Enabling Private Sector Leadership

As the global economy begins its essential shift to a climate-smart pathway, major financial investments are needed to ensure that this shift can take place as rapidly and effectively as possible. In few places is climate-smart development and its accompanying investment more needed than in Africa. But public funding is scarce, and the AfDB and CIF have recognized the central role the private sector must play in mobilizing considerable finances to aid Africa’s climate-smart development.

Private enterprises are uniquely positioned to contribute to climate action, through innovative emission-reducing technologies, novel business models, and financial instruments which embed sustainability into business operations. Ultimately, they can also stand to profit from their investment, as demand increases for renewable energy, efficient power plants, better public transport, high quality agricultural products, and climate-resilient infrastructure.

But for the private sector, this shift carries inherent risks including project-specific risk, perceived country risk and financing risk. These risks are further compounded by conditions in some of Africa’s emerging markets. As a result, the CIF has set aside funding to mobilize private sector engagement and have worked with the AfDB and other MDBs to put in place mechanisms which address barriers and attract private investment.

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#### Linking Mozambican farmers to markets through Public-Private Partnerships

A key feature of Mozambique’s Baixo Limpopo Irrigation and Climate Resilience Project (BLICRP) is the use of market service providers (MSPs), expected to be agricultural consulting companies or NGOs, to support the 8,000 Mozambican farmers who are project stakeholders and beneficiaries.

As part of the project, two competitive MSPs will be proposed, and the farmers can decide if they want to enter into a contractual agreement with one.

The selected MSP will provide farmers who are willing to be supported with training and technical advice on crops and agronomic techniques, and will help them seek markets, including corporate retail chains, and negotiate on the farmers’ behalf. While the project will cover the MSP’s costs for the first two years, it will then be up to the farmers to pay for these services.

This Public Private Partnership (PPP) is expected to bring more efficiency and sustainability to the project’s implementation, particularly due to the performance-based remuneration for the MSPs.