



Food and Agriculture
Organization of the
United Nations



SCALA Private Sector Engagement Facility

Enhancing private sector engagement in
implementing agrifood priorities in the NDC
and NAP

This document outlines the funding call for accessing the Private Sector Engagement Facility to enhance private sector engagement under the UNDP-FAO [“Support Programme on Scaling up Climate Ambition on Land Use and Agriculture through NDCs and NAPs”](#) (SCALA)

The objective of the facility is to support countries to accelerate investments in low-carbon and climate-resilient agriculture practices by mobilising private sector actors in Nationally Determined Contributions (NDC) and National Adaptation Plans (NAP) implementation.



1. BACKGROUND

Under the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement, countries plan and communicate their climate adaptation and mitigation goals and strategies through Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs). Although agriculture is a priority sector across NDCs of almost each country¹ the interventions in the agriculture and land use sectors to reduce emissions and enhance adaptive capacity have been insufficient in relation to the challenges faced. Public climate finance allocation in this area is disproportionately small, comprising only 24 percent of total grants in 2017/2018 (FAO, forthcoming). Private finance flows are even lower, with 85 percent allocated to renewable energy, 14 percent to low-carbon transport, and under 1 percent to all other sub-sectors including agriculture and land use. There is therefore a major financing gap for agriculture and land use sectors, and scope for a more substantial role to be played by the private sector given the emerging investment opportunities in this space.

In addition to helping bridge the financing gap, the private sector is an important source of technical knowledge, human capital, and innovation. By working with the private sector, public sector climate change interventions can target changes at multiple entry points in the agri-food system. However, the private sector is not sufficiently engaged in climate action due to a few major barriers, which a recent World Bank report highlights as i) a lack of climate risk and vulnerability information, ii) inadequate institutional arrangements for multi-sectoral and multi-stakeholder planning, and iii) insufficient financial incentives².

The SCALA programme recognizes the NDCs and NAPs as particularly crucial vehicles to create enabling policy and regulatory environments and investment plans for increasing private sector participation in agriculture and land use sectors for climate action. This document provides an overview of a key part of [SCALA's approach to private sector engagement](#) – a technical assistance facility to enhance private sector engagement and increase private investment across NDCs and NAPs for non-SCALA countries³, drawing from the lessons learned and approach developed under SCALA⁴.

Who is the private sector under SCALA?

The term private sector comprises of a range of actors. SCALA defines the private sector as:

- Financial institutions;
- Large national and multinational companies;
- Micro, small and medium enterprises (MSMEs);
- Farmers, farmers' organizations & cooperatives
- Industry and trade associations;
- Philanthropic foundations.

Note: This definition is based on FAO and UNDPs definitions of private sector under their private sector strategies. The SCALA team will apply exclusion screening using a combination of FAO and UNDP criteria for engagement with the private sector.

2. SCALA PRIVATE SECTOR ENGAGEMENT FACILITY

The SCALA Private Sector Engagement (PSE) Facility will draw upon tools, emerging lessons and partnerships developed under the programme in providing support to selected non-SCALA countries.

The main beneficiaries and partners for this facility are: a) public sector in terms of co-designing and receiving targeted support to catalyse private sector action, and b) all private sector actors as defined under SCALA (see Section 3) through development of bankable opportunities for public-private collaboration, including farming communities vulnerable to climate change impacts that can benefit from climate-focused interventions and investment.

¹ FAO, 2019. [Assessing the role of agriculture and land use in nationally determined contributions](#).

² World Bank. 2020. Enabling Private Investment in Climate Adaptation & Resilience

³ SCALA is supporting 12 countries across the globe: Argentina, Colombia, Costa Rica, Egypt, Cote d'Ivoire, Senegal, Uganda, Ethiopia, Nepal, Mongolia, Cambodia, and Thailand. This technical assistance facility will support additional non-SCALA countries seeking to engage private sector in NDC/NAP implementation.

⁴ Refer to 'SCALA Global PSE Strategy' for details on overall approach



The incentives for private sector to take part in this facility are: a) opportunity to present private sector considerations that could inform public sector policy and decision-making on climate action initiatives, b) increased dialogue and collaboration with public sector c) exposure to bankable investment opportunities in agriculture and land use sector that are aligned with and support the achievement of NAP/NDCs.

Countries can request support depending on their needs from three distinct service areas (See Table 1 below for details). The activities listed under each service area are intended to be illustrative, demonstrating possible interventions that can be implemented to achieve respective outcomes. The development of terms of references in collaboration with countries will incorporate some of these activities to reach tangible outcomes, with the end goal of attracting private finance into climate action initiatives. As such, each service area represents a cohesive set of interventions to help reach milestones leading to this end goal. Countries are advised to be selective and request support on different service areas depending on the existing level of private sector engagement, as it is understood different countries will have varying levels of advancement with regards to private sector engagement. Applicants are encouraged to focus on one service line for maximum impact.

Table 1: Illustrative list of services offered

1. Outreach, Opportunity Mapping & Facilitating Multi-Stakeholder Engagement 1.1 Analyse NAP/NDCs priorities for private sector engagement opportunities (based on climate risk assessment) 1.2 Analyse private sector landscape to identify potential partners for climate action on NAP/NDC priorities 1.3 Develop value proposition for engaging businesses in climate action and conduct outreach with private sector 1.4 Facilitate integration of private sector actors into NAP/NDC multi-stakeholder committees 1.5 Support development of multi-stakeholder partnerships involving the private sector 1.6 Training or webinar on systems-leadership and systems-change approaches
Expected Outcome: Activities will help analyze NDC/NAP priorities and overlapping priorities of businesses to help identify joint climate solutions in the country. This will be followed by multistakeholder engagement with both public and private sector actors. The goal of this service area is identifying concrete climate action initiatives that can catalyze private investment, which can be analyzed and explored further before approaching the funding phase.
2. Assess Risks & Business Opportunities 2.1 Assess climate impacts on priority value chains and develop evidence base to encourage private sector investment through studies and relevant FAO/UNDP tools (Training/webinar/implementation support) 2.2 Identify, appraise, and recommend successful business models and production practices that support climate action goals 2.3 Assess the optimal role of public and private actors in implementing climate solutions and drive sustainable agriculture in alignment with NDC/NAPs
Expected Outcome: The use of studies and tools will develop evidence base on climate risks, emission contributions and private sector entity points along value chains to help inform solutions that can unlock private investments. Activities under this service area should be pursued if opportunities for private sector engagement have already been established in consultation with the public sector. The goal of this service area is to build the business case for private investment.
3. De-risk and Enable Private Investments 3.1 Identify and prioritize risks and investment barriers faced by private sector (using de-risking framework & other tools) 3.2 Identify de-risking instruments to incentivize PS to invest in NDC/NAP priorities (regulatory incentives, access to finance, capacity development etc.) 3.3 Economic/Financial analysis of de-risking strategies 3.4 Incubate de-risking strategies through concept refinement, partnership development and matchmaking support
Expected Outcome: Identifying and analyzing risks, barriers and de-risking instruments will help design targeted public-private de-risking strategies. These will be incubated by partnership and concept development support to bring robust and vetted intervention ideas towards the financing stage. The goal of this service area is to develop strong investment pitches that can be presented to funders and investors.



3. ELIGIBLE COUNTRIES AND REGIONS

All developing countries eligible for Official Development Assistance with a strong focus on agriculture and land use in their NDCs and/or NAP are eligible for technical assistance services and may request support. However, during the first phase of the facility (2022), priority will be given to requests from the 46 Least Developed Countries (LDCs) which are most vulnerable to climate change and have so far accessed⁵ limited finance to mitigate and adapt to climate change. LDCs and other countries already covered in the broader programme will not be eligible to apply. The support will also initially focus on LDCs following the request of UNFCCC to increase the technical support provided to these countries. SIDs and MICs will be eligible during the second phase of the facility (2023-2024). The yearly breakdown is below:

- 2022 focus on LDCs (5 countries)
- 2023 focus on 3 SIDs, 3 Middle income countries (6 countries)
- 2024 (1 more country)

4. ELIGIBLE COUNTRIES AND REGIONS

The SCALA Global Team will be using the following criteria to assess the EOIs received:

1. Request for support is from government
2. Countries under the Climate Promise (Phase 1 and Phase 2)
3. Countries that have existing/planned work around private sector in NAPs or NDCs (*i.e. seek to enhance public sector engagement with the private sector on climate action and NDC/NAP implementation*)
4. Countries that have one or more of the following:
 - Existence of policy for private sector engagement in agriculture and climate change
 - Existing government – private sector working group in agriculture
 - Existing financial/non-financial or technical partnership with a private sector coalition
 - Existing coalition of private sector actors which has or intends to have a focus on climate change (chamber of commerce, commodity focused alliance/platform/board etc.).
5. Countries with existing arrangements or planned consultations for UNDP and FAO collaborative work.
6. Countries that intent to maximize engagement with at least one group of domestic private sector actors
7. Countries that enhance engagement with micro-and small enterprises, cooperatives and farmers' organizations, groups/associations/coalitions
8. Countries that enhance engagement with multinationals and agribusinesses at national level
9. Countries that seek to mobilize private sector finance and otherwise engage the private sector in climate action
10. Countries that integrate gender considerations in engaging with the private sector

5. OPERATIONAL DETAILS OF FACILITY

- At least 12 countries will be supported through the facility following a demand led approach driven by domestic agriculture and land use priorities. Countries can request support based on 3 distinct service areas as illustrated under Table 1.

⁵ <https://www.oxfam.org/en/research/climate-finance-shadow-report-2020>



- The duration of support provided for each country will be 1 year, with agreed upon deliverables within customized Terms of Reference (ToR) expected to be completed within this timeframe. If required, an additional 6 months can be granted.
- Services will be offered in the form of targeted and timely assistance through studies, technical trainings, workshops, dialogues and roundtables, concept note development, analysis and delivery support on topics related to land-use and agriculture, drawing from the tools and lessons learned from SCALA countries
- Services will be deployed based on contextual needs of the country, through a pool of vetted national and international experts and SCALA global team support where applicable. Services will draw from relevant peer-to peer exchanges and regional case studies, and use regional networks, coalitions, and research centres to provide country-specific tailored support.
- After requests are fulfilled at country level in the first year, SCALA's global team will review progress and work with country offices to identify follow up opportunities.
- The support from the technical assistance facility will begin in Year 2 of SCALA (2022) and will continue until programme completion in 2025.
- The services offered under the facility will complement the UNDP Climate Promise, the FAO Hand-in-Hand Initiative and closely coordinate with the NDC Partnership and its Climate Action Enhancement Package, FAOs Thematic Working Group on agriculture, food security and land use, UNDP Food and Agricultural Commodity Systems (FACS) team and the NAP Global Network Country Hub Support.
- The overarching objective of the facility across its three service areas is to help countries develop bankable ideas for climate action in the agriculture and land use sectors that can crowd-in significant private finance.
- Budget: Each country proposal is eligible for a total budget of US\$ 50,000. One proposal is allowed per country.

6. TIMELINE AND PROCESS DETAILS

The process will begin with a call for expression of interest - a yearly message from SCALA to UNFCCC focal points requesting Expressions of Interest (Eol) to receive the support of the Facility.

UNFCCC Focal Point of Haiti and UNFCCC focal points in Africa should send their Eols in English to the UNDP Resident Representative of their Country.

UNFCC Focal Points in Asia-Pacific should send their Eols in English to SCALA PSE Officers at the following e-mail address: Shovon Kibria (Shovon.Kibria@undp.org), Farrah Adam (Farrah.Adam@undp.org) and Neha Rai (Neha.Rai@fao.org)

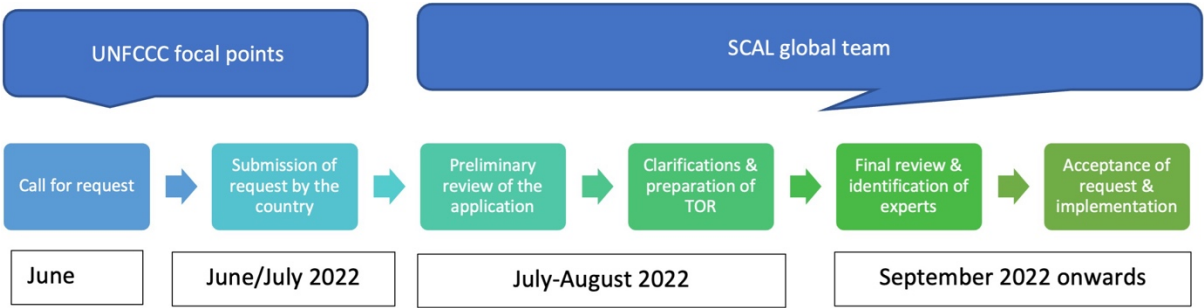
The screening will be conducted by the SCALA global team in conjunction with countries, UNDP and FAO Country offices and SCALA country backstoppers, as needed.

Upon confirmation of eligibility by SCALA Global Team:

1. ToR prepared for eligible countries, including work plan and budget breakdown in consultation with UNDP and FAO Country offices and government partners.
2. ToR reviewed by UNDP Country offices and finalized by SCALA Global team
3. Acceptance of request communicated to countries
4. Letter of Agreement for country-level activity and national consultant recruitment (when applicable) prepared and processed for fund transfer to UNDP Country Office
5. Funds disbursed, implementation begins
6. Report on budget revision
7. Implementation completed
8. Final report



Figure 1: Timeline and process for approval of request



Supported by:



based on a decision of the German Bundestag

