

Private Sector



Private sector initiatives are important drivers of the green economy transformation in many countries. There is a need to build on the commercial and economic incentives already existing for environmentally friendly business practices, including the development of standards and certification schemes. The potential areas of interaction with the private sector are extensive:

- Research and awareness raising on sustainable practices and on market opportunities;
- Capacity building of small businesses;
- Support to industry associations to deliver better services to their members;
- Support for dialogue between producers and consumers committed to sustainable sourcing; contributions to Public Private Partnerships (PPPs);
- Actions to encourage private sector investments in green sectors, including access to green finance by SMEs;
- Promoting private sector participation to policy development.
- Actions to encourage green technology transfer, e.g. through incentives for EU firms on licensing to and joint investment with developing country firms;
- Development and alignment of green certification standards and labels
- Strengthening commitments to sustainable supply chains and developing mechanisms to enhance trade in sustainable commodities

The SWITCH regional programmes already encourage a higher use of environmentally friendly technologies and practices by businesses through grants to business intermediary organisations and other entities supporting the development of SCP enabling conditions in selected economic sectors of partner countries. The programmes give particular attention to Micro, Small and Medium Enterprises (MSMEs) and to initiatives that encourage eco-entrepreneurship.

Actions under the Flagship prioritise areas like access to finance and business management skills. Support is channelled through private sector bodies, such as chambers of commerce, SMEs associations, business development service providers, NGOs, etc.

EU cooperation with the private sector on green economy also includes actions to promote private sector participation in the development of enabling frameworks that create or reinforce financial (e.g. subsidies), social (SCR), or other (e.g. tax-related) business incentives. Without those incentives, the greening of business practices is likely to be further perceived as a costly constraint rather than an opportunity, requiring law enforcement that tends to be deficient in some developing countries, and may remain limited to a small segment of economic activities. It also includes actions to mobilise finance through blending mechanisms that aim to leverage funds from public institutions and from private actors.