

Building Capacity

Unlocking Finance for
Climate and Sustainable
Development in EMDEs

NOVEMBER 2025

About This Paper

This paper outlines how high-impact, demand-driven capacity building can play a critical role in mobilizing finance in support of the Paris Agreement, UN Sustainable Development Goals, and other global and national development objectives. It also maps the existing landscape of capacity building and proposes a series of recommendations for voluntary action for funders, providers, and end-users.

At the Global Capacity Building Coalition (GCBC), we take a broad and practical view of climate finance. While our primary focus is to support the mobilization of finance for mitigation and adaptation, we recognize that developing the necessary capabilities, tools, enabling environment, and market mechanisms will help to advance sustainable finance and development more broadly.

The GCBC welcomes feedback on this paper, especially on the recommendations for voluntary action, from all Parties and other stakeholders with an interest in capacity building. Please send comments to secretariat@capacity-building.org.



[The Global Capacity Building Coalition \(GCBC\)](#) is a global initiative that brings together many of the world's global and regional climate finance capacity-building organizations to accelerate and scale capacity building for financial institutions and professionals. A G20 TAAP Champion, launched at COP28 in November 2023, the GCBC aims to increase the availability and effectiveness of demand-driven capacity building to mobilize climate finance, with a focus on emerging markets and developing economies (EMDEs).

Collectively, GCBC members work with over 5,000 public and private financial institutions, 160 financial centers, 130 central banks and financial regulators, and finance professionals worldwide.

For more details about the GCBC, please see: <https://capacity-building.org>.

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Introduction

To achieve the goals of the Paris Agreement, climate-related investment in emerging markets and developing economies (EMDEs) will need to scale fivefold to nearly \$2.5tn per year by 2030.¹

This gap represents not just a challenge, but also an investment opportunity. Closing it will require governments, international organizations, businesses, and financial institutions to improve the enabling environment and increase investments in companies and activities that support the climate transition. This entails strengthening the capabilities of local financial institutions and professionals working to mobilize finance in order to better enable financial markets to support sustainable development. Without significantly increasing capacity, climate finance will not flow at the scale or speed needed.

Recognizing this imperative, the [Global Capacity Building Coalition](#) (GCBC) was launched in November 2023 at COP28. It convenes UN agencies, multilateral development banks, development organizations, philanthropic leaders, and private finance institutions. The GCBC's mission is to improve collaboration, innovation and data-driven approaches to capacity building and technical assistance, putting the needs of end-users – i.e., financial institutions and professionals in EMDEs – first. Launched in September 2024, the GCBC's digital capacity-building platform – a one-stop shop for learning and capacity-building materials on sustainable finance topics – is built from the contributions of global practitioners and experts.

Today, GCBC has over 100 members. Working closely with our members and engaging with a wide range of funders, providers, and end-users of capacity building, the GCBC aims to scale innovative, high-impact capacity-building initiatives. By spotlighting success, the GCBC hopes to help facilitate the replication and expansion of effective approaches to capacity building worldwide.

This paper sets out how high-impact, demand-driven capacity building can play a critical role in mobilizing finance in support of the Paris Agreement, UN Sustainable Development Goals, and other global and national development objectives. The paper maps the current capacity-building landscape and proposes a series of recommendations for voluntary action to enhance the role and impact of capacity building for funders, providers, and end-users. Our recommendations are intended to inspire and guide stakeholders working to accelerate flows of climate and sustainable finance to and within EMDEs. By building capacity, we can help mobilize the finance needed for climate and sustainable development.

¹ LSE Grantham Research Institute on Climate Change and the Environment. (2024). [Raising ambition and accelerating delivery of climate finance](#).



Executive Summary

Climate finance capacity building is the process of enhancing the capabilities of financial institutions and relevant organizations, developing the competencies (knowledge and skills) of finance and supporting professionals and catalyzing systems change to unlock climate finance. In practice, this means equipping financial institutions, professionals, and policymakers – especially in EMDEs – to design, access, deploy, and oversee climate-related investment.

The need for capacity building has never been more urgent.

To meet Paris-aligned goals, climate investment in EMDEs (excluding China) must rise nearly fivefold to \$2.5tn annually by 2030.² While public finance will play a role, a significant untapped source is domestic private capital in EMDEs, which is expected to grow from \$17tn today to \$45tn by 2040.³ Capacity building is essential for unlocking this capital for climate priorities at the scale and speed required.

Evidence shows that well-designed, targeted and context-specific capacity building can be highly catalytic, with some capacity-building interventions unlocking 20 to 50 times more investment and accelerating development outcomes, often with a relatively small share of total project costs.⁴

This paper highlights how capacity building can support the mobilization of climate finance by activating **three key levers:**

1. **Addressing capacity gaps for financial institutions (FIs) and professionals**
2. **Creating market incentives and an enabling environment**
3. **Building a pipeline of bankable opportunities**

Across each lever, case studies from around the world show that targeted, collaborative capacity building can deliver tangible impact by training professionals, shaping national strategies, supporting small and medium enterprise (SME) access to finance, and helping local developers bring investable projects to market.

Yet there are challenges in the current capacity-building landscape. Many programs are too generic, not well managed or do not address end-user needs, especially in EMDEs. Local providers can often be underfunded, while grant-funded delivery models can unintentionally crowd them out. Systematic evaluation of outcomes is rare, making it difficult to learn from and scale what works.

To help address these challenges, the Global Capacity Building Coalition (GCBC) offers a set of voluntary recommendations aimed at driving more collaborative, effective, and locally grounded capacity building.

These recommendations are intended to spark action among funders, providers and end-users and support the recognition of capacity building as a core pillar of climate finance systems.

Through this paper, and our work overall, the GCBC aims to catalyze dialogue, strengthen collaboration and support more strategic, inclusive, and impactful investment in capacity building. We invite stakeholders across the ecosystem to engage, respond, and help shape the next phase of action.

We welcome comments and feedback on the paper and its recommendations from all stakeholders interested in climate finance capacity building, especially EMDE FIs and finance professionals.

² LSE Grantham Research Institute on Climate Change and the Environment. (2024). [Raising ambition and accelerating delivery of climate finance](#).

³ Blended Finance Taskforce. (2023). [Action Agenda: Mobilising Domestic Capital to Drive Climate-Positive Growth](#).

⁴ Climate Policy Initiative (CPI). (2023). [Global Landscape of Climate Finance 2023](#).

The GCBC's Voluntary Recommendations for scaling the impact of capacity building to mobilise climate finance

KEY ACTIONS	DETAILED RECOMMENDATIONS	FUNDERS	PROVIDERS	END-USERS
 <p>A. Reflect end-user needs in the design and delivery</p>	<p>A.1 Ensure capacity-building efforts are demand-driven and grounded in robust market, regulatory and institutional analysis</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	<p>A.2 Co-design capacity-building activities that reflect end-user priorities and local market conditions</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 <p>B. Allocate and deploy funding effectively</p>	<p>B.1 Deploy funding for relevant capacity building alongside climate finance transactions where applicable</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<p>B.2 Diversify sources of funding where possible to support sustainability of capacity-building initiatives</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<p>B.3 Track and report spending on capacity-building funds (e.g., by activity type, region) to support strategic funding decisions</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 <p>C. Reinforce monitoring, evaluation & reporting of impacts</p>	<p>C.1 Allocate resources upfront for outcome-related Monitoring & Evaluation (M&E) activities</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<p>C.2 Promote the use of standardized indicators to track impact and support transparent data sharing</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 <p>D. Collaborate with peers to streamline capacity building efforts</p>	<p>D.1 Investigate existing activities to avoid unnecessary duplication, and identify opportunities to share and scale</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<p>D.2 Facilitate peer learning across the capacity-building ecosystem to promote collaboration and best-practice sharing</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<p>D.3 Enable and equip influential individuals and organisations to lead and amplify capacity-building efforts</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 <p>E. Position capacity building as a strategic priority</p>	<p>E.1 Highlight the impact of capacity building as a critical lever to mobilize capital and unlock system change, including promoting the topic in key political and climate moments and dialogues</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

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CHAPTER 1

Climate Finance Capacity Building and Why it Matters

Key Takeaways:

Reading this chapter, you'll learn that:

- ✓ **Climate finance capacity building is the process of enhancing the capabilities of financial institutions and relevant organizations, developing the competencies (knowledge and skills) of finance, and supporting professionals and catalyzing systems change to unlock climate finance.**

Recognized by the UN Framework Convention on Climate Change (UNFCCC) and enshrined in the Paris Agreement, capacity building has long been seen as a key means of implementation for the climate transition.⁵ Today, it is increasingly understood as a critical enabler of climate finance – helping EMDEs access, manage and deploy funds at the scale and pace needed to respond to the climate crisis.

GCBC RESPONSE



The Global Capacity Building Coalition (GCBC) was launched at COP28 in response to the G20's TAAP call for a global body on capacity building. **It is a global initiative that brings together many of the world's global and regional climate finance capacity-building organizations to accelerate and scale capacity building for financial institutions and professionals.**

- ✓ **Climate finance capacity building is essential to closing the climate finance gap in EMDEs. It delivers broader development benefits and is increasingly in demand.**

Capacity building helps EMDE financial institutions (FIs) unlock domestic capital for climate investment. Small, targeted interventions can yield outsized returns, mobilizing many times their cost in climate finance. Capacity building also delivers development benefits beyond climate – strengthening institutions and markets and enabling inclusive growth. Demand for such support is growing rapidly, with EMDE governments and FIs consistently identifying capacity building as a critical enabler of climate action.

GCBC RESPONSE



The GCBC works to **elevate the role of capacity building within the global climate finance agenda.** By curating case studies and training resources, it showcases what works on the ground and fosters peer learning across institutions and regions. In doing so, the GCBC aims to respond to growing demand from EMDEs facing high climate risks and persistent barriers to accessing finance.

⁵ UNFCCC. (2015). [Paris Agreement](#).

1.1 What is climate finance capacity building?

Capacity building has been identified as a foundational “means of implementation” for addressing climate change since the 1992 adoption of the UNFCCC. It remains central to international climate cooperation today, enshrined in Article 11 of the Paris Agreement and operationalized through the Paris Committee on Capacity Building (PCCB), which works to identify and address capacity gaps in EMDEs.⁶

In recent years, the importance of climate finance capacity building tailored to EMDEs has been reinforced by a growing number of global initiatives. These include the G20 Sustainable Finance Working Group’s Technical Assistance Action Plan (TAAP), the V20 and the Glasgow Financial Alliance for Net Zero (GFANZ).

The TAAP, for example, reflects a clear G20 commitment to advancing capacity building as a tool to support transition finance and broader Sustainable Development Goals (SDGs).⁷ Its objectives include:

1. Creating an enabling environment for enhancing capacity-building services
2. Delivering support that is responsive to local needs and demand
3. Enhancing institutional capacity for transition finance and SDG-aligned investment

The GCBC was established in response to a call in the TAAP for a “global interoperability body for capacity building” and is recognized as a G20 TAAP Champion.

The Landscape of Climate Finance Capacity Building

Capacity building is a broad and flexible term covering a wide range of distinct but complementary approaches and activities (see Exhibit 1). These are tailored to specific market conditions and needs; reconciling trade-offs between the cost of provision, size of the pool of potential end-users, potential for replicability, and learning outcomes sought. Many capacity-building activities employ multiple approaches simultaneously.

Exhibit 1:
Overview of
approaches for
climate finance
capacity building

CAPACITY-BUILDING ACTIVITIES

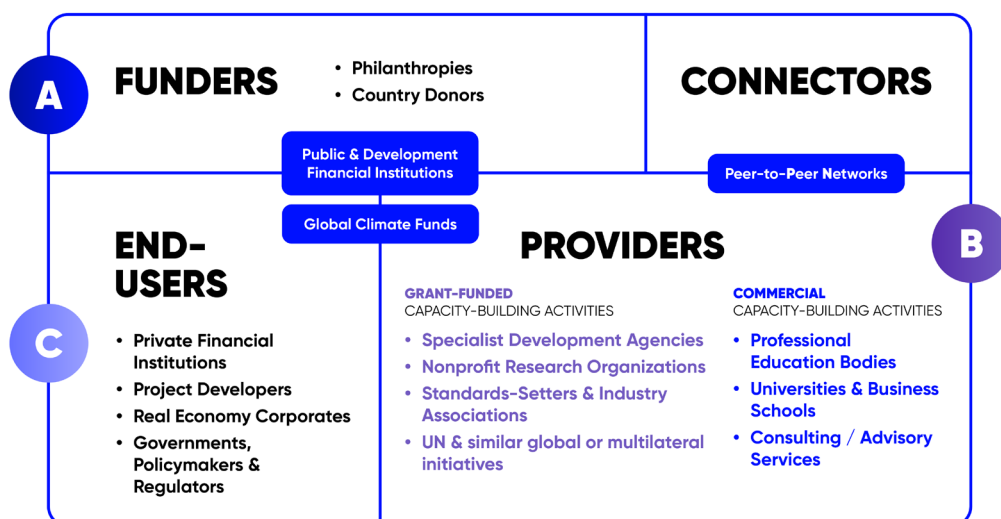
Learning activities and resources	Institutional strengthening	Convening and networking
Formal learning e.g. certifications, apprenticeships, formal education, professional training	Human capital and skills development	Awareness campaign (internal and external)
Informal learning e.g. peer-to-peer exchange, self-directed learning	Integrating capacity building into governance process	Coalitions and networks
Learning resources e.g. case studies and reports, webinars and podcasts	Tools and frameworks	Policy dialogues

⁶ UNFCCC. (2015). [Paris Agreement](#).

⁷ G20 Sustainable Finance Working Group. (2023). [TAAP: Technical Assistance Action Plan](#).

The climate finance capacity-building ecosystem is broad and complex, involving a wide array of actors – ideally working in coordination, but often operating independently. Provision ranges from commercial to grant-funded and from international programs to local initiatives. While this diversity creates room for innovation and partnership, it also presents challenges. End-users in EMDEs frequently report that the current landscape can be confusing and difficult to navigate, limiting access to the support they need (see Appendix 1 for details).

Exhibit 2:
Simplified
ecosystem of
climate finance
capacity building



1.2 Why do we need capacity building?

A. To mobilize climate finance in EMDEs

The ultimate aim of capacity building is to equip EMDEs to access, manage and deploy climate finance at the scale and pace needed to respond to the climate crisis.

Climate risks are growing faster than our response. Climate impacts are accelerating, creating growing and increasingly complex risks, particularly for EMDEs. Many of the countries that are most vulnerable to climate change are also the least prepared to respond, and they often receive the lowest levels of climate finance on a per capita basis (see Exhibit 3). The cost of these risks is rising sharply. In 2023 alone, natural catastrophes resulted in an estimated \$280bn in economic losses.⁸ This trend is expected to continue: global property and casualty insurance premiums are expected to more

than double, reaching \$4.3tn by 2040.⁹ Yet even these figures likely understate the true cost, as the countries most exposed to climate risks tend to have the lowest levels of insurance coverage.¹⁰

Failing to mobilize sufficient climate finance for EMDEs would be a missed opportunity. EMDEs offer some of the most impactful and highest return sustainable investment opportunities. They are home to the majority of the world's tropical forests and coral reefs. They make up 95 of the world's top 100 countries with the most solar potential and are the leading sources of minerals essential to the energy transition, including copper, nickel, lithium, and cobalt.^{11,12} With the right support, EMDEs can be engines of the global transition.

Capacity building can unlock domestic capital at scale. Domestic FIs in EMDEs are critical to this transition. Together, they manage around \$17tn in assets, including bank savings,

⁸ Swiss Re Institute. (2024). [Natural Catastrophes in 2023](#).

⁹ Swiss Re Institute. (2021). [Global property & casualty insurance premiums expected to more than double to \\$4.3tn by 2040, Swiss Re Institute forecasts](#).

¹⁰ UNDRR. (2018). [Insurance gap: threatens disaster-vulnerable poor nations – Lloyds](#).

¹¹ ESMAP. (2020). [Global Photovoltaic power potential by country](#).

¹² USGS. (2023). [Mineral commodity summaries 2023](#).

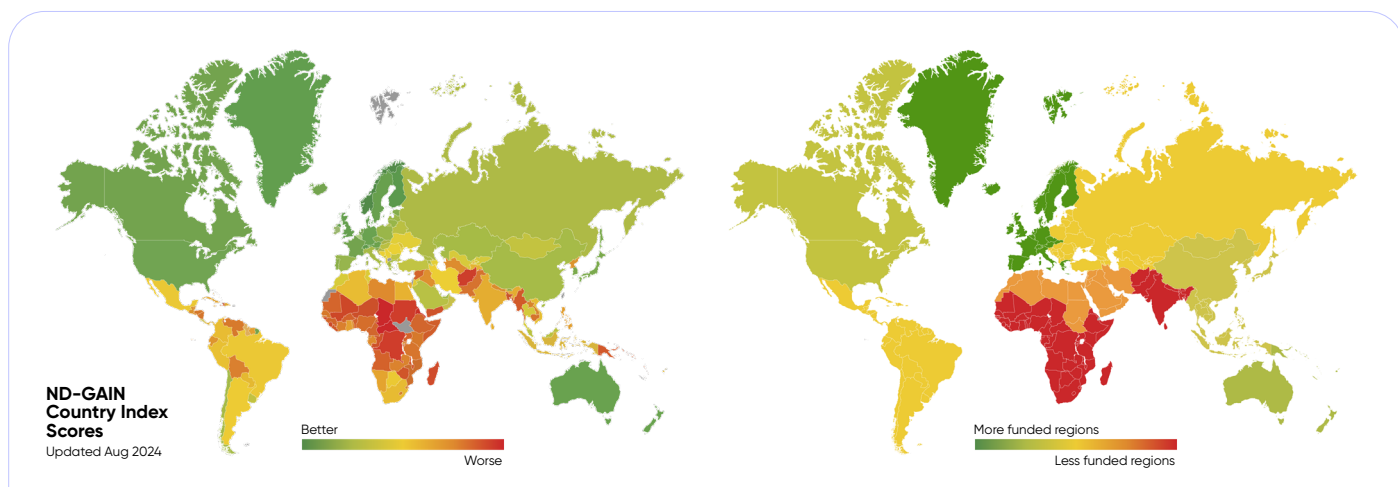


Exhibit 3:
ND-GAIN Index¹³ (left) and Climate Finance per Head by Region¹⁴ (right)

The left map represents the Notre Dame Global Adaptation Initiative (ND-GAIN) country index scores as of August 2024. This index measures a country's vulnerability to climate change, alongside its readiness to improve resilience, offering insight into both its exposure to risks and its capacity to adapt. The right map shows regional climate finance per head of population as of 2022. These two maps next to one another highlight the clear overlap between the most climate vulnerable and the countries least ready to adapt, and the ones receiving the lowest levels of climate finance.

“Climate finance capacity building is the process of enhancing the capabilities of financial institutions and relevant organizations, developing the competencies (the knowledge and skills) of finance and supporting professionals and catalyzing systems change to unlock climate finance. It can be relevant for other professionals working on financing sustainability goals, including, but not limited to, government officials and development organizations.”

– THE GLOBAL CAPACITY BUILDING COALITION

insurance and pension funds – a sum expected to nearly triple by 2040.¹⁵ Yet to meet Paris-aligned targets, domestic private climate finance needs to increase five to seven fold, reaching \$550bn to \$630bn annually by 2030.¹⁶ Targeted capacity building can help channel this domestic capital by strengthening institutions’ ability to originate, evaluate and manage climate investments. This includes improving project preparation, risk assessment, and investment structuring.

The returns on capacity-building interventions are high.

Small investments in capacity building can help mobilize climate finance at scale by building up the financial sector’s capabilities, knowledge and skills in support of the transition

For example, the UK Government’s [Climate Finance Accelerator](#) has mobilized over \$400 million with just \$16 million in technical assistance.¹⁷ The [Global Infrastructure Facility](#) has leveraged \$100 in private investment for every \$1 spent on early-stage support.¹⁸ Project development, which typically accounts for just 2% to 5% of total project costs, can unlock 20 to 50 times more in investment through technical assistance and tailored advisory work.¹⁹ These examples are part of a growing set of real-world case studies that demonstrate the catalytic role of capacity building in mobilizing finance and delivering development outcomes.

13 University of Notre Dame (2019). [Country Index // Notre Dame Global Adaptation Initiative](#).

14 Data from CPI. (2023). [Global Landscape of Climate Finance 2023](#) and World Bank (2022). [Population estimates and projections in WB Data Bank](#).

15 Blended Finance Taskforce. (2023). [Action Agenda: Mobilising Domestic Capital to Drive Climate-Positive Growth](#).

16 Independent High Level Expert Group (IHLEG). (2024). [Raising ambition and accelerating delivery of climate finance \(Figure 2.2\)](#).

17 UK Government (2025). [Climate Finance Accelerator Impact Report 2020-2024](#).

18 Global Infrastructure Facility (GIF). (2024). [GIF Annual Highlights Report](#).

19 Climate Policy Initiative (CPI). (2023). [Global Landscape of Climate Finance 2023](#).

B. To meet the growing demand for capacity building in EMDEs

FIs and governments in EMDEs consistently highlight capacity building as a key lever for unlocking climate finance. Many FIs are still in the early stages of responding to climate risks and opportunities and cite technical support as essential to accelerate progress. A 2023 survey found high demand for capacity building in areas such as climate risk management and sustainable finance product innovation.²⁰

Multilateral Development Banks (MDBs) also report an increase in requests for technical assistance with capital mobilization for climate. In 2020, IDB Invest reported a 20% year-on-year increase in demand for its advisory services.²¹ Over the same period, the Islamic Corporation for the Development of the Private Sector also reported increased demand for its advisory services, including for green sukuk issuance.²² The GCBC's own consultations with EMDE-based FIs and finance practitioners confirm these findings. Stakeholders consistently identify effective capacity building as a major unmet need – and a potential catalyst for unlocking climate finance.

EMDEs also identify capacity building as one of the primary means of implementing climate strategies. The UNFCCC's latest report on developing countries' needs for implementing the Paris Agreement identified over 600 capacity-building-related gaps for Nationally Determined Contribution (NDC) implementation.²³ These range from climate finance readiness to improving enabling environments.

Exhibit 4:
Interrelated scales for capacity building to unlock climate finance



C. To unlock development co-benefits

Climate finance capacity building can deliver development dividends beyond climate – strengthening institutions and enabling inclusive economic growth. By equipping countries to manage complex investment processes, capacity building can help drive structural transformations. For example, the Commonwealth Climate Finance Access Hub (CCFAH) supported Namibia's green industrialization by enabling feasibility studies for green hydrogen production and helping shape the necessary policy and regulatory environment.²⁴ This kind of support laid the groundwork for new industries, job creation, and economic diversification.

Capacity building contributes to financial sector deepening, which in turn supports financial inclusion and long-term development. In Sub-Saharan Africa, targeted capacity building for issuers, investors, and exchanges contributed to a 125% increase in green bond issuances from 2022 to 2023, expanding the pool of sustainable capital and strengthening local financial markets.^{25,26}

Capacity building operates across multiple, interrelated levels – from individuals and organizations to systems and markets (see Exhibit 4). Building individual competencies is foundational. The behavior, decisions, and culture of institutions – and of the broader financial system – ultimately depend on the knowledge and leadership of the people within them.

- **The individual level:** Enhancing the competencies and the values and attitudes of finance and supporting professionals.
- **The activity and/or project level:** Supporting SMEs, larger corporates or project developers to attract finance to cover both capital expenditure and/or operating expenses to deliver climate-aligned opportunities.
- **The organization level:** Strengthening capabilities at the organizational level to assess, act and communicate on climate risks and opportunities to drive internal change and external engagement and support climate-aligned decision-making and strategies.
- **The system level:** Shaping the policy, regulatory, and market context to create incentives for and remove barriers to climate finance mobilization.

²⁰ International Finance Corporation (IFC). (2023). [Time to Turn Ambitions into Actions](#).

²¹ IDB Invest. (2020). [2020 Annual Report](#).

²² International Finance Corporation (IFC). (2023). [MDBs' Joint Report on Mobilisation of Private Finance 2020–21](#).

²³ United Nations Framework Convention on Climate Change (UNFCCC). (2023). [Needs Determination Report 2: Executive Summary](#).

²⁴ The Commonwealth. (2023). [Case Study: Building capacity for sustainable access to climate finance – a case of Namibia's readiness for Green Climate Fund](#).

²⁵ International Finance Corporation (IFC). (2024). [Emerging Market Green Bonds Report 2023](#).

²⁶ FSD Africa. (n.d.). [Kenya Green Bonds Programme](#).

CHAPTER 2

Capacity Building Supports the Mobilization of Climate Finance

Key Takeaways:

Reading this chapter, you'll learn that:

✓ **Capacity building supports the mobilization of climate finance by activating three key levers, which in combination can mobilize climate finance at scale.**

- **Lever A:** Addressing capability and competency gaps to support FIs and finance professionals to address climate risks and unlock mitigation and adaptation opportunities.
- **Lever B:** Creating market incentives and an enabling environment to make climate finance more affordable and accessible.
- **Lever C:** Building a pipeline of bankable opportunities to attract pools of international and domestic finance.

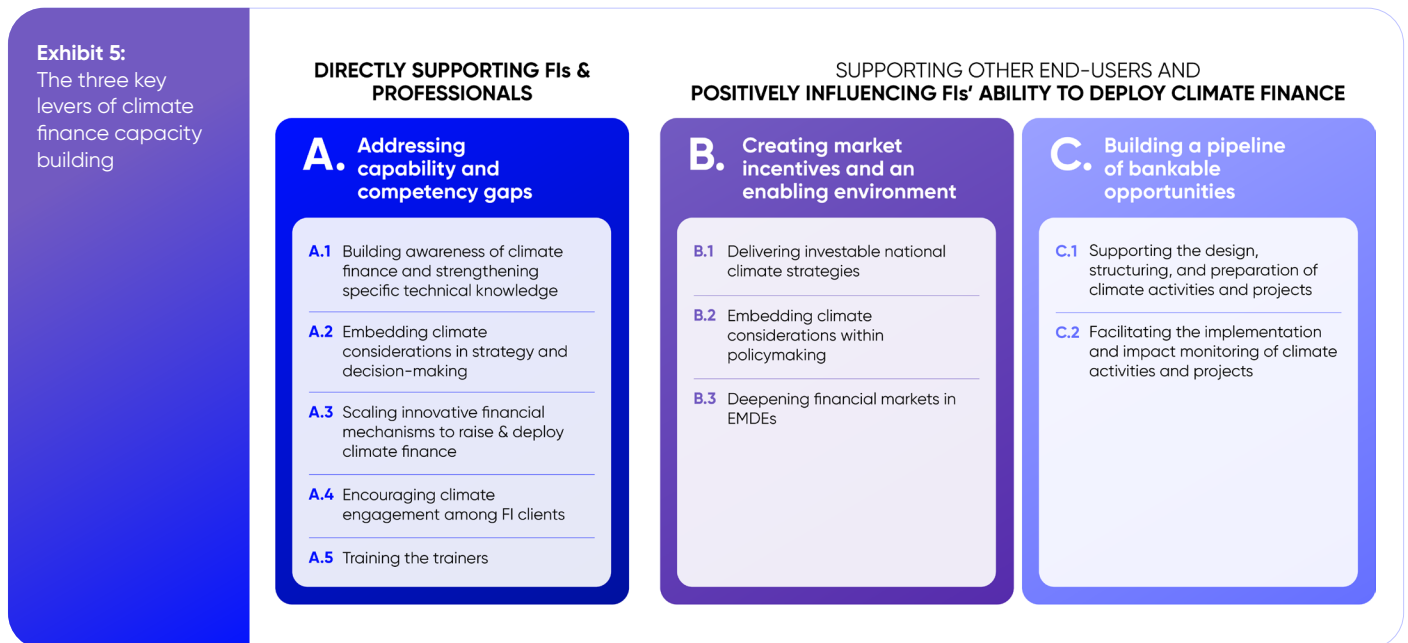
GCBC RESPONSE

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The GCBC supports these levers by curating and disseminating practical knowledge through its online platform. The platform encourages diverse actors to share tools and resources and highlights practical examples of scalable, high-impact capacity building. In doing so, the GCBC **facilitates knowledge sharing among funders, providers, and end-users – supporting greater learning, coordination and investment across the capacity-building ecosystem.**

2.1 Three levels of capacity building support the mobilization of climate finance

Capacity building can be applied to three key levers, which combined help mobilize climate finance at scale (see Exhibit 5).



Lever A. Addressing capability and competency gaps

This lever comprises **five elements** to directly and indirectly support FIs and finance professionals to address climate risks and unlock mitigation and adaptation opportunities.

A.1 Building awareness of climate finance and strengthening technical knowledge

A.1 ? WHY IS IT IMPORTANT?

Awareness and technical knowledge of climate finance is essential to enable FIs and finance professionals to identify opportunities, meet funder requirements and integrate climate considerations into decision-making processes. Interviews and surveys conducted by the GCBC have identified high demand for enhanced capacity building and learning opportunities on key sustainability topics.

A.1 ★ CAPACITY BUILDING CAN HELP BY:

Improving foundational climate finance literacy through the delivery of diverse learning opportunities:

- **Global professional bodies** offer recognized qualifications, such as the [FSA Credential](#) (IFRS), [Chartered Banker Certificate in Green and Sustainable Finance](#), and the CFA Climate Risk, Valuation and Investing Certificate. They also host a wide range of training sessions and events. In 2023, over 110,000 finance professionals attended events run by members of the [Sustainable Finance Education Charter](#) – a partnership of 14 global professional bodies, the UK Green Finance Institute, and the UK Government.²⁷
- **Multilateral organizations** provide free and open-access training. For example, the IFRS–UN SSE Initiative's 2024 course on [Sustainability Disclosure Standards](#) attracted 12,000 learners.²⁸
- **Local and regional institutions** also play a key role. The Kenya Bankers Association [Sustainable Finance Initiative](#) has enrolled over 50,000 bankers in its online learning program, supported by curated tools, materials, and case studies.²⁹

²⁷ Sustainable Finance Education Charter. (2023). [Activity Report – January 2023 to December 2023](#).

²⁸ Quoting Mardi McBrien (Chief of Strategic Affairs & Capacity Building, IFRS) at COP29, Keynote of the GCBC Event at the UNFCCC Capacity Building Hub. Recording available [here](#).

²⁹ International Finance Corporation. (2025). [Sustainable Finance Initiative Drives Best Practice In Kenya](#).

Filling gaps in climate-related expertise on specific topics, such as risk management or disclosure.

- According to the European Investment Bank (EIB), two-thirds of domestic African banks do not have any staff with a recognized climate risk qualification, while 60% cite a lack of expertise, data and tools for assessing climate risk as an obstacle to climate action.³⁰ Capacity-building interventions such as the [UNEP FI Climate Risk & TCFD Program](#) support FIs and finance professionals to develop the tools to understand, evaluate and mitigate climate-related risks and impacts.³¹

A.2 Embedding climate considerations in strategy and decision-making

A.2 ? WHY IS IT IMPORTANT?

Embedding climate considerations ensures that an FI's financial and policy decisions are aligned with its long-term resilience, risk management, and sustainability goals. It enables FIs to anticipate regulatory shifts, respond to climate-related risks and opportunities and meet the expectations of investors, clients, and customers.

A.2 ★ CAPACITY BUILDING CAN HELP BY:

Supporting the development of tools to turn complex climate-related data into insights to inform climate strategies.

- Climate Arc's TransitionArc tool assesses corporate performance against key climate goals such as emissions reductions, capital allocation, governance, policy engagement and net-zero targets.³² It allows users to benchmark companies against peers, identify best-practices and understand the specific actions needed to improve.

Supporting changes to decision-making frameworks.

- **Technical resources** such as the [Capitals Coalition Natural Capital Protocol](#) decision-making framework help organizations to evaluate their nature impacts and dependencies. It includes "Governance for Valuation" guidance, which advises on the integration of natural

capital assessments into lending and investment decisions.³³

- **Encouraging engagement and debate** through tools such as the [GARP Climate & Nature Scenario Games](#), which simulate real-world boardroom decisions to explore the complexities and trade-offs of climate and nature risks across sectors and geographies.³⁴ As players vote on key decisions and watch the consequences unfold, the complexity of climate and nature risks are illuminated. This has the potential to facilitate discussion across experience levels, which could lead the way for deep organizational change.

A.3 Scaling innovative financial mechanisms to raise and deploy climate finance

A.3 ? WHY IS IT IMPORTANT?

Structural challenges, including high initial costs, actual and perceived risks and fragmented project pipelines hinder deployment of private finance in EMDEs. Innovative financial instruments and mechanisms such as thematic bonds, blended finance, and carbon finance can help overcome these challenges.

A.3 ★ CAPACITY BUILDING CAN HELP BY:

Accelerating the adoption and effective implementation of financial instruments such as thematic bonds.

- Capacity-building support has contributed to the development of the green bond market, which grew from \$160bn in 2018 to \$600bn in 2023 globally (+270%) and from \$28bn to \$135bn in EMDEs (+400%).³⁵ Direct contributions include the [Climate Bonds Initiative Training Academy](#), which has trained over 3,000 finance and sustainability professionals.³⁶ Additionally, global initiatives targeting issuers and investors have been supported by market-level efforts to build the capacity and conditions needed for green bond issuance (see Case Study Box 1).

30 European Investment Bank (EIB). (2022). [Finance in Africa: Navigating the financial landscape in turbulent times](#).

31 UNEP FI. (n.d.). [Join the programme](#).

32 ClimateArc. (n.d.). [TransitionArc: Assessing alignment with the climate transition](#).

33 Natural Capital Coalition. (2016). [Natural Capital Protocol](#).

34 Global Association of Risk Professionals (GARP). (2023). [Climate & Nature Scenario Games: Navigating Climate and Nature Risks](#). Global Association of Risk Professionals.

35 Calculated based on data from International Finance Corporation (IFC). (2024). [Emerging Market Green Bonds Report 2023](#).

36 Climate Bonds Initiative. (2023). [Climate Bonds Training Brochure](#).

Supporting the scaling of blended finance mechanisms that leverage public, development, and philanthropic finance to de-risk private finance.

- [Convergence's learning programs](#) build practical understanding of blended finance through courses, workshops, and real-world case studies.³⁷ These help stakeholders design and structure deals that use concessional capital to attract private investment.
- The [African Guarantee Fund](#), combines catalytic capital with targeted capacity building to unlock finance for SMEs. To date, it has enabled over \$4.3bn in lending across Sub-Saharan Africa by providing guarantees and strengthening the capacity of local FIs. This demonstrates how technical support, alongside de-risking instruments, can increase private capital flows.³⁸

Supporting the development of innovative financial instruments and providing education on their application and impact.

- Initiatives such as the [Global Green Growth Institute's \(GGGI\) multi-day carbon market participation training seminars](#) directed at EMDEs have strengthened understanding of carbon market dynamics, including Article 6 of the Paris Agreement.³⁹ Carbon pricing mechanisms are key to decarbonization and financing nature-based solutions, generating \$104bn in revenue in 2023.⁴⁰
- Over the last decade, the Climate Policy Initiative (CPI)-led [Global Innovation Lab for Climate Finance](#) has crowdsourced, selected, developed, and launched transformative financial solutions and mechanisms to drive more than \$4bn of private investment into climate action in EMDEs.⁴¹

37 Convergence. (n.d.). [Learning Programs](#).

38 Convergence. (2024). [African Guarantee Fund Member Spotlight with Jules Ngankam](#).

39 Global Green Growth Institute (GGGI). (2024). [Bank of Lao PDR and financial sector prepare for carbon market participation with GGGI's Article 6 capacity building support](#).

40 World Bank Group. (2024). [Global Carbon Pricing Revenues Top a Record \\$100 Billion](#).

41 Global Innovation Lab for Climate Finance. (2023). [Lab solutions surpass USD 4 billion in climate finance mobilization](#).



CASE STUDY 1

Capacity building to deepen Africa's Green Bond market

Green bond issuances in Sub-Saharan Africa grew by 125% to \$1.4bn in 2023, up from \$600m in 2022.⁴² Although starting from a small base (less than 1% of the global market), this growth illustrates regional momentum. It also demonstrates how capacity-building interventions targeting issuers, investors and exchanges can work together to deepen financial markets and unlock climate finance at scale.

Examples include:

- **Support for enabling environment:** The [Kenya Green Bonds Programme](#) promotes policy reform and supports issuers to accelerate green bond uptake. The program is led by the Kenya Bankers Association (KBA), Nairobi Securities Exchange (NSE) and Climate Bonds Initiative (CBI), in collaboration with the International Finance Corporation (IFC). Successes include support for three green bond transactions, worth approximately \$80m.⁴³ Other milestones include the development of Green Bond Listing rules by the NSE and tax incentives for green bonds by the Kenyan government.⁴⁴
- **Support for issuers:** The [Global Green Bond Initiative](#), in partnership with the African Development Bank, offers technical assistance to green bond issuers. This includes creating interoperable frameworks, building a project pipeline and ensuring high-quality reporting for issuances.⁴⁵ The initiative also features a fund that acts as an anchor investor, acquiring portions of green bonds to attract private investment. This aims to enhance market credibility and reduce risk for investors.
- **Support for stock exchanges:** Led by FSD Africa, the [SADC Green Bonds Programme](#) accelerates the uptake of green bonds as a tool for Southern African Development Community member countries to access capital markets to finance green projects. It supports the development of guidelines and regulations, builds a pipeline of potential issuers and engages institutional investors. For example, the program supported the revision of the Dar es Salaam Stock Exchange rules to allow for the issuance of sustainability-linked capital markets instruments in Tanzania. CIM Financial Services Limited, Mauritius, issued the first green bond under the program, raising ~ \$11m. This issuance was part of a five-year \$700m green bond program.⁴⁶

⁴² International Finance Corporation (IFC). (2024). [Emerging Market Green Bonds Report 2023](#).

⁴³ Climate Bonds Initiative. (2019). [First Green Bond from Kenya: Acorn \\$40m - Climate Bonds Certified, financing green buildings & FSD Africa](#). (n.d.). [Kenya Green Bonds Programme](#).

⁴⁴ FSD Africa. (n.d.). [Kenya Green Bonds Programme](#).

⁴⁵ EIB Group. (2023). [The Global Green Bond Initiative joins forces with the African Development Bank to drive the development of green bond markets throughout Africa](#).

⁴⁶ FSD Africa. (2022). [SADC Green Bonds Program](#).



EXAMPLES

Capacity building to expand finance for Small and Medium Enterprises (SMEs)

Formal SMEs alone contribute up to 40 percent of gross domestic product (GDP) in emerging economies.⁴⁷ However, SMEs face greater challenges than large firms in accessing finance and typically rely on internal funds or support from friends and family to launch and sustain their operations. The IFC estimates that formal Micro, Small and Medium Enterprises (MSMEs) in developing countries face an annual financing gap of \$5.2tn – equivalent to 1.4 times current lending levels.⁴⁸ This limits the ability of SMEs to grow their businesses and implement climate solutions.

Several capacity-building programs have supported the growth of SME climate finance in EMDEs through a range of approaches, including:

- **Building the capacity of FIs to serve SMEs:** The IFC [Sustainable MSME Finance Reference Guide](#) is a practical guide to help FIs to effectively target, assess and implement sustainable finance to MSMEs. It distinguishes between capital expenditure (CapEx) and operational expenditure (OpEx) needs and offers clear guidance on how to apply sustainable finance principles to both. The Guide identifies common barriers, such as unclear use of proceeds, limited institutional capacity and weak reporting practices. It also provides step-by-step guidance on project evaluation, governance processes and impact measurement to support effective implementation.⁴⁹ In addition, the [OECD Platform on Financing SMEs for Sustainability](#) shares best practices examples implemented by FIs to facilitate peer learning.⁵⁰
- **Building the capacity of SMEs to give FIs confidence in their businesses:** [Compact with Africa Green Business Fund](#) is an SME-focused trust fund hosted by the World Bank and the G20 initiative. The fund builds the skills and knowledge of public and private actors on climate change, equipping them to build climate-resilient businesses. It also directly leverages private capital to support transformative climate action among SMEs.⁵¹
- **Informing the design and implementation of supporting policies:** The [OECD Platform on Financing SMEs for Sustainability](#) convenes and engages stakeholders and experts in SME sustainable finance to shape policies and frameworks that foster SMEs' green transition.⁵² The [Compact with Africa Green Business Fund](#) additionally assists an enabling environment by facilitating policy discussions with governments, the private sector and the global community to understand and remove barriers to private investment in climate-smart SMEs.⁵³

47 IFC. (2022). [Banking on SMEs: Driving Growth, Creating Jobs. Global SME Finance Facility Progress Report](#) & IFC. (n.d.). [Small and Medium Enterprises \(SMEs\) Finance webpage](#).

48 IFC. (2017). [MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets](#).

49 IFC. (2023). [Sustainable MSME Finance Reference Guide](#).

50 OECD. (n.d.). [OECD Platform on Financing SMEs for Sustainability](#).

51 PMI. (n.d.). [Compact with Africa Green Business Fund: Driving Climate Action for SMEs](#).

52 OECD. (n.d.). [OECD Platform on Financing SMEs for Sustainability](#).

53 Ibid.



A.4 Encouraging climate engagement among clients of FIs

A.4 ? WHY IS IT IMPORTANT?

FIs play a critical role in driving real-economy decarbonization by engaging their clients and customers, including SMEs and corporate borrowers, on climate action and resilience.

A.4 ★ CAPACITY BUILDING CAN HELP BY:

Strengthening the ability of FIs to engage with clients and portfolio companies on climate.

- The UNEP FI supported [Principles for Responsible Banking \(PRB\) Academy offers a “Client and Customer” online training module](#) that highlights the role of relationship managers and other bank staff in supporting their clients to implement sustainability in their businesses.⁵⁴
- The Cambridge Institute for Sustainability Leadership’s (CISL) [“Let’s Discuss Climate”](#) and [“Let’s Discuss Nature with Climate”](#) guides help finance professionals to support clients transitioning to climate and nature positive operations.⁵⁵
- Networks such as the Institutional Investors Group on Climate Change (IIGCC) or Principles for Responsible Investment (PRI)-supported [Climate Action 100+](#) have established a common agenda for engaging with clients on their commitments to cut emissions.^{56,57}

Equipping FIs to engage in the wider economic transition with industry peers and governments.

- [GFANZ’s engagement strategy, “Workshop in a box,”](#) suggests strategies to pursue when engaging with different stakeholders. When engaging with industry peers it recommends working to exchange transition expertise and work on common challenges and represent the financial sector’s views cohesively to external stakeholders. When working with governments it recommends bringing the institution’s own net-zero objectives in line with advocacy efforts of clients and portfolio companies where appropriate.⁵⁸

- In 2025, the focus area of the PCCB is “capacity building for designing holistic investment strategies, bankable projects and stakeholder engagement to strengthen the implementation of NDCs and National Adaptation Plans (NAPs) in developing countries”.⁵⁹ This highlights the critical importance of the private sector, including FIs, in delivering these climate strategies.

A.5 Training the trainers

A.5 ? WHY IS IT IMPORTANT?

Ensuring subject-matter experts and community leaders are equipped with the skills, knowledge and tools needed to educate others is essential for capacity building to be effective. Skilled trainers create a multiplier effect, rapidly expanding the reach and impact of climate knowledge and skills. Additionally, they help to foster ownership and ensure that climate solutions are adapted to the specific needs and contexts of different communities or sectors.

A.5 ★ CAPACITY BUILDING CAN HELP BY:

Providing high-quality resources for trainers to adapt to diverse audiences.

- The Capitals Coalition [“Train the Trainer” program](#), launched in November 2024, equips trainers with the expertise to help organizations build capacity in natural capital methodologies.⁶⁰
- The [TNFD “Trainer Portal”](#), launched in February 2025, offers a set of white label training and educational materials and guidance designed for education institutions, training providers and consultants to download, adapt and deliver their own TNFD-aligned training courses and programs.⁶¹

54 UNEP FI. (n.d.). [Principles for Responsible Banking Academy](#).

55 CISL. (2023). [Let’s Discuss Nature with Climate: Engagement Guide](#).

56 IIGCC. (n.d.). [Unlocking investor action on climate change \(homepage\)](#).

57 Climate Action 100+. (n.d.). [Global Investors Driving Business Transition \(homepage\)](#).

58 Glasgow Financial Alliance for Net Zero (GFANZ). (n.d.). [Net-zero Transition Plan \(NZTP\) workshop: Engagement Strategy](#).

59 UNFCCC. (n.d.). [PCCB Focus Area 2025](#).

60 Capitals Coalition and Social Value International. (2024). [Natural Capital for Business Decision-Making](#).

61 TNFD (n.d.). [Trainer Portal](#).

Lever B. Creating market incentives and an enabling environment

This lever includes **three key elements** that help create the conditions needed to improve the availability, access, and affordability of climate finance.

B.1 Delivering investable national climate strategies

B.1 ? WHY IS IT IMPORTANT?

National climate strategies, such as NDCs, NAPs, and National Transition Plans (NTPs), signal government priorities and ambitions to the market. The effectiveness of these strategies, including their ability to attract investment, depends heavily on the quality of their design and implementation.

B.1 ★ CAPACITY BUILDING CAN HELP BY:

Enabling countries to develop and implement investible national climate strategies.

- The NDC Partnership's [Climate Action Enhancement Package \(CAEP\)](#) supports countries through a Technical Assistance Fund that connects them with the expertise, financial resources and tools needed to update NDCs and fast-track implementation. As of 2024, the CAEP had supported 67 countries.⁶²

Helping countries integrate climate into national plans and budgets.

- [United Nations Capital Development Fund \(UNCDF\)'s Local Climate Adaptive Living \(LoCAL\) Facility](#) supports the least developed countries in reviewing and implementing NDCs and NAPs. LoCAL combines technical support with performance-based climate resilience grants.⁶³
- The [Green Climate Fund \(GCF\) Readiness Program](#) provides financial support of up to \$3m to EMDEs for formulating NAPs. The assistance is provided by national or international delivery partners selected by governments' National Designated Authorities or Focal Points, which serve as the main interface between

countries and the GCF. As of February 2025, over 800 readiness requests from 142 countries have been approved.⁶⁴

B.2 Embedding climate considerations within policymaking

B.2 ? WHY IS IT IMPORTANT?

Supportive policy and regulatory frameworks are critical for unlocking climate finance. Clear and consistent government and regulatory policies signal commitments to climate action, reduce investor uncertainty and help mobilize capital.

B.2 ★ CAPACITY BUILDING CAN HELP BY:

Equipping countries to assess and strengthen their policies and regulations.

- The [EU Global Technical Assistance Facility \(GTAF\)](#) supports countries by improving regulatory frameworks, enhancing institutional capacity, and mobilizing investments for energy sector reforms. Technical assistance is delivered at the country, regional and global levels.⁶⁵
- OECD's [International Programme for Action on Climate \(IPAC\)](#) bolsters climate strategies and implementation through regular tracking, policy evaluation, and sharing of best practices.⁶⁶
- The IMF's [Resilience and Sustainability Trust \(RST\)](#) helps low- and middle-income countries build resilience to external shocks and provides financing to address longer-term challenges to sustainable growth.⁶⁷

Embedding climate considerations into decision-making in governments.

- The [Coalition of Finance Ministers for Climate Action](#) brings together fiscal and economic policymakers from 90+ countries, accounting for 43% of global emissions. It provides a forum for sharing learnings and resources to accelerate climate action under the Helsinki Principles, emphasizing the role of finance ministries in climate policy, carbon pricing, and climate finance mobilization.⁶⁸
- UNCDF's ["Create a staff training program"](#) offers a practical guide to designing effective training on policy

62 NDC Partnership. (2022). [Climate Action Enhancement Package: Lessons in developing implementation-ready NDCs](#).

63 United Nations Capital Development Fund (UNCDF). (2024). [Performance-Based Grants for Climate Resilience](#).

64 Green Climate Fund (GCF). (2025). [Overview of the Readiness Programme](#).

65 European Commission. (2024). [The EU Global Technical Assistance Facility for Sustainable Energy \(EU GTAF\)](#).

66 OECD. (2025). [International Program for Action on Climate \(IPAC\)](#).

67 International Monetary Fund. (2025). [Resilience and Sustainability Trust](#).

68 The Coalition of Finance Ministers for Climate Action. (2025). [About the Coalition](#).

and regulation for any sector. It focuses on building skills, knowledge, and autonomy,⁶⁹ supporting the development of in-house training programs for the public sector.

B.3 Deepening financial markets in EMDEs

B.3 ? WHY IS IT IMPORTANT?

The limited size and depth of financial markets in many EMDEs constrain the availability of domestic capital for sustainable development. This increases vulnerability to external shocks and restricts access to local finance, particularly in local currencies.

B.3 ★ CAPACITY BUILDING CAN HELP BY:

Creating regionally adapted and standardized sustainable finance frameworks.

- The [Sustainable Banking and Finance Network \(SBFN\) Toolkit on Sustainable Finance](#) offers practical guidance, benchmarking tools, and templates to support the development of local green taxonomies aligned with global standards.⁷⁰
- In Huzhou, China, public and private stakeholders received training on environmental standards and climate finance tools. As a result, FIs innovated green products for local clients and began offering training to SMEs, laying the groundwork for a robust local green finance system.⁷¹

- The [Asociación de Bancos del Ecuador \(ASOBANCA\)](#) in Ecuador, supported by IDB Invest and FMO, is developing a Green Taxonomy for the banking sector. This is set to launch in 2025, with workshops planned to promote its use.⁷²

Advancing the implementation of global climate finance frameworks and reporting standards.

- [IFRS and The UN Sustainable Stock Exchanges Initiative \(SSE\)](#) have developed a toolkit to encourage the adoption of sustainability-related financial disclosure standards.⁷³ This unified approach to sustainability reporting can address fragmentation and improve transparency for investors, potentially demystifying their misconceptions around investing in EMDE markets.

Lever C. Building a pipeline of bankable opportunities

This capacity-building lever consists of two key elements for developing strong project pipelines.

First, effective project preparation can unlock early-stage financing and significantly improve the chances of securing long-term funding. Second, robust implementation and monitoring are essential to ensure that funded projects deliver their intended climate impacts. Together, these efforts help build a credible track record of impactful climate projects, which is critical for attracting future investment and strengthening the overall pipeline.⁷⁴

69 UNCDF. (2025). [Create a staff training program.](#)

70 Sustainable Banking and Finance Network. (2025). [SBFN Toolkit: Developing Sustainable Finance Roadmaps.](#)

71 CFA Institute. (2025). [Green Finance Policy Evolution in China and the Impact of Pilot Zones: Huzhou Case Study.](#)

72 BASE. (2024). [Building a Green Taxonomy for Financial Institutions in Ecuador.](#)

73 The UN Sustainable Stock Exchanges Initiative. (2025). [Sustainability-related Financial Disclosures Toolkit.](#)

74 CPI. (2024). [Global Landscape of Climate Finance 2024.](#)



C.1 Supporting the design, structuring, and preparation of climate activities and projects

C.1 ? WHY IS IT IMPORTANT?

Although project development costs are a relatively small portion of overall budgets, high-quality preparation at this stage can significantly increase access to early-stage funding by demonstrating viability and boosting investor confidence.⁷⁵

C.1 ★ CAPACITY BUILDING CAN HELP BY:

Preparing projects for scrutiny and mitigating early development risks.

- The UK's [Climate Finance Accelerator \(CFA\)](#) has supported over 230 projects. Notably, the first 50 deals mobilized a combined \$410m in climate finance, with less than \$16m spent on technical assistance.⁷⁶ This demonstrates the high leverage potential of well-targeted project support.
- The [Global Infrastructure Facility \(GIF\)](#) combines funding with advisory support to governments, private finance and MDBs to structure and de-risk sustainable infrastructure projects. As of 2023, GIF has supported over 170 activities across 68 countries. For every \$1 in project preparation support, GIF has mobilized over \$100 in purely private capital at financial close.⁷⁷

Fostering a supportive environment for climate projects and developers.

- The [AfIDA Catapult Accelerator Programme](#) assists developers of energy and infrastructure projects across Africa to accelerate project development and improve funding success rates. Participating developers benefit from access to capital providers, mentoring, peer learning, and bespoke training. Since 2022, seven pitch sessions have been held at major energy and climate events including in Cape Town, Kigali, and Amsterdam, enabling 23 projects to secure approximately \$16.7bn in investment commitments.⁷⁸

C.2 Facilitating the implementation and impact monitoring of climate activities and projects

C.2 ? WHY IS IT IMPORTANT?

Effective implementation and impact monitoring are crucial for demonstrating project bankability. Additionally, impact monitoring data can generate positive externalities by revealing what works, enabling others to replicate successful approaches and avoid ineffective ones. Given the “public good” nature of these insights, they are typically undersupplied by the market. Grant and philanthropic funding to support capacity building in this area is both necessary and valuable.

C.2 ★ CAPACITY BUILDING CAN HELP BY:

Ensuring that climate projects and activities deliver their intended outcomes.

- The [Africa Go Green Fund](#) focuses on accelerating investments in energy efficiency, clean energy, and climate-friendly technologies across Africa. To enhance the effectiveness of the fund's investments, it is supported by a dedicated Technical Assistance Facility funded by KfW Development Bank. This facility provides post-investment support to project developers, including capacity building, implementation support, and impact monitoring. By helping ensure that funded projects are well executed and deliver measurable climate benefits, the technical assistance strengthens the overall impact, bankability, and replicability of the fund's portfolio.⁷⁹
- Set up by the EIB and the European Commission, the [Natural Capital Financing Facility](#) supports biodiversity conservation and climate adaptation projects through tailored EU-guaranteed loans and investments. In addition to financing, it offers a Technical Assistance Facility, providing grants of up to €1m per project. These grants are designed to help with project preparation, implementation and outcome monitoring.⁸⁰

⁷⁵ CPI. (2023). [Global Landscape of Climate Finance 2023](#).

⁷⁶ UK Government (2025). [Climate Finance Accelerator Impact Report 2020-2024](#).

⁷⁷ World Bank Blogs (2024). [The Global Infrastructure Facility: Scaling infrastructure investment since 2014](#).

⁷⁸ AfIDA. (2023). [CATAPULT: Catalysing Adaptation Through Policy and Finance – Outcomes Report](#).

⁷⁹ AGGFUND. (2025). [AGG Fund for Renewable Energy and Energy Efficiency](#).

⁸⁰ The European Commission. (2025). [Natural Capital Financing Facility: A Guide for Applicants](#).

CHAPTER 3

Strengthening Capacity Building – A Call to Action

Key Takeaways:

Reading this chapter, you'll learn that:

- ✓ **While demand is rising and examples of impact are growing, important gaps remain in how capacity building is designed and delivered** – especially in meeting the needs of EMDE stakeholders. Key challenges are:
 - Lack of local relevance and end-user fit
 - Unnecessarily fragmented landscape
 - Weak evaluation and quality assurance
 - Distorted market dynamics

Individual efforts can substantially improve the effectiveness of capacity building, but achieving a step change in scale and impact requires collaboration across funders, providers and end-users. To help drive progress, the GCBC and its members have co-designed a set of recommendations for voluntary action for three key stakeholder groups.

- ✓ **Funders should support end-users, providers, and programs** by fostering collaboration, promoting demand-driven design and delivery, and should conduct resource monitoring and evaluation (M&E).
- ✓ **Providers should design and deliver programs that are aligned with end-users' needs** to ensure that capacity building is demand-driven and impactful.
- ✓ **End-users should actively engage with funders, providers, and other key stakeholders** to articulate their capacity-building needs and provide feedback to support continuous improvement.
- ✓ **All stakeholders – funders, providers, and end-users – should work together** to raise the profile of capacity building as a strategic priority. Joint efforts should also focus on developing standardized M&E approaches to generate actionable data on what works and support continuous learning and improvement.

GCBC RESPONSE

**GLOBAL
CAPACITY
BUILDING
COALITION**

Building on these recommendations, the GCBC will work with its members and other stakeholders to champion capacity building as a strategic priority – elevating its profile in global climate finance discussions, strengthening the evidence base through research on outcomes and impact and drive forward key actions outlined in this chapter.

3.1 Current challenges in capacity building

There are several inefficiencies in the way capacity building today is financed, developed, and assessed. Together with structural resource constraints, these challenges limit the scale and effectiveness of capacity building, increase delivery costs, and leave end-users’ needs unmet (see Exhibit 6).

Exhibit 6: Current challenges in capacity building

CURRENT CHALLENGES IN CAPACITY BUILDING

<p>1. Lack of local relevance and end-user fit</p>	<ul style="list-style-type: none"> • Limited engagement with end-users in program design: Most initiatives are not sufficiently shaped by the needs or context of those they aim to serve, reducing relevance and uptake. • Generic content prioritized over targeted support: Many programs focus on scale rather than tailoring, leading to lower impact and reduced engagement. • Accessibility challenges: Language, format and delivery modes often do not reflect the realities of EMDE users.
<p>2. Unnecessarily fragmented landscape</p>	<ul style="list-style-type: none"> • Lack of collaboration among providers: International and local actors do not consistently collaborate, leading to unnecessary duplication and potentially missed synergies. • Difficult for end-users to navigate and access support: The capacity-building ecosystem is unnecessarily fragmented, making it hard for users to find programs suited to their needs.
<p>3. Weak evaluation and quality assurance</p>	<ul style="list-style-type: none"> • Limited monitoring and learning: Few programs assess long-term outcomes or effectiveness, making it hard to identify and scale what works. • No shared quality standards: Without consistent benchmarks, funders and users struggle to identify high-quality providers and interventions. • Weak feedback and learning mechanisms: End-users rarely have channels to share learnings on what works or does not, limiting continuous improvement.
<p>4. Distorted market dynamics</p>	<ul style="list-style-type: none"> • Underdevelopment of local ecosystems: <ul style="list-style-type: none"> • Empowering local providers to lead, innovate, and scale their impact can create a more inclusive capacity-building landscape, which is reflective of local user needs and more sustainable in the long term. • Strengthening local providers’ resources and capabilities reduces potential over-reliance on international actors and fosters a richer diversity of approaches to capacity building.



DEEP DIVE

Capacity Building for Capacity Builders:

To scale impact, funders should consider investing in local capacity-building ecosystems

Grants can play a crucial role in enabling capacity building – particularly for early-stage, innovative initiatives or where end-users cannot afford to pay. To maximize their impact, grant-funded efforts should be targeted where possible to strengthen local capacity-building ecosystems, enabling domestic and regional providers to develop their own capabilities to in turn support the financial institutions and finance professionals in the markets where they operate. This would help build long-term, context-specific capacity grounded in local knowledge and needs. However, local providers face two key barriers to grant funding:

- **Selection bias:** Funding can often be allocated to established international providers rather than local capacity-building organizations. A lack of established local providers and a desire to minimize risks may contribute to potential selection bias. When international providers are consistently selected over local providers, it may lead to local providers not getting the opportunity to contribute the unique insights and local context that they may be better placed to provide, which can be essential for effective capacity building.
- **Dependency and crowding out:** Free or heavily subsidized capacity-building programs can boost short-term uptake but risk creating dependency on donor-funded models. This can make it difficult for domestic providers – especially for-profit ones – to compete or develop commercially. Strengthening climate-finance capacity in EMDEs also requires investing in the development of local providers that can meet long-term demands for institutional and professional capacity.

To scale and sustain capacity building effectively, funders and end-users should support the growth of local ecosystems. This could include partnering with domestic capacity-building providers and investing in their long-term capabilities.

Some international organizations are already moving in this direction. For example, the GFANZ Africa Network, in partnership with the African Development Bank and Strathmore Business School in Kenya, delivered training on climate finance and transition planning in Nairobi.⁸¹ In Brazil, the GFANZ Brazil Chapter has partnered with local institutions, including ANBIMA, FEBRABAN, CNseg and UNEP FI, to run annual capacity-building programs on transition planning and sustainable finance.⁸² In addition, the GCBC Accelerator program aims to identify, support and scale the most impactful and highest potential sustainable finance capacity-building initiatives in and for EMDEs. All winners are invited to participate in a nine-month program of tailored support to scale their initiatives, based on a needs assessment.

⁸¹ ANBIMA. (2025). [Join ANBIMA, CNSeg and Febraban on the Journey towards COP30.](#)

⁸² GFANZ. (2023). [GFANZ Africa Network, African Development Bank Announce Climate Action Partnership.](#)



3.2 The GCBC's recommendations for voluntary action for scaling the impact of capacity building to mobilize climate finance

Individual initiatives can meaningfully improve the effectiveness of capacity building. But to scale its impact across EMDEs, collaborative action from all stakeholders – funders, providers and end-users – is needed.

To help drive this shift, the GCBC and its members have co-designed a set of voluntary recommendations for each stakeholder group, summarized in Exhibit 7. These recommendations address the key challenges identified earlier in this chapter and are informed by lived experiences across the ecosystem. The voluntary recommendations are intended to guide more strategic, collaborative capacity building that reflects what end-users actually want.

Key stakeholder groups involved in climate finance capacity building⁸³

(for a full description of the landscape of climate finance capacity building, see Appendix 1)

1. **Funders** allocate resources (e.g., grants, internal budget, dedicated personnel) to support the design and delivery of capacity building. This includes MDBs and Development Finance Institutions (DFIs), Global Climate Funds, Philanthropies and other public and private sector donors.
2. **Providers** develop and deliver capacity-building programs. This includes academic and vocational institutions, industry bodies and peer networks, consulting firms, and other private and nonprofit actors.
3. **End-users** are the direct recipients of capacity building. This includes financial institutions and finance professionals, government and government officials, policymakers, regulators, and project developers.

⁸³ Some organizations, such as MDBs or large global financial banks, might span all three categories in that they fund, provide, and receive capacity building on sustainable finance topics.



Exhibit 7: Voluntary recommendations for scaling the impact of capacity building to mobilize climate finance

KEY ACTIONS	DETAILED RECOMMENDATIONS	FUNDERS	PROVIDERS	END- USERS
 <p>A. Reflect end-user needs in the design and delivery</p>	<p>A.1 Ensure capacity-building efforts are demand-driven and grounded in robust market, regulatory and institutional analysis</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	<p>A.2 Co-design capacity-building activities that reflect end-user priorities and local market conditions</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 <p>B. Allocate and deploy funding effectively</p>	<p>B.1 Deploy funding for relevant capacity building alongside climate finance transactions where applicable</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<p>B.2 Diversify sources of funding where possible to support sustainability of capacity-building initiatives</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<p>B.3 Track and report spending on capacity-building funds (e.g., by activity type, region) to support strategic funding decisions</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 <p>C. Reinforce monitoring, evaluation & reporting of impacts</p>	<p>C.1 Allocate resources upfront for outcome-related Monitoring & Evaluation (M&E) activities</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<p>C.2 Promote the use of standardized indicators to track impact and support transparent data sharing</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 <p>D. Collaborate with peers to streamline capacity building efforts</p>	<p>D.1 Investigate existing activities to avoid unnecessary duplication, and identify opportunities to share and scale</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<p>D.2 Facilitate peer learning across the capacity-building ecosystem to promote collaboration and best-practice sharing</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<p>D.3 Enable and equip influential individuals and organisations to lead and amplify capacity-building efforts</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 <p>E. Position capacity building as a strategic priority</p>	<p>E.1 Highlight the impact of capacity building as a critical lever to mobilize capital and unlock system change, including promoting the topic in key political and climate moments and dialogues</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

A. Reflect end-user needs in the design and delivery



ALL STAKEHOLDER GROUPS

Recommendation A.1:

Ensure that capacity-building efforts are demand-driven and grounded in robust market, regulatory and institutional analysis

- **Conduct market diagnostics:** Market diagnostics help identify emerging trends in demand, regulation and technology, enabling providers to anticipate shifts and design timely, responsive interventions.
- **Undertake regular needs assessments:** Regular evaluation of end-user priorities ensure that programs remain demand-driven, context-specific and high-impact. Direct input from end-users strengthens the relevance and practicality of activities.
- **Challenge assumptions and stay responsive:** Providers should routinely revisit assumptions about audiences, delivery methods and timing. By staying adaptable and responding to changing needs and local realities, capacity-building efforts remain relevant, practical, and effective.

Recommendation A.2:

Co-design capacity-building activities that reflect end-user priorities and local market conditions

- **Tailor capacity-building activities to fit wider strategic and business goals:** Capacity-building activities should be designed to meet end-users' broader business strategies, climate objectives, and transition plans. Whether an institution is taking a leadership role in sustainable finance or adopting a more phased-in approach, aligning capacity building with users' internal strategies and long-term plans ensures relevance and long-term impact.
- **Encourage demand-driven programming by co-designing capacity-building interventions:** Incentivize providers to work with end-users to understand their specific needs and preferences, drawing on their firsthand experience of what works. Establish feedback loops to ensure that programming is responsive and user-centered increases relevance and uptake.
- **Support local providers and context-specific content in EMDEs:** Where possible, channel funding to in-country providers, who often hold valuable knowledge, contextual insight and cultural awareness that international providers may sometimes lack. Also, collaborating to translate key capacity-building materials into local languages can significantly enhance their reach and impact. Strengthening local delivery and improving accessibility promotes the long-term stability of the local capacity-building market.

B. Allocate and deploy funding effectively



MOSTLY FUNDERS,
SUPPORTED BY PROVIDERS

Recommendation B.1

Deploy funding for relevant capacity building alongside climate finance transactions where applicable

- **Embed resources for capacity-building activities within climate finance transactions:** When allocating resources, funders should include resources for capacity-building activities within climate finance transactions. This well-timed integration maximizes engagement from institutions and individuals, enhances ownership, and supports the efficient and effective implementation of capacity-building efforts.

Recommendation B.2

Diversify sources of funding where possible to support sustainability of capacity-building initiatives

- **Strengthen understanding of the funding landscape:** Funders should equip providers and end-users with the knowledge to identify and access diverse types and sources of funding appropriate for various capacity-building stages and goals. This enables them to design resilient and well-funded initiatives.
- **Promote funding diversification:** Encourage co-funding arrangements to match the scale and maturity of the initiative or institution, e.g., through funder consortia or blended finance approaches that combine grants and public and commercial funding.
- **Support the development of commercially viable models:** Funders can support providers, especially local organizations, to build viable business models that reduce reliance on grants. This enhances financial resilience, fosters local ownership and enables the long-term delivery and scaling of impactful capacity-building programs.
- **Develop a multi-year, well-resourced plan:** Establishing a structured, long-term plan with adequate funding and support helps ensure that capacity-building efforts lead to lasting improvements in both institutional capabilities and individual competencies.

Recommendation B.3

Track and report the breakdown of annual spending by capacity-building funds (e.g., by activity type, region) to support strategic funding decisions

- **Develop a common methodology for allocating and tracking funding:** Establishing common guidelines for how capacity-building funds are allocated, categorized and reported would help make practices comparable across funders. This would make funding flows easier to track, compare and evaluate across initiatives.
- **Aggregate annual funding flows:** Rather than tracking funding at the individual program level, donors should report and consolidate capacity-building funding by donor and by type of activity. This aggregated view would provide a clearer picture of total investments in capacity building, expose geographic or thematic funding gaps and support more informed and strategic allocation of resources going forward.
- **Use the evidence from M&E to prioritize high-impact underserved areas:** Direct funding toward initiatives that address emerging or unmet needs identified by monitoring and evaluation activities. This helps fill critical gaps and maximizes the reach and effectiveness of allocated funding.

C. Reinforce monitoring, evaluation & reporting of impacts

✓ ALL STAKEHOLDER GROUPS

Recommendation C.1

Allocate resources up-front for outcome-related Monitoring & Evaluation (M&E) activities

- **Ensure that dedicated M&E funding is embedded in program design:** Funders should allocate resources for M&E as a distinct component of capacity-building programs. Assigning a small share of the funding ex-ante to M&E activities can generate useful data on what works – helping improve future programs and creating public-good insights that others can replicate.
- **Support independent evaluation of larger programs or initiatives:** Where feasible, funding independent evaluation as well as M&E conducted by the provider will lead to more robust results.

Recommendation C.2

Promote the use of standardized indicators to track impact and ensure that data is shared

- **Link impact measurement to a clear results framework:** Where possible, align impact measurement with a structured framework that maps activities to intended outcomes. This helps track progress consistently.
- **Standardize M&E frameworks and adopt common impact indicators:** Establishing a standardized, fit-for-purpose M&E framework, paired with a shared set of impact indicators, will enable consistent measurement, improve data quality, support benchmarking and streamline reporting.

- **Gather and act on feedback:** Establish systems to give and collect regular feedback from end-users throughout the program life cycle. For example, link completion certificates to short feedback surveys. This enables continuous improvements based on real user experience.
- **Encourage transparent data sharing:** Once impact data has been collected and analyzed, findings should be made accessible to all stakeholders. This ensures accountability and reveals opportunities for continuous improvement.

D. Collaborate with peers to streamline capacity-building efforts



MOSTLY PROVIDERS, SUPPORTED BY FUNDERS AND END-USERS

Recommendation D.1

Investigate existing activities to avoid unnecessary duplication and identify opportunities to share and scale

- **Map and assess existing activities:** Conducting a comprehensive review of current programs, tools and resources helps identify what is already in place. Benchmarking these activities enables providers to spot gaps, avoid unnecessary duplication and target efforts where they are most needed.
- **Establish and contribute to open-access repositories:** Creating and maintaining shared platforms that document active capacity-building initiatives and resources at regional and global levels enhances transparency. These repositories help providers collaborate efforts more effectively and give end-users easier access to tools and materials, increasing reach and impact.

Recommendation D.2

Facilitate peer learning across the capacity-building ecosystem to promote collaboration and best-practice sharing

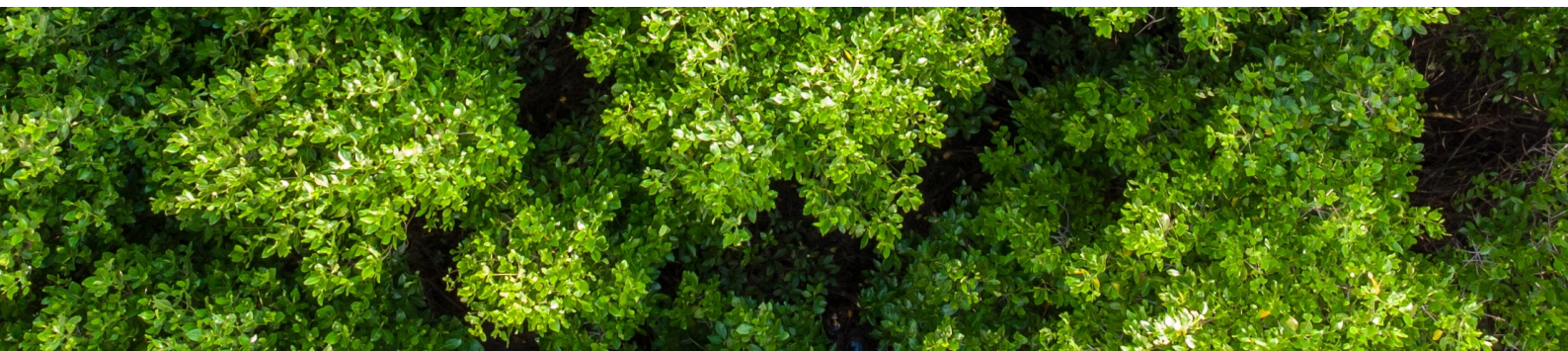
- **Promote international–local partnerships:** By working closely with local EMDE providers, end-users and other stakeholders, international capacity-building providers can better assess regional needs and ensure capacity building is demand-driven. Joint programming proposals can also streamline funding, reduce unnecessary duplication and embed local relevance.

- **Facilitate peer-to-peer learning to encourage “best practice” activity design:** Funders and providers can support initiatives that enable knowledge exchange of successful approaches and insights. Peer learning, especially among institutions operating in similar economic or regulatory settings, promotes the use of effective methods and impactful capacity-building approaches.
- **Develop voluntary principles for high-quality capacity building:** Establishing and disseminating a widely agreed set of core principles to guide the development and implementation of capacity-building initiatives can help ensure a consistent, demand-driven approach with emphasis on monitoring and evaluation.

Recommendation D.3

Enable and equip influential organizations to lead and amplify capacity-building efforts

- **Scaling the “train the trainer” model:** Training local trainers or experts who can, in turn, transfer knowledge and skills to larger groups within their communities or organizations expands the reach and long-term sustained impact of capacity building.
- **Identifying and promoting “change agents”:** Championing individuals or organizations that have influence in their sectors or communities can help drive broader adoption.



E. Position capacity building as a strategic priority



ALL STAKEHOLDER GROUPS

Recommendation E.1

Highlight the impact of capacity building as a critical lever to mobilize capital and unlock system change, including promoting the topic in key political and climate moments and dialogues

- **Demonstrative case studies and growing evidence (see Chapter 2) show that capacity building is a powerful lever for mobilizing climate finance – and they should be featured in global forums:** To ensure interventions are truly effective, global discussions on capacity building

must reflect the priorities and experiences of local end-users and providers in EMDEs, making support more demand-driven and outcomes-focused.

- **Frame capacity building as an accelerator to professional development:** Focusing on the opportunities for career growth and development to be gained from capacity-building activities, rather than mandating compliance, helps engage and motivate individuals.
- **Secure sponsorship from senior leadership:** End-users should gain the support and active involvement of top management to help mobilize resources and embed capacity building into the organization's core agenda.

3.3 What's next?

This paper has outlined how capacity building can be a powerful lever to mobilize climate finance – particularly in EMDEs. When well designed and targeted, it can strengthen institutional capabilities of financial systems, build the skills and knowledge of professionals, and enable policy and regulatory shifts required for long-term systemic transformation.

Importantly, momentum is building. Across EMDEs, demonstrative cases are emerging that show capacity building can work. The GCBC, its members and others are beginning to document what works – showcasing scalable models, building practical tools and connecting a growing community of actors committed to impact.

At the same time, realizing the full potential of capacity building will require more collaborative and locally grounded action.

The GCF invites all stakeholders across the ecosystem – funders, providers and end-users – to take action to unlock capacity building's full potential. The recommendations for voluntary action in this paper offer a starting point. This is an open invitation to stakeholders across the ecosystem to engage, respond and help shape the next phase of action.

Please contact us at secretariat@capacity-building.org.



How the GCBC will take forward its recommendations

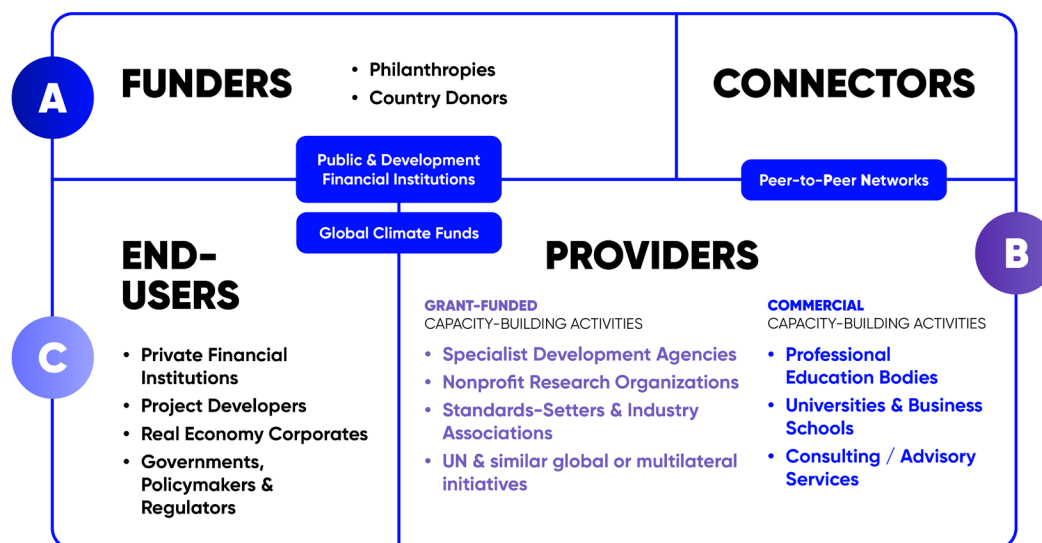


<p>A. Reflect end-user needs in the design and delivery</p>	<p>By bringing together funders, providers and end-users, the GCBC aims to help identify key gaps in the capacity-building landscape. Working with its members and others, the GCBC can help design and share high-impact, demand-driven capacity-building interventions to address these.</p> <p>For example: The GCBC works with the GFANZ Regional Networks of financial institutions, and others, to understand end-user needs and reflect these in the GCBC's activities.</p>
<p>B. Allocate and deploy funding effectively</p>	<p>The GCBC connects end-users with capacity-building providers, and providers with potential funders (including philanthropies, DFIs, MDBs and global climate funds) to identify opportunities to collaborate and maximize their collective impact.</p> <p>For example: The GCBC's Accelerator program aims to provide selected initiatives with the opportunity to present their work to major global funders.</p>
<p>C. Reinforce monitoring, evaluation and reporting of impacts</p>	<p>The GCBC will explore opportunities to co-develop with its members and other relevant parties a set of voluntary common indicators to guide the assessment of capacity-building activities and reporting of their impact and outcomes.</p> <p>For example: Building on this paper, the GCBC will work with members to share knowledge, exchange case studies and highlight best practices to strengthen the design and impact measurement of capacity-building initiatives.</p>
<p>D. Collaborate with peers to streamline capacity-building efforts</p>	<p>The GCBC will continue to develop its online platform, a one-stop shop for climate finance capacity-building resources for financial institutions and professionals. It helps users identify and access relevant programs, promotes effective approaches shared by members and enables providers to showcase their work while gathering feedback from funders, users and other stakeholders. Insights from these exchanges will inform the co-development of best-practice principles for capacity building.</p> <p>For example: The GCBC Platform's "Case Study Library" highlights the most effective capacity-building approaches identified by members.</p>
<p>E. Position capacity building as a strategic priority</p>	<p>The GCBC works to advance climate finance capacity building, gathering and amplifying insights from its broad membership and from end-users and providers in EMDEs. The GCBC aims to reflect and amplify these EMDE voices in relevant global fora, seeking to increase awareness of the role of capacity building and mobilize resources to support high-impact, demand-driven capacity building for EMDE FIs and finance professionals.</p> <p>For example: In May 2025, the GCBC launched the first edition of an annual GCBC Accelerator to identify, showcase and support innovative, high-impact capacity-building programs and providers in EMDEs.</p>

APPENDIX 1

The Ecosystem of Climate Finance Capacity Building

Exhibit A:
Simplified ecosystem of climate finance capacity building



Capacity building involves a wide and complex range of stakeholders – ideally, but not always, working collaboratively to deliver effective, impactful demand-driven capacity building. This complexity is compounded by the coexistence of commercial and grant-funded capacity-building provisions, and of international and local initiatives. The diversity of the current capacity-building landscape creates opportunities for innovation and collaboration. However, EMDE end-users report that it can also be confusing and inaccessible at times.

A. Funders allocate resources (e.g., grants, bursaries, sponsorship, expert team) to support the implementation of capacity-building activities and programs

Funders of capacity building typically come from the philanthropic, public, development and private sphere. The choice of funding approach often depends on factors such as target geography, nature of the capacity building provided, end-user type and maturity of the local financial market.

A. “Commercial” capacity building generates revenue from services. These include providers offering academic and professional education, training and certification programs, as well as consulting and advisory service providers. Generally, established FIs in developed markets tend to have the resources to directly fund capacity building in response to specific business needs

or strategic objectives. Sometimes, private sector capacity building is subsidized by governments seeking to support growth (e.g., the 2022–2023 Hong Kong Green and Sustainable Finance Capacity Building Support Pilot Scheme).⁸⁴ In many EMDEs, however, commercial capacity building remains underdeveloped because of the lack of resources and the absence of subsidies. In these markets, grant-funded capacity building plays a critical role.

B. “Grant-funded” capacity building receives donor funding from philanthropic, public and development finance institutions. This model often involves interventions aiming to create an enabling environment for climate finance, supporting policymakers, regulators and others as well as providing open-access learning resources (e.g., case studies, reports, webinars) and training courses. It may also provide targeted technical support for organizations that lack the resources to pay for it. In some instances, grant-funded programs ask end-users to contribute to the costs of the capacity-building activities, primarily to promote engagement and commitment.

Overall, visibility of funding for climate finance capacity building is limited across both commercial and grant-funded activities. A large number of stakeholders in a diverse landscape with little consistency in monitoring or reporting makes aggregation and comparison challenging. In some cases, no data is available (e.g., for many commercial capacity-building services). In others, funding for climate finance capacity building is combined with other activities (e.g., policy support and national budget support) or is not

84 Financial Services and the Treasury Bureau – The Government of Hong Kong Special Administration Region. (n.s.). [Pilot Green and Sustainable Finance Capacity Building Support Scheme webpage.](#)

disaggregated from an overall package of financial and non-financial support. Limited visibility of capacity-building funding makes it difficult to assess the full scope and impact of these activities, as well as to identify potential areas with funding gaps.

B. Providers develop content and deliver capacity building to a wide range of end-users

Different types of providers bring distinct expertise, approaches and resources to drive change across the financial system. Some organizations handle specific aspects of the capacity-building process, such as design only, while others manage provision end-to-end, from design and content development to delivery. Key groups of providers include:

- **Multilateral Development Banks (MDBs)**, e.g., Asian Development Bank (ADB), African Development Bank (AfDB) and Inter-American Development Bank (IDB); **National Development Banks**, e.g., Banco Nacional de Desenvolvimento Econômico e Social in Brazil (BNDES); and Development Finance Institutions, e.g., International Finance Corporation (IFC), Agence Française de Développement (AFD); or **Global Climate Funds**, e.g., Green Climate Fund (GCF): Provide direct funding to projects and private organizations through a flexible combination of grants, concessional debt, guarantees or equity instruments. These institutions aim to de-risk and crowd-in private investment for climate action in developing countries. In terms of capacity building, they both fund and provide or deliver relevant activities. To do so, they often either provide capacity building as an integrated part of an investment or deliver it as part of a stand-alone and independently managed facility.
- **Specialist Development Agencies** (e.g., FCDO-funded FSD Africa, Power Africa): These agencies focus on specific development challenges, sectors or regions, providing targeted support to strengthen domestic financial and economic systems.
- **Industry and trade associations & standards-setting bodies**, e.g., International Sustainability Standards Board (ISSB), International Capital Market Association (ICMA), African Private Capital Association (AVCA): Provide sector-specific standards or guidance to support professional development and industry alignment. Global associations set broad standards, while regional or sector specific associations address the unique needs and challenges of specific markets or sectors. Many also

conduct their own training programs, either themselves or with partners to aid dissemination and adoption of standards and guidance.

- **Professional bodies**, e.g., CFA Institute, Chartered Institute for Securities & Investment (CISI), Association of Chartered Certified Accountants (ACCA): Provide research, specialized training and relevant paid-for or free certification programs and Continuing Professional Development (CPD) for finance professionals.
- **Universities and business schools**: Offer undergraduate and postgraduate degree programs, executive education, specialized courses in climate finance, sustainability and related fields and supportive alumni networks.
- **Not-for-Profit Organizations**, e.g., Climate Bond Initiative (CBI), Climate Policy Initiative (CPI), Green Finance Institute (GFI): Deliver research, insights and training to foster market development and sustainable practices.
- **Peer-to-peer networks**: operating at the organizational level (e.g., PRI, PRB, PSI) or at the individual level (e.g., Chapter Zero) facilitate the exchange of knowledge, experience and best practices among professionals and organizations as well as designing sector-specific guidance.
- **Consulting and advisory services**: Offer expert guidance, strategic advice, tailored training and technical support on a commercial basis.

C. End-users directly participate in and benefit from capacity building

C.1 Financial Institutions

For many private, public and development FIs, engaging in climate finance capacity-building activities is a strategic business imperative. Just as many companies without a digital strategy failed to survive the digital revolution, many organizations today need a robust climate strategy to address climate risks and take advantage of opportunities arising from the transition. Prioritizing climate finance capacity building can help FIs seize new opportunities, anticipate, prepare for and manage critical climate risks and impacts and respond to policy and regulatory changes.

For private finance institutions in EMDEs, there are several possible rationales for pursuing climate finance capacity building (see Exhibit B). These will vary depending on factors, including organizational climate maturity, target teams or departments within the organization, and market and regulatory conditions.



At the individual level, the rationale for engaging in capacity building often centers on personal and professional development, whether voluntary and proactive or mandated by regulation, an employer or a professional body. This could involve developing foundational knowledge of basic climate-related issues relevant to the role, or more specialist knowledge when taking on new responsibilities related to climate or working more closely with sustainability specialists. Capacity building helps individuals understand and apply what is required of them in their evolving roles, ensuring they have the necessary knowledge and skills to contribute effectively. Gaining new professional knowledge and skills, and in some cases relevant professional certification, may also equip individuals to seek and achieve new climate-related roles.

C.2 Other end-users critical for system change

Project developers, real economy corporates, governments, policymakers and regulators also play a critical role in unlocking climate finance. Project developers are entities or individuals responsible for identifying, designing and implementing mitigation and adaptation projects for FIs to invest in. Corporates in the real economy also contribute through balance sheet financing for climate solutions and projects, complementing the capital deployed by FIs. Meanwhile, governments, policymakers and regulators play a crucial role in creating an enabling environment and incentives to improve access to, affordability of and deployment of climate finance. Capacity building targeted to these groups is therefore an important complement to interventions targeting FIs.



APPENDIX 2

A Guide to Terminology and Abbreviations

A Guide to Terminology

This paper uses **six key terms** in the following way:

1. Climate finance includes flows of any combination of public⁸⁵ or private⁸⁶ and international or domestic finance, through various instruments including equity, debt (market level or low cost/concessional), grants or balance sheet financing, that support climate change mitigation and adaptation. Climate finance also covers all sectors and types of investment (i.e., from large-scale infrastructure projects to energy-efficient individual home upgrades). Finally, climate finance also includes a range of supporting activities such as accounting, insurance, risk assessment and disclosure.

At the GCBC, we take a broad and practical view of climate finance. We recognize that while our primary focus is to support mobilizing finance for mitigation and adaptation, developing and scaling the necessary capabilities, tools, enabling environment and market mechanisms also support sustainable finance and development more broadly.

2. Climate finance capacity building is the process of enhancing the capabilities of FIs, developing the competencies (the knowledge and skills) of finance and supporting professionals and catalyzing systems change to unlock climate finance. It can also be relevant for other professionals working on financing sustainability goals, including, but not limited to, government officials and development organizations.

3. Finance and supporting professionals refer to individuals involved in the management, deployment and facilitation of finance, both public and private. This includes, but is not limited to, bankers, asset managers, institutional investors, insurers, accountants, legal advisors and others. Finance professionals may work across various teams within a financial institution, ranging from transaction to communications, and at all levels of seniority.

4. Financial institutions refer to any organization engaged in financial and monetary transactions such as deposits, loans, investments and currency exchange. It includes a broad range of firms within the financial services sector, including, but not limited to, banks, insurers, institutional investors and asset managers, as well as firms providing supporting services.

5. Domestic private capital refers to all private financial resources that are generated and managed within a specific country, encompassing wealth and assets owned or controlled by individuals, businesses and institutions within the borders of that country. The concept of domestic capital is often contrasted with external, international or foreign capital, or foreign direct investment (FDI), which refers to financial resources originating from outside the country.

6. Climate projects and activities refer to a wide range of initiatives aimed at addressing climate change through both mitigation and adaptation efforts. It includes projects focused on reducing greenhouse gas emissions, such as renewable energy installations, energy efficiency improvements and sustainable transportation systems. It also covers adaptation activities designed to enhance resilience to the impacts of climate change, such as climate-proofing infrastructure, improving water management and safeguarding biodiversity. Additionally, the term applies to activities funded by working capital for businesses, particularly corporates and SMEs, seeking to transition to more sustainable, low-carbon and climate-resilient operations. These activities might involve changes in business practices, processes or products aimed at reducing environmental impacts or enhancing climate adaptation strategies.

⁸⁵ Public entities include development finance institutions (multilateral, bilateral, and national), export credit agencies, governments, climate funds, state-owned financial institutions, and state-owned enterprises.

⁸⁶ Private entities include retail and commercial banks (i.e., bank financing), asset managers and institutional investors (i.e., capital market transactions), insurers, corporations and households/individuals.



List of Abbreviations

ACCA	Association of Chartered Certified Accountants	GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)
ADB	Asian Development Bank	IFC	International Finance Corporation
AfDB	African Development Bank	IFRS	International Financial Reporting Standards
AfIDA	Africa Infrastructure Development Association	IIGCC	Institutional Investors Group on Climate Change
AFD	French Development Agency (Agence Française de Développement)	IMF	International Monetary Fund
ANBIMA	Brazilian Association of Financial and Capital Market Institutions	IPAC	International Programme for Action on Climate
ASOBANCA	Asociación de Bancos del Ecuador	ISSB	International Sustainability Standards Board
AVCA	African Private Capital Association	KBA	Kenya Bankers Association
BNDES	Brazilian Development Bank (Banco Nacional de Desenvolvimento Econômico e Social)	LoCAL	Local Climate Adaptive Living Facility
CAEP	Climate Action Enhancement Package	M&E	Monitoring and Evaluation
CapEx	Capital Expenditure	MDB	Multilateral Development Bank
CBI	Climate Bonds Initiative	MSME	Micro, Small, and Medium Enterprises
CCFAH	Commonwealth Climate Finance Access Hub	NAP	National Adaptation Plan
CCRI	Coalition for Climate Resilient Investment	NDC	Nationally Determined Contribution
CDP	Carbon Disclosure Project	ND-GAIN	Notre Dame Global Adaptation Initiative
CFAN	Climate Finance Access Network	NSE	Nairobi Securities Exchange
CFA	Chartered Financial Analyst	NZTP	Net-zero Transition Plan
CFA	Climate Finance Accelerator	OECD	Organization for Economic Co-operation and Development
CISL	Cambridge Institute for Sustainability Leadership	OpEx	Operational Expenditure
CISI	Chartered Institute for Securities and Investment	PCCB	Paris Committee on Capacity Building
CNseg	Brazilian National Confederation of Insurers	PRI	Principles for Responsible Investment
COP	Conference of the Parties (UNFCCC)	PRB	Principles for Responsible Banking
CPD	Continuous Professional Development	PSI	Principles for Sustainable Insurance
CPI	Climate Policy Initiative	RST	Resilience and Sustainability Trust
DFI	Development Finance Institution	SADC	Southern African Development Community
EIB	European Investment Bank	SBFN	Sustainable Banking and Finance Network
EMDE	Emerging Markets and Developing Economies	SDGs	Sustainable Development Goals
EMF	Ellen MacArthur Foundation	SMEs	Small and Medium Enterprises
ESMAP	Energy Sector Management Assistance Program	SSE	Sustainable Stock Exchanges
FCDO	Foreign, Commonwealth & Development Office	TAAP	Technical Assistance Action Plan
FDI	Foreign Direct Investment	TCFD	Task Force on Climate-related Financial Disclosures
FEBREBRAN	Brazilian Federation of Banks	UNCDF	United Nations Capital Development Fund
FIC	Finance in Common	UNEP FI	United Nations Environment Programme Finance Initiative
FI	Financial Institution	UNFCCC	United Nations Framework Convention on Climate Change
FMO	Dutch Entrepreneurial Development Bank (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden)	WAIFC	World Alliance of International Financial Centers
FSA	Fundamentals of Sustainability Accounting		
GARP	Global Association of Risk Professionals		
GCBC	Global Capacity Building Coalition		
GCF	Green Climate Fund		
GDFI	Global Development Finance Institution		
GDP	Gross Domestic Product		
GFANZ	Glasgow Financial Alliance for Net Zero		
GGGI	Global Green Growth Institute		
GIF	Global Infrastructure Facility		
GHG	Greenhouse Gas		
GLCF	Global Landscape of Climate Finance		
GPE	Global Partnership for Education		
GSMEF	Global SME Finance Facility		
GTAF	Global Technical Assistance Facility		

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