



National Climate Fund (NCF)



- **National Climate Fund (NCF)** – a fund set up by a country in order to effectively channel finance towards climate related programmes or projects.
- Centralised mechanisms that help countries to collect, blend and coordinate funds from different sources
- NCFs can be government managed or managed by international trustee (for an interim period)



Why are NCFs set up?



- NCFs can support a wide range of actors, financing instruments and activity types; they are country owned;
- An NCF can mobilise funds from a broad range of sources.
- NCFs may not be subject to the ‘annual rule’ of national budgets (if extra-budget).
- NCFs can be potential candidates for accredited NIEs given their fiduciary strengths.
- Funds channelled through an NCF are also more track able



Challenges of NCF



- **NCFs require advanced fund management capacities** or, where government guarantees are required for blending, formal connections with finance ministries are pertinent.
- **Good governance of finance is important** for reassuring contributors of funds that resources will be appropriately allocated, spending tracked and results generated.
- Externally funded NCFs depend on relatively short-term commitment of donors which can threaten continuity of funding and long-term planning.
- Identification and formulation of appropriate CCA measures often is difficult; **project proposal development** adds an extra layer of bureaucracy on potential beneficiaries of funds;