



**Food and Agriculture
Organization of the
United Nations**



SCALA Private Sector Engagement Facility

Enhancing private sector engagement
in NDC and NAP implementation

This document outlines the funding call for accessing the Technical Assistance 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) programme.

The objective of the facility is to support countries to accelerate investments in low-carbon and climate-resilient agriculture practices by mobilizing 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 22 percent of total grants in 2020 (FAO, 22).² 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 agrifood 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 incentives.³

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 countries,⁴ drawing from the lessons learned and approach developed under SCALA.⁵

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

2 FAO, 2020. [Climate-related development finance in the agriculture and land use sector between 2000 and 2020](#).

3 World Bank. 2020. [Enabling Private Investment in Climate Adaptation & Resilience](#).

4 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.

5 Refer to ‘SCALA Global PSE Strategy’ for details on overall approach.

2. Objective

The SCALA Private Sector Engagement Facility (PSEF) was launched in 2022 by the programme to foster stronger partnerships and dialogue between public and private sector through demand-led approaches based on countries' national agriculture and land use sector priorities. It seeks to identify private sector-oriented interventions and engage businesses and investors in implementing climate plans to mobilize resources and develop innovative climate services solutions.

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

The main beneficiaries for this facility are public sector actors (Ministry of Environment, Ministry of Agriculture, and so on) in terms of co-designing and receiving targeted support to catalyse private sector action.

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 a scope of work 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 can 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 suggested to focus on one service line for maximum impact.

TABLE 1. SCALA capacity development modalities at individual, organizational and enabling environment levels

Outreach, Opportunity Mapping and Facilitating Multi-Stakeholder Engagement



- Agriculture sector or value chain overview, private sector and ecosystem mapping and analysis, engagement & outreach (tailored consultations depending on government's needs).
- Support multi-stakeholder dialogue with the private sector and facilitate integration, representation, and private sector considerations into NAP/NDC multi-stakeholder committees or governance instances.
- Training on systems-leadership and systems-change approaches.

Assessing Risks and Business Opportunities



- Identify, prioritize and assess both business opportunities that support climate action goals for a particular commodity or value chain, and also the associated barriers and risks deterring private sector investment in them, through stakeholder consultations.
- Conduct value chain analysis on a particular commodity, with particular focus on identifying opportunities for private sector engagement and investment within the value chain, and associated barriers/risks.
- Conduct market assessment on a particular commodity or product that has been produced using climate resilient practices.
- Conduct feasibility study on relevant private sector-oriented initiative within the land use and agriculture sector that contributes to meeting climate action goals.

De-risking and Enabling Private Sector Investments



- Identify de-risking instruments that can improve enabling environment and incentivize private sector investment in NDC/NAP priorities.
- Economic/Financial analysis of de-risking strategies.
- Incubate de-risking strategies through concept refinement, partnership development and matchmaking support.

Who is the private sector under SCALA?

The term private sector comprises 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 and cooperatives;
- ▶ Industry and trade associations;
- ▶ Philanthropic foundations.

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

The services offered under the facility complement UNDP and FAO initiatives, and closely coordinates 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.

3. Eligible countries and regions

Prioritized countries for the 2023 call include Small Island Developing States (SIDS) and middle-income countries. Countries must be Official Development Assistance (ODA)-eligible countries, as defined by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), with a strong focus on agriculture and land use in their NDCs and/or NAPs. The DAC List of 2023 ODA Recipients can be consulted [here](#).

Governments can apply via the Ministry of Environment/UNFCCC Focal Points in consultation with the Ministry of Agriculture and other relevant public institutions tackling climate change, as well as to align with UNDP-FAO country programmes.

An Expression of Interest (EoI) form will be shared with UNFCCC Focal Points by SCALA Programme Leads, including the instructions to fill in and submit the EoI. For more information on supported countries please refer to the [PSEF website](#).

Other countries already covered in the broader programme will not be eligible to apply. The yearly breakdown of the technical support provided by the Facility is below:

- 2022 focus on LDCs (5 countries);
- 2023 focus on SIDs and middle-income countries (5 countries);
- 2024 (2 more countries).

Additional countries may be considered based on funding availability.

4. Expected impact

→ Generate knowledge

- Gain stronger understanding and insight of private sector needs and challenges, levers of change, incentives, and gaps hindering participation in climate policy.
- Foster a common understanding of adaptation challenges and opportunities, informing climate policy and supporting the design of climate-resilient interventions moving beyond “Business as Usual”.

→ Increase collaboration and build trust

- Increase dialogue and collaboration with the private sector and identify potential partners for project development.
- Strengthen consensus-building, shared vision and direction by encouraging prior agreement among Ministries/UNFCCC and Focal Points in UN Agencies on areas and value chains requiring strategic interventions with the private sector, ensuring dialogue and environmental governance from the onset.
- Foster participatory engagements with a gender-responsive and inclusive approach, aiming to build trust among stakeholders and facilitate resource mobilization processes.

→ Trigger investment

- Incentivise the private sector to invest in opportunities in land use and agriculture.
- Identify different kinds of private finance and de-risking measures that can bridge the finance gap, especially for small-scale farming.
- Maximise impact and resources with cost-effective interventions, building on existing adaptation initiatives directly linking to NDC/NAP targets.

→ Enhance country capacity

- Help countries develop bankable ideas for climate action in the agriculture and land use sectors that can crowd in significant private finance.
- Rethink current business models for value creation by designing innovative, multi-stakeholder, and demand-driven approaches addressing context-specific needs.

5. Assessment criteria

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

Number	Criteria
1	Request is from a Small Island Development State (SIDS) or middle-income country (ODA-eligible country).
2	Request reflects country government and inter-ministerial request (agriculture/land use and environment).
3	Request contributes or builds on NDC/NAP priorities within the agriculture and land use sectors.
4	Request links to larger adaptation initiatives (GCF or GEF projects, and so on).
5	Country has existing/planned work around private sector in NAP/NDCs (for example, existing policies for PSE in agriculture, working groups, committees, partnership with a coalition/platform, and so on).
6	Alignment with UNDP – FAO country programmes in the country.
7	<u>Request aims to maximize engagement with at least one group of relevant private sector actors or stakeholders.</u>
8	<u>Request targets smallholder farmers, cooperatives and micro, small and medium enterprises (MSMEs) as beneficiaries.</u>
9	<u>Request seeks to mobilize private sector finance and otherwise engage the private sector in climate action.</u>
10	<u>Request integrates gender considerations in engaging with the private sector.</u>
11	<u>Quality of the project proposal and ambition (feasibility regarding duration and budget, clear objective, outcomes, stakeholders, approach).</u>
12	<u>Impact potential.</u>
13	<u>Sustainability, replicability, and upscaling potential (continuation of activities after project completion).</u>

6. Operational details of facility

- Budget: Each country proposal is eligible for a total budget of USD 50. 000. One proposal is allowed per country.
- The Eol submission must reflect previous consultations between the Ministry of Environment/UNFCCC Focal Points and the Ministry of Agriculture and/or other relevant public institutions tackling climate change.
- Support requested **must be achievable within a maximum period of 12 months**, with agreed-upon deliverables within a customized scope of work expected to be completed within this timeframe. If required, an additional 6 months can be granted.
- Alignment with UNDP-FAO country programmes is required.
- Failure to answer all Eol questions will lead to a negative assessment and a lower ranking.
- Final country selection will need to be agreed upon by UNDP Country Offices.
- SCALA will deploy a pool of national and international vetted experts in cooperation with the UNDP Country Offices who will provide targeted and timely assistance, in the form of technical trainings, studies, workshops, feasibility studies, dialogues and roundtables, stakeholder mapping research, market and value chain analyses, and delivery support on topics related to land use and agriculture. SCALA will draw from regional networks, coalitions, and research centers to provide country-specific tailored support.

7. 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 Eol to receive the support of the Facility.

UNFCCC Focal Points should send their Eols in English to SCALA PSE Officers at the following e-mail address:

1. Farrah Deena Adam (farrah.deena.adam@undp.org)
2. Neha Rai (Neha.Rai@fao.org)

The deadline to submit the completed Eol form is 19 August 2023.

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 reception of Eols by SCALA Global Team:

1. Assessment of Eols against specified criteria and country shortlisting.
2. Acceptance of requests communicated to countries.
3. Informing UNDP CO in the countries to confirm their availability to support.
4. Meeting with government partners and UNDP-FAO country offices to define the scope of work.
5. Scope of work prepared for eligible countries, including work plan and budget breakdown in consultation with UNDP and FAO Country offices and government partners.
6. Review and approval of scope of work by government counterparts.
7. Letter of Agreement for country-level activity and national consultant recruitment (when applicable) prepared and processed for fund transfer to UNDP Country Office.
8. Funds disbursed; implementation begins.
9. Report on budget revision.
10. Implementation completed
11. Final report.



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based on a decision of
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