

I regret that I have not been able to attend this important gathering from the beginning, but I have just come from a program focused on the sustainable management of the global tuna fishery. That campaign depends on cooperative engagement with the private sector to address a threat to our global environment and economy. Not coincidentally, the launch of the Green Industry Platform involves this same cooperative approach.

We are all here in Rio in 2012 because the world is on an unsustainable path. Our common goal is to change course and get people and the planet onto a sustainable path. This noble goal cannot be achieved by governments and international institutions alone. All of society, including the private sector, must be engaged. And the Green Industry Platform is designed to do just that.

We are here today to learn from each other about how private sector partners can help “Green Industry,” and how public-private partnerships can help get us on that path.

Not everyone agrees with you by the way.

For many people, the private sector is the problem, not the solution. As stated in the Green Industry documents, this is clearly because our most common growth models tend to equate profit with something called “throughput.” It is the idea that the more products you sell at the lowest possible cost, the more money you make. Unless we find ways to decouple this linkage between profit and throughput, or profit and quantity, we will remain trapped in an

unsustainable economic model. We must find means to make sustainability drive growth as opposed to seeing sustainability as an extra cost item.

At the Global Environment Facility, we see numerous trends pointing toward the wisdom of sustainable business models, Green Industry, and public-private partnerships

- The day is fast approaching when rising energy, transport and commodity prices will force businesses to face tough choices. It will be better if business anticipate rather than react to this crisis and address these choices with a strategic plan worked out in conjunction with international institutions.
- Of course, the smartest business people see necessity as opportunity. Great profits will flow to the businesses that can develop – and perhaps sell – the best solutions to our growing resource scarcity challenge.
- As critical natural resources become increasingly scarce, competition and costs intensify. Sustainable sourcing is now commonplace in many companies. Soon it will become standard practice. It is always better – however tough it may seem – to introduce the needed changes through innovation and careful planning rather than by hasty reaction to outside forces.

We cannot go from win-lose to lose-win and hope for durable sustainable development. We must find ways to get to win-win. That is, we must identify areas where private-sector partners make industry green while making a return on investment at the same time. Too many proposed business efforts have not yet achieved this true win-win.

GEF Supports Green Industry Policies

The Green Industry Platform and Green Industry Policies read very much like a GEF focal area strategy document. The goals they set out are to:

- Improve Resource Efficiency
- Strengthen Waste Management
- Reduce and Eliminate Toxic Materials
- Use Energy Efficiency and Renewable Energy
- Adopt a Lifetime Approach to Product Manufacture
- Make Finance Available to Green Industry
- Promote Technology Transfer and Share Best Practice
- Establish Green Global Value Chains
- Support Green Industry Research and Innovation
- Encourage Green Industries and Jobs
- Set Green Industry Targets

Every one of these policies the GEF is already pursuing in partnership with UNIDO, UNEP, the World Bank and many other institutions, whether in chemicals, persistent organic pollutants, climate mitigation, international waters and protection of natural resources.

Indeed, the GEF's 21-year history is one of innovating and risk-taking, creating mechanisms to help developing countries deal with climate change and protect natural resources while promoting sustainable growth. Over the years, we have been quite successful in harnessing public-private partnerships by focusing on key barriers to private sector involvement. But if we want Green Industry to succeed, we have to be smart about it, and I would like to outline for you some key ways to ensure success:

- Our experience shows that public-private partnerships work well when they create a division of labor, directing funds quickly to the organizations most able to deliver on the ground. These organizations have a self interest in delivering results, have demonstrated key experience in the target area, and have established critical relationships with local organizations and civil society.
- Public-private partnerships work best when they **reduce layers of bureaucracy** and put more resources directly into the field.
- Success lies in local and global financial institutions establishing the financial and environmental credibility to attract private-sector investment and continued support from donor nations. Good intentions are not enough. Institutions managing these programs must show that they can operate efficiently and effectively. Therefore, adequate safeguards, particularly monitoring, reporting and verification (MRV) are critical to success.
- On the public side, we must help host countries develop predictable policy environments that encourage private sector investment towards Green Industry targets.

- When it comes to financial investments, public funding can best be used to share and mitigate the risk for innovative ventures.
- Finally, we must also foster innovation and entrepreneurship to help developing countries identify and develop the green technologies that will be needed for sustainable development.

Over the last several years the GEF Council has endorsed these successful partnerships with the private sector and directed the GEF to expand efforts, especially in recognition that public funding was insufficient to address the scale of global environmental problems. For Green Industry, public-private partnership is not optional, it is mandatory.

It seems clear that all new global financial partnerships – be they the Climate Investment Funds, the Green Climate fund, or whatever – must recognize the power and benefits of public-private partnerships. They must create transparent, effective, and efficient processes for approval of funding to PPPs.

There is an educational challenge with our partner countries as well. In too many countries there is a fear that private-sector engagement will cause more harm than good by leading donor countries to reduce their contributions as the private-sector becomes more engaged. We must make it clear to our partners that we are not proposing a zero-sum game. When done right, public-private partnerships help attract private-sector investment to developing countries **in addition to, rather than in place of**, international support. This has the potential to expand the pool of investment many times over, creating local jobs, spurring innovation, and providing much-needed scale to our dearest environmental causes. And it's not just about money. Private sector involvement will also greatly expand the technical and intellectual capacity of the campaign for sustainable development. I believe the partners in the Green Industry Platform can help greatly to address this educational challenge.

With the Green Industry Platform, we look forward to working closely with you and other partners to move this agenda forward. Following many successful past projects, let us together preach the benefits of Green Industry, promote public-private partnerships, go beyond business as usual, and nudge the world onto a sustainable path.