



SMITH SCHOOL OF ENTERPRISE
AND THE ENVIRONMENT



Developing finance and investment capabilities within environmental NGOs – what's the role of universities?

Draft for Discussion

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Understanding finance and investment is key for environmental NGOs increasingly seeking to shift the direction of trillions of dollars of capital away from 'brown' and towards 'green'. NGOs will not be able to help global economic and financial systems deliver better environmental outcomes if they do not understand, among many other things, finance, investment decision-making, the investment chain, and valuation.

New opportunities for NGOs are arising simultaneously in multiple areas related to finance and investment, for example on: climate finance, renewables, energy efficiency, divestment, stranded assets, green banks, fisheries, and biodiversity conservation. In order to maximize impact in these areas environmental NGOs urgently need to develop broader and more in depth capabilities related to finance and investment. This needs to happen in developed and developing countries alike.

Funders have identified this gap in NGO capacity as a persistent structural weakness.¹ Closing this skill gap is potentially a big task, given that there are an estimated 72,500² employed by environmental NGOs in the UK alone, with income of £1.3bn³.

Knowledge of finance and investment capacity needs to be developed for two core groups. The first is mid-senior level staff, though while expected to have a basic grounding in economics, often lack a similarly essential grounding in finance and investment. The second are new cadres within some NGOs of finance and investment specialists, or NGO economists increasingly being tasked with finance and investment work. Developing and sustaining capacity for these two groups poses quite different challenges.

It appears that existing providers of capacity development may not be catering for NGO financial and investment capacity development needs very well. For example, executive education has largely focused on corporates or civil servants. While programmes with strength in sustainability and those with strength in providing finance and investment capacity are not properly integrated.

We are convening a dialogue with NGO leaders and philanthropic funders in 2014/15 around the following questions: What's the best way to develop finance and investment capabilities within environmental NGOs? What model of courses, masters programmes, joint research projects, internships would be most effective? How do NGOs currently approach this need and what is the potential role of universities like Oxford in supporting these objectives? What can funders do to support this ongoing process of capacity development? Are there analogous examples of where capacity in a specific area has been developed quickly in the past? What has worked well before and can be scaled up quickly?

¹ Environmental Funders Network (2013) *Passionate Collaboration? Taking the pulse of the UK environmental sector*.

² David Clifford et al., Mapping the Environmental Third Sector in England. London: Third Sector Research Centre, Working Paper 98, May 2013

³ *ibid*

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