Briefing

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Climate change presents significant disrupting risks to ICSO business models and development mandates. Organisations are considering how systemic changes will fit into long-term visions.

ICSOs will need to be climate-competent and able to integrate climate into their work and the way they work. Only then can they play an important role in accessing and channelling climate finance to locally driven climate initiatives.

Climate finance presents certain opportunities for innovative programmes and the scaling up of successful projects.

The emerging climate finance landscape could create a range of new roles for ICSOs — from implementing climate-informed responses to empowering national and sub-national governments and other organisations to access new finance.

Responding to climate change: UK international civil society organisations

Climate change poses significant disruptions — both positive and negative — to development and the administration of official development assistance (ODA). Many UK-based international civil society organisations (ICSOs)[1] have started integrating climate change into their work. Although plenty of research has explored the synergies between development and climate change adaptation from a conceptual point of view, it has tended to dilute the experience of ICSOs on the ground. The new structure of climate finance, whereby assistance may be directed through governments, will have repercussions on ICSOs. This briefing aims to highlight some UK-based ICSOs' experiences of integrating climate change into development work to help us understand how they can get involved in delivering and implementing climate-informed responses.

Climate change will have dramatic effects for middle- to low-income countries, even in the most stringent emission reduction scenario. This makes adaptation to climate change crucial and has direct implications for development objectives and the delivery of ODA. Over the years, climate finance and ODA have been increasingly drawn from the same funding pot. This is contrary to the 'new and additional'[2] requirement of the UN's Framework Convention on Climate Change (UNFCCC).[3] Despite growing evidence[4] that successful adaptation is contingent on broader development progress, academia, governments and practitioners do not agree what this means in practice.

Overall, it makes sense to integrate climate change — and specifically adaptation — into development operations and implementation. The least developed countries (LDCs) are already doing this: their national adaptation programmes of action (NAPAs) build on national development goals and identify urgent and immediate needs for adaptation. ICSOs have also sought to factor potential climate disruption into their strategies, management systems, partnerships and organisational capabilities in a number of ways. This briefing examines the implications of this on ICSOs' suitability to act as delivery agents for existing and new climate finance opportunities.

IIED's 'disruptive change' initiative (see Box 1) has identified characteristics of 'disruption-ready' southern organisations, together with the approaches they have found effective in responding to disruption and managing organisational change. In exploring how UK-based ICSOs have responded to climate change — one of international development's archetypal 'mega-disruptors' — we have tried to answer two main questions:

1. How are organisations integrating climate change into their work?
2. How are they responding to climate finance structures and incentives?

Disruptions from climate change for UK ICSOs are both negative and positive

We used information from interviews with 12 representatives and a workshop with 9 representatives from the UK ISCO sector to explore their responses to climate change.[5] For this briefing, we highlight the experiences of a dozen UK ICSOs on how climate change has been disruptive for their development work and the challenges they face to balance climate change with other priorities. We also propose a set of new roles for them to be engaged with or deliver climate finance.

Climate change: a disruption for development

The operations of the sample ICSOs we interviewed vary from intervention and basic service delivery to policy engagement, awareness-raising, justice and advocacy. Likewise, their business models rely on a variety of fund sources — from institutional country donors to individual supporters and charity shops.

Given such diverse histories, mandates and cultures, it is no surprise that they have different methods of addressing climate change. Some use research to set their priorities for international development. They may have teams of technical experts who provide on-the-ground support, analyse and scrutinise evidence, advise on external priorities and policies, and/or offer strategic advice where necessary. In others, country programmes determine how best to respond to and address climate change issues. Many have influential Boards of Trustees and directors who can endorse or resist focusing on climate change as a factor in development. For others, including IIED, it is the perspectives and agendas of target groups such as LDC governments that set climate change as a priority.

Our respondents indicated that UK ICSOs are at different stages of integrating climate change into their development work. Although the majority of organisations we interviewed started integrating climate considerations before 2009, the way they have done it varies significantly. Some have taken a mainstreaming approach, focusing on how climate change affects the livelihoods of target populations; others consider that their climate mainstreaming lacks internal consistency. A significant proportion are doing action-research on devolved climate adaptation planning and, in some cases, financing.

Climate change presents opportunities and challenges for implementing the range of UK ICSOs' core mandates; but for affected communities, it can have many other implications. As a disruptor for ICSOs, climate change is seen as a 'meta-problem': organisations are asking what climate change means for their advocacy, for their engagement with national governments and for their local partners.

For UK ICSOs, the disruption caused by climate change can be both negative and positive. When organisational culture is disrupted, new internal structures may cause tensions with traditional ones. ICSOs may also find that their global advocacy no longer reflects on-the-ground experiences and that they are chasing buzzwords for funding. On the other hand, disruptions to projects and programmes can allow organisations to consider long-term environmental impacts, and disruptions to international-level advocacy strategies can be an opportunity to link on-the-ground efforts to global advocacy. International institutional climate funding could also provide financial opportunities to support climate response programmes.

Getting the perspective right

When we asked respondents whether integrating climate into development programming should be a priority, their feedback was varied. We examine three responses here:

Box 1. Understanding disruption

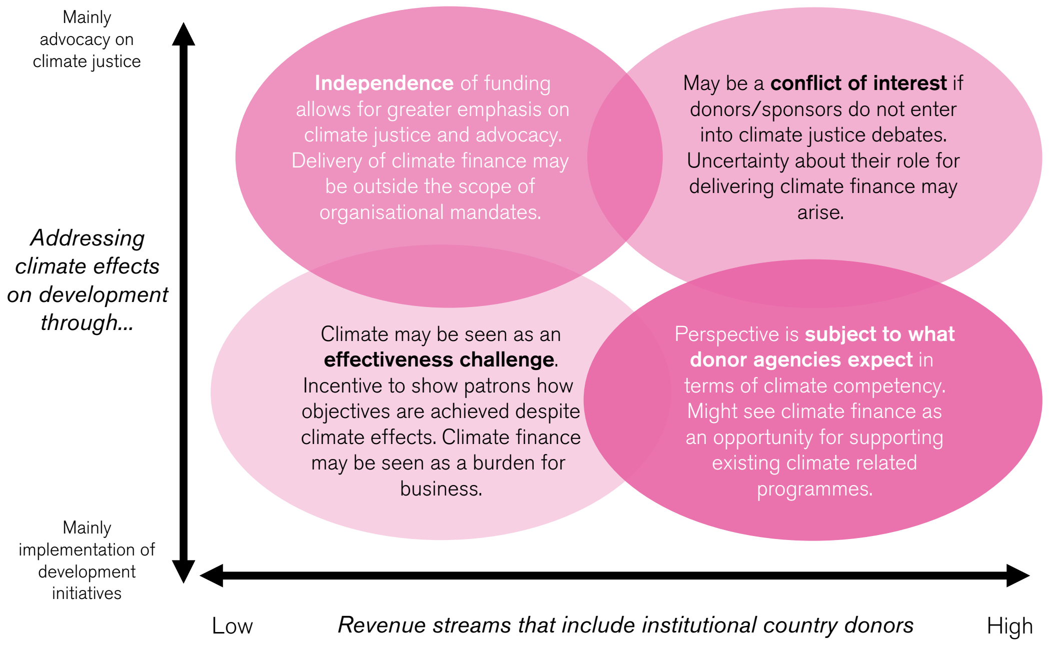
The term 'disruptive change' originates from the business management community. It refers to a sudden shock — an economic crisis, terrorist attack or innovative competitor — that quickly and irreversibly changes a company's expected future, challenging existing business models, values and norms.[i]

Although 'disruptive change' is not yet a term of art within the international development community, it increasingly appears in literature addressing ICSOs' key strategic choices and roles.[ii] In the development field, disruptive change encompasses both 'mega-trends' — climate change or demographic and urban shifts that disrupt the international development landscape over time — and the distinct drivers of change that affect ICSOs.[ii,iii] These broader, often slower, changes will undoubtedly disrupt the work of ICSOs at all levels. As they do, they will challenge ICSOs to search for constructive and innovative ways to reach their development objectives.[iv]

IIED researchers use disruptive change to incorporate insights from sudden shocks or events, longer-term trends and more gradual drivers of change.

[i] Christensen, C and Overdorf, M (2000) Meeting the challenge of disruptive change. *Harvard Business Review* 78(2). See http://tinyurl.com/phbjtvy / [ii] For example, ICSC (2013) Riding the wave… rather than being swept away. A proposal for boards and CEOs on how to prepare their organisations for disruptive change. International Civil Society Centre. See https://icscentre.org. / [iii] Bond (2015) Tomorrow's world: How might megatrends in development affect the future roles of UK INGOs? See www.bond.org.uk; Green, D (2015) Fit for the future? Development trends and the role of international NGOs. Oxfam discussion paper. See www.oxfam.org.uk. / [iv] Main source: Buckley, L and Ward, H (2015) Managing disruptive change in international development. Overview paper for discussion. IIED, London

Figure 1. Issues related to climate finance access for ICSOs



1. Organisations need to consider how to best integrate climate change: "The question is not whether it should happen, but how. Can funding reflect this priority and its related costs, and will donors support ICSOs in this endeavour?"
2. There were apprehensions about how to do this most effectively: "Climate mainstreaming needs to be done in a streamlined way, otherwise there will be push-back from the busy cadre." ICSOs need to determine the level at which to integrate climate change and the extent that it may dilute other approaches or distract from core mandates.
3. Although ICSOs are getting better at understanding risks now and in the future, they need to assess climate linkages to intervention performance. This will require new skillsets and the development of a critical mass of expertise.

We explored how local communities and NGO country offices identify and attribute climate change effects. Although climate change exacerbates other issues, a climate focus may skew the way in which an organisation addresses other sectors and programmes. As one respondent mentioned, "attributing development problems solely to climate change can be disempowering".

Integrating climate change into development can also be disruptive to community choices — for example, introducing degrees of uncertainty can be detrimental to local-level decision-making. Working and engaging with developing country processes that have interpreted climate change effects would instead give communities ownership of the concept as well as help keep responsibility and understanding with domestic institutions. Relating this to ICSO mandates, one respondent said, "to address big issues like climate effects, you need a systematic change that fits how the organisation sees itself in the long term".

Finally, we asked ICSOs whether institutional funding agents that emphasise innovation could crowd out the scaling up of successful development projects. We found a certain contradiction between aspiring to fund innovative solutions and providing evidence of success. Many respondents agreed that there is a diverse mix of donor organisations that range in their requests and levels of innovative design. We can conclude that UK-based ICSOs do not see a strong sign that innovation is crowding out the replication and scaling out of successful development projects.

ICSOs and climate finance

Climate finance can potentially disrupt ICSO business models. The impact of future financial flows on organisations will depend on the latters' revenue streams and whether they focus on advocacy or project implementation. A number of issues may arise for ICSOs that access climate finance, stemming from a combination of their development work and funding (see Figure 1). These can affect their perceived suitability for delivering future climate finance.

Exploring some of these issues, we found unanimous recognition that climate finance is meant to help LDCs and developing countries mitigate and adapt to climate change. When asked to describe what climate finance represents for their organisation, workshop participants said that it is inaccessible to ICSOs; it is supposed to be different from ODA;[6] and that it is an opportunity to fund climate-sensitive development interventions such as water, sanitation and hygiene projects.

Respondents said that their local partners considered climate finance as the business of developed countries or something for governments to access. Overall, respondents felt that accessing climate finance through existing institutional structures is a challenge, for three reasons:

- The complex climate finance architecture makes it hard to engage with climate finance developments.
- ICSOs struggle to achieve the scale of intervention necessary to engage with climate finance developments. The political economy of climate change has not favoured their engagement.
- Multilateral and national bodies do not deal with NGOs or CSOs in climate finance delivery. This is leading to a perceived lack of engagement platforms with developed countries such as the UK.

The shift toward direct access to climate finance is justified, as it gives ownership to developing country governments. But it may not be in the interest of ICSOs that use traditional business models. Institutional donors can help make ICSOs fit for purpose by increasing their institutional capacity/skillset to manage climate risks or by better engaging ICSOs as brokers, interventionists or researchers in climate projects. More critically, however, we must ask how much of the space that ICSOs are taking up should be occupied by national CSOs.

Although several uncertainties remain around how the future of climate finance may change and where finances will flow, emerging roles for ICSOs may include:

- working with local partners to build delivery capacity for climate risk management
- assisting national and sub-national governments to develop and implement climate-smart responses
- empowering local communities in the conversation
- raising climate finance awareness in a unified civil society approach
- mapping vulnerability
- monitoring and evaluating what is provided, received and deployed at different levels, and
- scrutinising how well and where climate finance is helping the most vulnerable to address, cope and prepare for future climate impacts.

There is not much consensus on the role of ICSOs or developed country CSOs as recipients of, or channels of delivery for, the Green Climate Fund (GCF).[7] While it is technically possible for programmes to be implemented by northern-based entities, it is important that their contribution focuses on enhancing the climate resilience of the poorest. Respondents also suggested that, for organisations with decentralised structures, north versus south dichotomies may not apply.

Conclusion

The impact of climate change on the lives of vulnerable communities is undeniable, and most UK-based ICSOs have taken the initiative to integrate climate considerations into their advocacy and on-the-ground development work. Our respondents unanimously believe in the importance of vulnerable country and community ownership of climate considerations. Many ICSOs have also started tracking climate finance from international sources to local users — a sign that they may be suited to monitor funding under emerging institutional arrangements such as the GCF.

ICSOs have a key role to play in empowering local communities to better access resources on their own and improve the downward accountability of climate finance processes. As they begin to consider how to better engage with their southern counterparts on climate change, the most appropriate support and the most valued partnerships may come from approaches that build on southern NGOs' experience of disruption in the here and now. Linked effectively to ICSO work to integrate climate change into development, such experiences will provide the seedbeds for a next generation of collaboration that can help both ICSOs and southern NGOs 'get good at' climate disruption. Donors need to take this into consideration, particularly when deliberating the post-2015 climate roll-out era.

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Knowledge Products

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Notes

[1] These range from membership donation-based development programme-implementing agencies, to advocacy and campaigning organisations, to think tanks and action-research organisations. / [2] See, for example, the Copenhagen Accord (2009) Paragraph 8 and the Bali Action Plan (2007) Paragraph 1e. See both at http://unfccc.int/2860.php / [3] ODI (2012) Horizon 2025. ODI, London. See www.odi.org. / [4] See, for example, McGray, H *et al.* (2007) Weathering the storm: Options for framing adaptation and development. World Resources Institute, Washington. / [5] All responses are anonymous; we do not disclose the names of the organisations we interviewed. / [6] UNFCCC (1992) Article 4 states: "The developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1." See http://tinyurl.com/heufesf / [7] Bodnar, P *et al.* (2015) What counts: Tools to help define and understand progress towards the $100 billion climate finance commitment. CPI, WRI and ODI. See www.odi.org.