

CDKN policy brief  
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# A resource mobilisation approach for National Climate Change Funds

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**Dalberg**

## Key Messages

- National Climate Change Funds (NCCFs) have so far not played a significant role in global climate change financing and have often been unable to mobilise sufficient resources to achieve their goals
  - NCCFs accounted for less than 0.2% of global climate finance flows in 2013
  - The majority of NCCFs have received less than USD 100 million in lifetime capitalisation
- The project team interviewed 30 organisations (including NCCFs, other environmental funds, donors, investors, external experts), and reviewed existing literature on NCCF design and resource mobilisation
- It is clear that successful resource mobilisation often comprise of three common elements:
  - Well-defined vision and theory of change
  - Clear analysis of institutional capacities, gaps, and requirements
  - Systematic approach to investor engagement
- The resource mobilisation approach described in this document is intended to act as the basis for planning future resource mobilisation efforts for climate change organisations

# Methodology

A team from Dalberg Global Development Advisors conducted this study over a three-month period, based on a combination of desk research and more than 30 interviews with individuals from a range of relevant entities including NCCFs, conservation funds, NIEs, donors and technical experts. Using the information collected, the team took a systematic four-step approach to identifying a best practice approach to resource mobilisation.

The team initially performed a literature review to understand the NCCF landscape, in order to develop a relevant definition for NCCFs, as well as to understand how (and how much) NCCFs have raised and disbursed to-date. Next, the team undertook a large number of stakeholder interviews to understand;

- i) the challenges faced by NCCFs (and other funds) when trying to raise money
- ii) the factors that led to successful fundraising

Subsequently, the team consolidated this analysis into a single document outlining a best-practice approach to resource mobilisation.

Every organisation is clearly unique. Nevertheless, we hope organisations will find value in the systematic approach given to this approach to raising money, as well as the guidance for specific pieces of analysis. The link to the full report is given at the end of this document.

## ANALYSIS

## KEY QUESTIONS

### Landscape of current NCCF resourcing

How are existing NCCF's resourced?  
What approaches do existing NCCF's (as well as other funds) use to raise money

### Identify Barriers to achieving financial sustainability

What challenges to NCCF's face when aiming to raise money?  
What factors underlie these challenges, and how do they vary by type of organisation and strategic focus?

### Identify success factors in resource mobilisation efforts

What factors have driven success for funds during resource mobilisation?  
How do success factors differ by type of organisation and strategic focus

### Consolidate research into best practice resource mobilisation handbook

How can NCCF's address these barriers, and employ these success factors, in a systematic way when approach resource mobilisation?

# Context

National Climate Change Funds (NCCFs) are entities that support countries to collect, blend, coordinate and account for climate finance, whilst channeling it towards interventions that directly contribute to climate change mitigation or adaptation<sup>1</sup>.

The concept of a NCCF was developed with the intention of increasing national ownership of climate finance, but a lack of financing has meant NCCFs have not played a significant role in international climate finance. The majority of NCCFs have received less than USD 100 million in capitalisation over their lifespan, and three funds have received less than USD 10 million. Of the USD 330 billion channeled through various intermediaries in 2013, only USD 0.4 billion was through NCCFs, a contribution of less than 0.2%.

Figure 1:  
***National Climate Change Funds around the world***

<sup>1</sup> UNDP Guidebook for the design and establishment of National Climate Change Funds.



# Barriers to resource mobilisation

The project team interviewed more than 30 organisations (including NCCFs, other environmental funds, donors, investors, external experts), and reviewed existing literature on NCCF design and resource mobilisation. Two main reasons stood out as reasons why NCCFs might struggle to raise sufficient capital to achieve their objectives. First, several interviewees suggested that some funds lacked a clearly communicated vision and strategy.

This in turn means investors failed to see a strong value proposition. Second, some interviewees felt that several funds lacked the institutional capacity to handle large volumes of investment. This was generally related to quality of internal systems and processes, and the fact that several funds had unsuccessfully applied for accreditation to the Adaptation Fund.

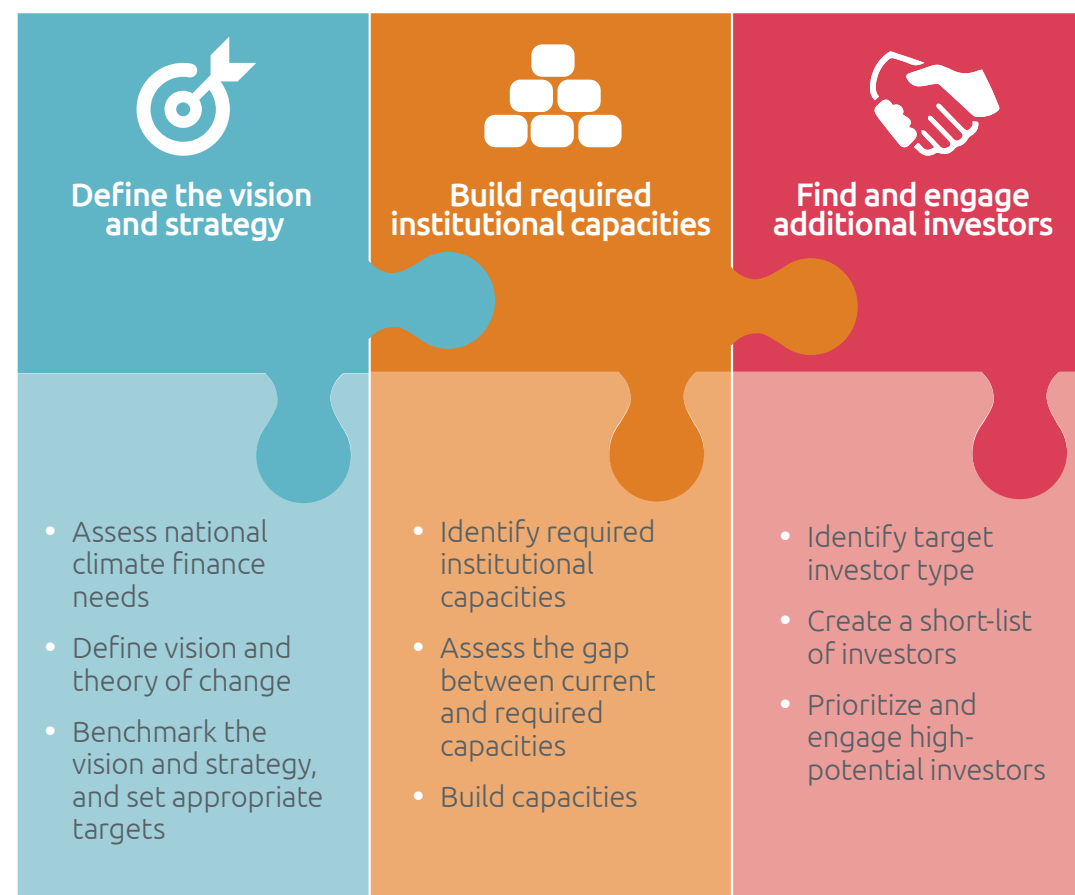
# A coherent resource mobilisation approach

A systematic and strategic approach to resource mobilisation could help NCCFs overcome difficulties faced to-date. This section outlines the key elements of such an approach, taking lessons from successful funds, and advice from experts and investors.

To improve resource mobilisation success, NCCFs should address the fundamental issues that have prevented them from raising funds. The three key elements are: setting a clear vision; identifying and building the relevant capacities; and systematically pursuing investors with closely aligned objectives.

Figure 2:

*Components of resource mobilisation*



# Clear vision and strategy

Specific goals, clearly linked to activities, outputs and outcomes, are the building blocks for a strong resource mobilisation strategy.

Setting a clear vision and strategy involves three steps;

i) identifying a need that needs to be filled in the national climate finance space

ii) defining a theory of change (see figure below), with specific activities, outputs and outcomes to address the need

iii) benchmarking the vision and strategy against targets set by other similar funds to ensure expectations are realistic.

Figure 3: *Defining an organisation's theory of change*



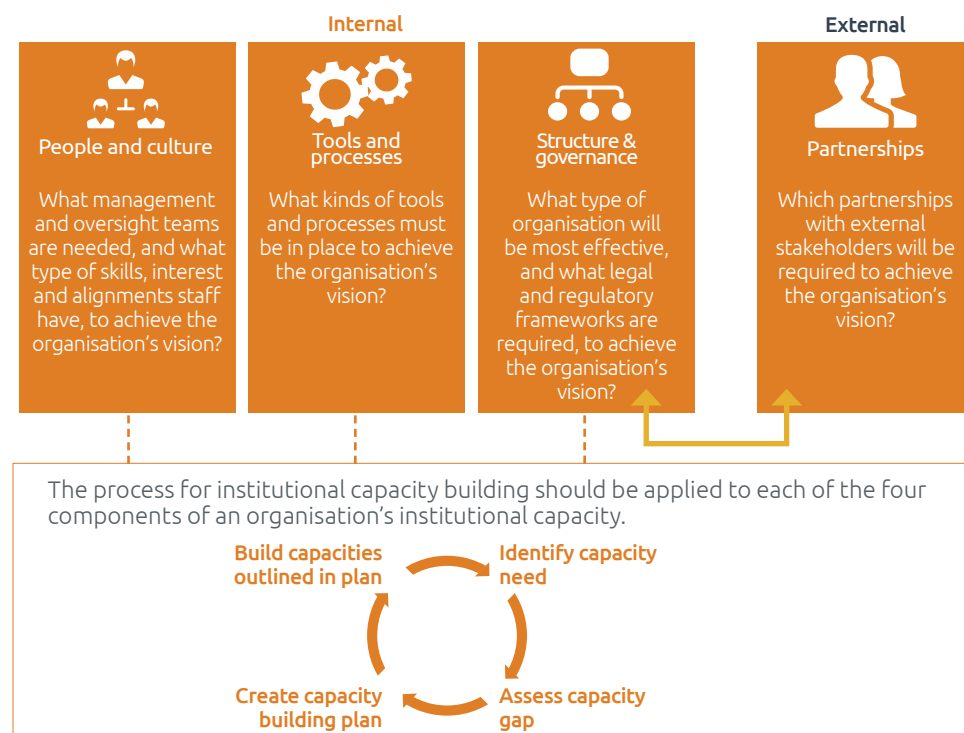
# Institutional capacity plan

Every organisation looking for funding should be able to clearly articulate and demonstrate how it has the capacities required to achieve its objectives.

As part of the resource mobilisation approach, an organisation should identify what capacities are required, assess where there are gaps, build a plan to fill those gaps, and execute on that place.

The capacities required extend beyond just personnel training, and comprise of four components: people and culture; tools and processes; structure and governance and; partnerships.

Figure 4: *Building core institutional capacities process overview*



# Systematic investor engagement

A systematic approach to investor engagement enables organisations to focus their efforts on the most high priority investors, and also to set expectations appropriately as to likely success. The approach takes three steps i) identify target investor types who have an parallel set of objectives ii) create a shortlist of investors to narrow the field of potential candidates and iii) prioritize high potential investors based on their alignment with the organisation's theory of change, the extent to which the organisation meet's the investor's eligibility criteria, and the size of the potential funding envelope.

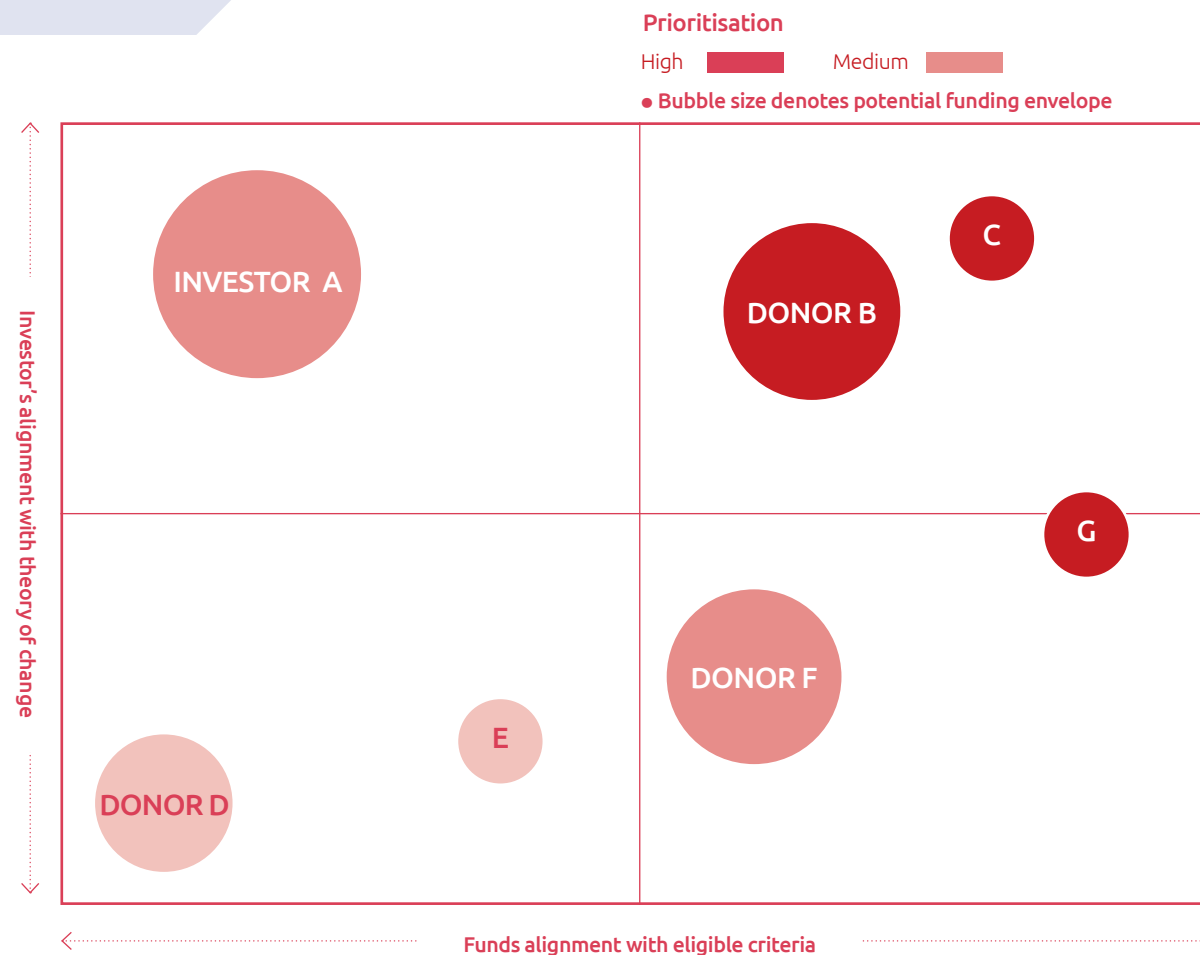


Figure 5: *Investor landscaping*

A more detailed description of the resource mobilisation approach is available in the **Resource mobilisation for approach for National Climate Change Funds handbook**.



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