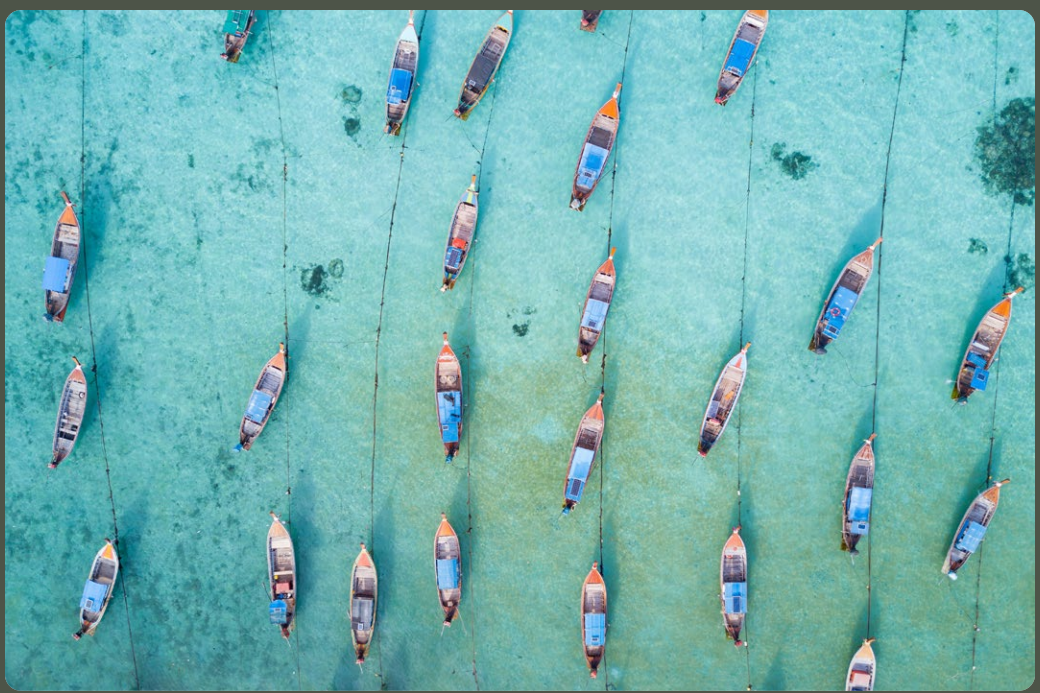
GREEN CLIMATE FUND

# Project preparation guidance for locally led climate action proposals

November 2026



GCF guidance note

# Foreword

Climate change is experienced locally. Its impacts are felt in households, livelihoods, businesses, public services and ecosystems, often in contexts with least access or influence over the use of resources. In low-income countries, almost one in three adults has experienced a natural disaster in the past five years.[1] But less than 17 per cent of adaptation finance reaches the local level.[2] There is a need to increasingly direct climate funding towards the people, institutions and markets closest to climate risk.

At GCF, locally led climate action is about changing that equation. At COP30 in 2025 GCF launched its Locally Led Climate Action Framework with the goal of shaping investments which place greater agency and resources at the local level.

Up to 45 GCF investments over the past decade – totaling almost USD 1.3 billion – are supporting locally led climate action. GCF resources are being channeled and governed through a range of community-based, Indigenous or specialized non-governmental organizations; micro, small and medium enterprises; local, district and municipal governments; local financial institutions and extension networks.

Progress is encouraging and it shows that local leadership must be designed into an investment from the beginning. Key decisions are taken during project preparation that shape who accesses resources, how risks are shared and whether local systems are strengthened or bypassed.

GCF aims to lift these efforts and the Project Preparation Facility can play a critical role. This guidance focuses on that practical task. It explains how all the thinking that goes into designing investments – from feasibility, financial structuring, governance, implementation – can be approached with local needs and opportunities in mind.

Concessional loans, guarantees, insurance, first-loss or reserve facilities, revolving mechanisms and blended finance structures can be tailored to reduce barriers faced by local financial institutions, community organizations, cooperatives, micro and small enterprises, and vulnerable households. When designed well, these approaches build financing channels that support resilience beyond the lifetime of an individual project.

I encourage developing countries and GCF's broad network of partners to explore this guidance early in the project cycle. Its purpose is not to prescribe but to assist them in going deeper and beyond in tailoring climate finance to context-specific needs. This is essential to achieving lasting impact and fulfilling GCF's mandate to promote a paradigm shift towards low-emission and climate-resilient development.



**Amer Baig**
**Chief Investment Officer**
**Green Climate Fund**

1 World Risk Poll (Lloyd's Register Foundation), October 2026.

2 UNEP Adaptation Gap Report 2023.

# Executive summary

To leave a sustained mark on resilience, adaptation efforts need to be rooted in and empowered by local knowledge, leadership, priorities, innovation, and solutions. Funding mechanisms should also be attuned to the localised nature of vulnerability and resilience. Captured in eight globally endorsed principles, locally led adaptation (LLA)[3] reflects these understandings.

GCF released its Framework for Locally Led Climate Action (hereinafter "the Framework") at COP30, responding to priorities under the updated Strategic Plan for GCF 2024–2027 (USP-2) and the 50by30 vision to enhance country ownership, direct access, and support for the most vulnerable. The Framework explains the GCF intention to increase the quality and quantity of those investments that shift decision-making, resources and accountability closer to the most climate-vulnerable communities and contexts.

The Framework sets out the "why" and "what" of locally led approaches, while this document, Project Preparation Guidance for Locally Led Climate Action Proposals, focuses on the "how". This guidance recognises that locally led climate action requires both strategic vision and practical action – and that delivering effective, equitable, sustainable climate action requires embedding local considerations into project design from the very beginning.

The GCF Project Preparation Facility (PPF)[4] supports partners' efforts to connect concepts to funding proposals. This document focuses on how PPF resources can be leveraged to ensure that a proposal is both robust and responsive to the needs of the most climate-vulnerable groups by leveraging participatory engagements and technical assessments.

This guidance sets forth ways to strengthen consideration of locally led climate action within the context of GCF's business model, policy requirements and agreed project arrangements. It does not seek to replace traditional project preparation work or introduce new requirements. Building on lessons from the GCF portfolio and global practice – it instead identifies key *design and process*

3 Principles for Locally Led Adaptation | World Resources Institute.

4 A complete guide on the facility can be retrieved from: Project Preparation Facility | Green Climate Fund.

*shifts* that can be addressed at the project preparation phase, *within current policy settings*, to enable locally led actions:

- Feasibility studies should be used as tools for informed decision-making, revealing hidden barriers at the local level, designing inclusive eligibility criteria and shaping project structures that leverage local opportunities and have the highest chance of post-project sustainability.

- Stakeholder engagement and processes for trust, legitimacy, and shared ownership can be oriented towards meaningful participation that shapes solutions as well as resource allocation.

- Implementation and governance arrangements should enable devolution of decision-making and decisions to local actors consistent with proposed delivery models, ensuring that project structures are supported by national and financing systems.

- Adaptive management should be embedded from the start, ensuring that projects remain relevant and responsive in dynamic contexts, allowing real-time adjustments based on local learning.

The ten sets of activities supported under PPF can also be used to design locally led financing and delivery mechanisms. These activities are applied to specific mechanisms, starting from local adaptation planning and community-based on-granting support. Less traditional instruments such as lending and local market support can also be increasingly oriented towards greater inclusion to reach last-mile and most vulnerable groups.

PPF resources can be accessed by GCF accredited entities (AEs) and Project Specific Assessment Approach (PSAA) applicants. The guidance offered here invites stakeholders involved in project development: countries and partners (e.g., AEs, EEs and PPF service providers) to consider how to elevate and integrate local leadership as standard practice, leveraging GCF project preparation support to further strengthen the equity and inclusion of climate investments.

As a living document, this guidance will evolve with operational learning and stakeholder feedback.

# Acknowledgements

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# Disclaimer

This guidance is designed to stimulate discussion on structuring climate projects and is meant to be considered jointly with all other GCF funding requirements.

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# Introduction: GCF's approach to locally led climate action

**Objectives:** Provide guidance on how to design and prepare projects that support locally led climate action. The GCF Locally Led Climate Action (LLCA) framework and guidance sets out the "why" and "what" of locally led action; this document complements the framework with an additional "how" that can serve as reference for drafting terms of reference (TORs) for requesting GCF project preparation support.

**Target audience:** **GCF teams** can apply approaches across concept-note and project-preparation processes. **Accredited entities and project-specific assessment approach (PSAA) applicants** can use guidance to access tailored project preparation support and develop proposals, working jointly with **executing entities, service providers and practitioners. Other partners and funders** can use this document to integrate LLCA into project design.

**Chapter 1** introduces the key design shifts that need to occur at project preparation phase for locally led design and provides a menu of activities that can be supported by the GCF PPF.

**Chapter 2** provides additional guidance on designing five financing and delivery models that support locally led climate action: 1) local adaptation planning, budgeting and implementation, 2) on-granting 3) on-lending, 4) local market creation, and 5) local co-investment platforms. Examples give a foundation on which to build.

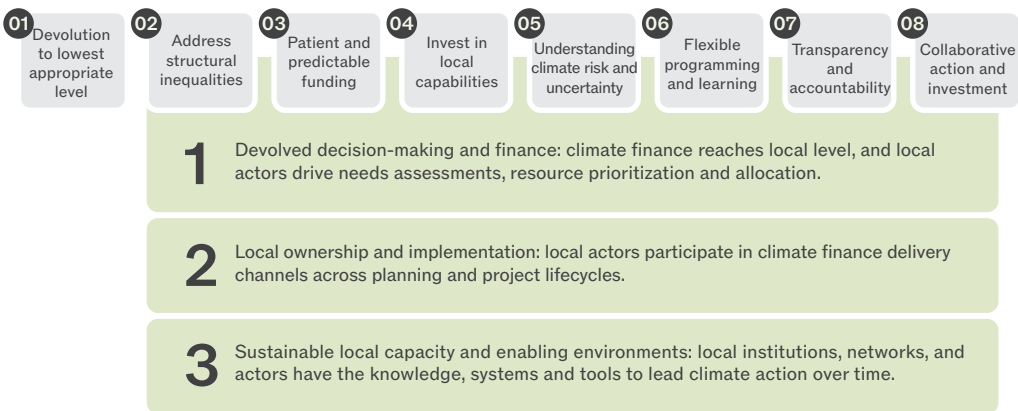
Model approaches in chapter 2 are complementary to overall guidance in chapter 1 and to GCF requirements for the investment cycle. They are meant to be tailored to context.

Locally led adaptation (LLA) seeks to enhance decision-making by those most affected by climate risks and to scale funding flowing to the local level. In November 2025, the GCF published its Locally Led Climate Adaptation (LLCA) guidance and framework,[5] which applied the eight globally recognised LLA principles to the GCF investment context. Three parameters can be used to guide project design, implementation and monitoring by focusing on operational mechanisms for devolved decision-making and funding (they do not represent funding criteria).

The GCF LLCA framework seeks to increase the quantity and quality of locally led investments, applying the global principles to all climate activities where local engagement is critical. The framework describes how locally led climate action can be applied across GCF support, funding and operations and partner networks (see Table 1 for a description of the main GCF parameters for LLCA proposals).

This guidance document builds on emerging lessons from GCF portfolio reviews and global communities of practice. Effective LLCA project design requires both strategic vision and practical action – with key decisions made at project preparation phase on design, governance and financial mechanisms that can enable or constrain local ownership. The GCF project preparation facility (PPF) can act as an enabler to translate locally led intent into practice, moving from concepts to proposals across contexts and mechanisms.

**Figure 1: Overview of the eight LLA principles and the three GCF parameters for LLCA**




Source: GCF LLCA Framework

5 GCF's Locally Led Climate Action framework and guidance | Green Climate Fund

Table 1. **GCF parameters for locally led climate action.**

### Parameter 1: Devolved decision-making and/or finance

***Climate finance reaches the lowest appropriate level, and local actors drive needs assessments, resource prioritisation and allocation***

**Description:** Investments support processes that enable local actors to identify interventions that respond to their needs and vulnerabilities and decide on resource allocation and/or access finance.

**Indicator:** The percentage or value of funding allocated through devolved channels, including for the most vulnerable

- Devolved decision-making empowers local actors, especially those most affected by climate change and marginalised, to shape investment planning.
- Devolved financing implies local access to finance through mechanisms enabling local actors to plan, design and implement sub-projects. Financing is tailored to facilitate equitable access and develop local capacities.
- Devolution includes strong multi-level participatory, transparency and accountability mechanisms. These mechanisms facilitate communities, governments, and intermediaries to collaboratively co-create and manage solutions.
- Mechanisms are tailored to the legal, institutional, and financial (e.g., absorptive) capacity of target local actors and consider equitable access for the most marginalised.

### Parameter 2: Local ownership and implementation

***Local actors participate in climate finance delivery channels across planning and project lifecycles***

**Description:** Investments affirm local ownership and representation throughout the project lifecycle to create effective and catalytic local change agents.

**Indicator:** The percentage or value of funding implemented through local actors, groups, and structures

- Relevant local actors and channels have formal roles throughout the project lifecycle (design, implementation, execution, adaptive management, monitoring, evaluation, and learning)
- Interventions are sequenced to lay effective foundations, evolve systems for participatory prioritisation, and build capacities.

### Parameter 3: Sustainable local capacity and enabling environments

***Local institutions, networks, and actors have the knowledge, systems and tools to lead climate action over time***

**Description:** Investments focused on local institutions, actors, channels, and networks having the systems, knowledge, tools and institutional readiness to lead climate action beyond a project's lifetime.

**Indicator:** The percentage or value of funding dedicated to systemic local capacity-building

- Project activities build the climate, technical, institutional, safeguarding, and fiduciary capacities of local actors and channels.
- Project activities strengthen the policy, legal, management, and administrative frameworks that make devolution possible.
- Project activities build the sub-national and national capacity that make devolution possible and foster collaboration across planning and financing bodies.

Source: GCF LLCA Framework

# 1 Project design and preparation for locally led climate action projects

# 1.1 Scope of GCF support for project preparation

The GCF Project Preparation Facility (GCF PPF) helps accredited entities go from concept development to the submission of a full funding proposal. The GCF PPF provides financial and technical support towards the following activities for the development of a funding proposal package.

1. **Pre-feasibility and feasibility studies and project design** assess project viability, including technical appraisals, cost-benefit analysis, market research, and climate scenario comparisons are conducted. Includes data collection and GHG/adaptation impact estimates.

2. **Environmental and social studies and management plans, including in relation to Indigenous Peoples**, identify and manage environmental and social risks per GCF Safeguards standards and good international industry practices (GIIP); may include Environmental and Social Impact Assessments (ESIAs), Environmental and Social Management Systems (ESMs), Stakeholder Engagement Plans (SEP), Gender Action Plans (GAPs), Indigenous Peoples Plans (IPPs), conduct of Free and prior informed consent (FPIC),[6] grievance mechanisms, and others.

3. **Gender studies** help identify gender-specific needs and promote inclusive climate action; may include a gender assessment, a project- or programme-level Gender Action Plan, and the integration of gender-responsive indicators and targets within the project's results framework, in alignment with GCF's Gender Policy. Additional studies would relate to assessment of Sexual Exploitation, Abuse, and Harassment (SEAH) in projects, in accordance with GCF policy on SEAH.

4. **Stakeholder engagement plans** develop objectives and actions for inclusive participation, mapping stakeholders, defining consultation strategies, and engaging marginalised groups.

5. **Risk assessments consider** site-specific hazards, mitigation measures, financial and economic risks, sensitivity analysis, and the capacity of executing entities.

6. **Assessments of climate impact potential for mitigation and adaptation activities** evaluate mitigation/adaptation potential, GHG reductions, co-benefits, trade-offs, and alignment with national climate strategies, NDCs, and NAPs. These assessments support refining of the theory of change and results framework.

7. **Identification of programme/project-level indicators** allows for the development of logical frameworks with baselines, targets, and GCF-relevant indicators; they include assessments measured against GCF Investment Criteria and market analysis.

8. **Pre-contract services, including the revision of tender documents** prepare TORs, bidding documents, procurement packages, and revise tender documents for implementation readiness.

9. **Advisory services and/or other services to financially structure a proposed activity** provide financial structuring, costing, budgeting (including incremental adaptation costs), and legal/regulatory advice to meet GCF standards.

10. **Other project preparation activities** include workshops, consultations and translation.

6 As required by the GCF Indigenous Peoples Policy.

# 1.2 Locally led design principles: Tailoring project preparation to local contexts

PPF shapes key decisions on financial design and feasibility, governance and stakeholder engagement that are key to position investments for inclusive participation, local decision-making and access to finance.

Lessons from global practice, GCF pipeline development and portfolio implementation indicate that there are very specific shifts required at project preparation phase to shape projects that are both technically robust and rooted in local priorities, needs and opportunities.

LLCA-specific suggestions across this guidance illustrate opportunities to strengthen locally led considerations in project design and implementation, to be tailored to project context, risk profile and objectives. They do not seek to replace standard project preparation activities or introduce new requirements but rather complement and orient existing activities towards greater local ownership. All project preparation work related to GCF investments continues to fall under GCF's institutional and accountability arrangements of working through AEs or PSAA applicants, including in relation to fiduciary, compliance, environmental and social risk management procedures.

**Apply holistic and systemic programme thinking:** LLCA programming requires cross-sectoral and comprehensive consideration of the public and private entities that influence resilience at community and local level. LLCA programming requires embedding social inclusion, accountability, funding flexibility and capacity-building across the entire project cycle, weaving local ownership into all aspects of project design (e.g., governance, financial structure, monitoring, and exit strategy).

**Anchor feasibility studies in local opportunities and needs:** LLCA projects often emerge from an understanding of the local context, needs, and structures, not from a specific technical solution. Feasibility studies are key to assessing the technical, social, financial and institutional

conditions for devolution and ensure that investments are viable and equitable. When oriented locally, these studies can:

k. Encourage participatory and technical assessments to validate local needs and solutions;

l. Uncover hidden barriers that can undermine feasibility or lead to social exclusion; and

m. Create, mobilise or capacitate locally appropriate structures for effective devolution.

**Shift stakeholder engagement towards accountability:** Stakeholder management builds trust, legitimacy, and shared ownership by ensuring that relevant voices shape decisions and outcomes. Locally led projects leverage comprehensive stakeholder mapping and engagements. Local power dynamics need to be understood to minimise exclusion risks, formalise participatory processes in project governance, institutionalise feedback loops and ensure grievance mechanisms are easily accessible to all.

**Operationalise adaptive management from the start:** Flexible design and adaptive management ensure that projects remain relevant and responsive in dynamic contexts. Beyond co-design with communities, adaptive management builds flexibility into implementation plans, allowing real-time adjustments based on learning and feedback. Specific approaches can be explored more consistently in locally led projects:

a. Flexible budgeting and implementation and milestone-based disbursements;

b. Phased approaches that make intentional use of pilots to test in limited settings, gather feedback and refine approaches before scaling; and

c. Purpose-built information feedback loops and adaptive management triggers to enable responsiveness to changing needs and conditions.

**Formalise local roles in implementation:** Implementation arrangements translate principles into practice by creating governance structures around designated EEs that formalise the influence of local actors over resources and decisions. This ensures devolution is substantive and supported by systems that guarantee accountability and sustainability. Operations manuals are key to formalising local participation, guiding local validation of criteria and phased implementation.

**Take community-led capacity-building and monitoring, evaluation, and learning seriously:** Robust, community-led monitoring, evaluation, and learning (MEL) systems help move beyond compliance towards learning and accountability. Local actors and communities should be involved in co-developing MEL plans and annual reviews to ensure findings guide adaptive management and strengthen accountability. Systematic capacity-building is often required in project management, financial literacy, and leadership, with a strong focus on women and youth.

**Budget for inclusion, system design and implementation readiness:** Budgeting is a critical determinant of whether LLCA moves beyond intention towards operationalisation. All actions against these principles require funding. Budgets should enable meaningful, continuous, and inclusive participation throughout the PPF process. Participation should go beyond one-off consultations and be adequately resourced to support iterative engagement, co-design and validation. PPF resources may be used to design and validate the systems required to operationalise LLCA, including governance, delivery mechanisms, and institutional arrangements. Budgeting should focus on preparing these systems for implementation, allocating resources towards:

a. Iterative community engagement, consultation and validation processes and feedback loops across preparation stages, with costs for access, inclusion, translation; dedicated budget lines for local facilitation and engagement delivery (including use of local organizations, community-based facilitators and tailored approaches for women, youth, and marginalised groups); and

b. Granular design of governance and delivery systems (roles, responsibilities, decision-making structures, allocation frameworks, and accountability mechanisms), operational tools and protocols (operating manuals, fund flow arrangements, and financial management procedures) or for capacity and readiness assessments of local actors and intermediaries, including an action plan to address critical gaps.

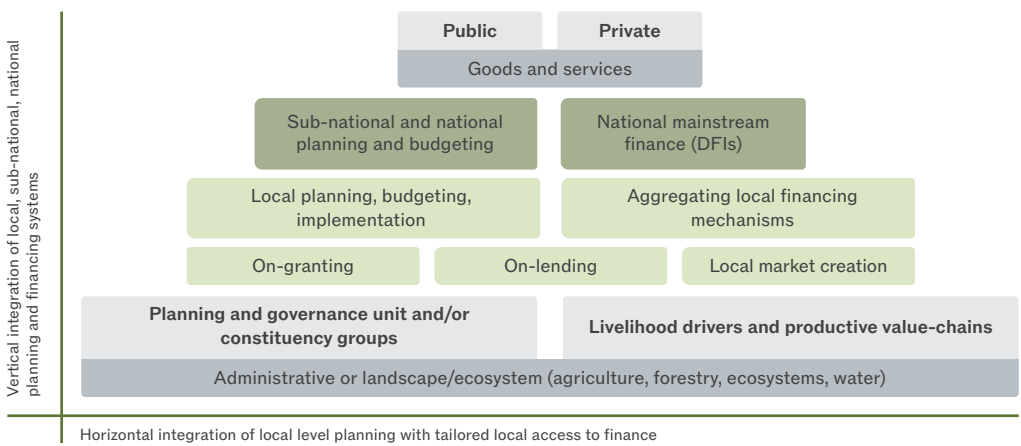
# 1.3 Evolving context or constituency models and approaches

**There is no universal blueprint for locally led climate action.** The GCF Framework recognises the great variety of context-specific needs and models for devolved finance and decision-making that can respond to them. A range of financing and delivery models can shift decision-making, resources, and accountability closer to those most affected by climate change across public and private goods and services (see Figure 1).

Practitioners are encouraged to view these models as options and tools to be adapted. Each model addresses different barriers, offers distinct pathways for LLCA and potentially enhances sustainability through distinct institutional arrangements.

Project preparation can assist partners in mobilising collective and local stakeholder engagement to identify and develop mechanisms that reflect the needs, capacities and aspirations of the communities they serve.

Figure 2: **Locally led financing and delivery models.**




Source: GCF LLCA Framework

When determining which model to use:

- Assess the **unique barriers and vulnerability drivers** of the most climate-affected local groups and structures and their priority needs in terms of access to public and private goods and opportunities. Supporting local adaptation planning and on-lending or market-creation models within specific geographies can provide combined public and private support to local climate needs.

- Assess the **enabling environment**, the strength of local institutions, existing institutional arrangements and financial flows, and the presence of formal or informal governance structures. Appropriate policies, regulations, institutional, governance and human capacities can enable the scaling and institutionalising of locally led action, faster funding flow to the local level and more durable outcomes.

- Use **local stakeholder engagement**, including local governments, community organizations, Indigenous Peoples, local communities, and marginalised groups to understand which models and financing instruments are most appropriate and feasible.

Support for building enabling environments can be embedded in project activities. Countries can also build enabling environments through the Readiness Programme by building capacity of local actors in planning, budgeting and financial management, formalising participatory governance platforms into local, national or country planning and platforms, and leading reforms that strengthen decentralisation and fiscal autonomy.

The most common barriers to locally led climate action and minimum requirements to operationalise specific mechanisms in GCF proposals are described here (see Table 2).

**Table 2. Common barriers, enabling environments and opportunities for LLCA models**

| | Barriers | Enabling environment and opportunities |
|---|---|---|
| **1. Local planning, budgeting and implementation:** Funding flows to local governments and local groups to formalise participatory approaches and accountability into local climate planning. | • Limited integration of climate risks and vulnerabilities into local planning.<br>• Limited understanding of climate impacts and budgets to address public service gaps.<br>• Limited transparency and feedback mechanisms between local governments and communities. | • **Decentralised local authority and preliminary accountability mechanisms are included:** Local authorities are allowed to receive and manage funds and have mechanisms in place to conduct planning and budgeting, report to higher authorities and monitor standard application. Systems are being put in place for public disclosure and grievance redress.<br>• An **intergovernmental fiscal transfer mechanism** provides the legal mandate for fund transfers to local authorities with basic eligibility checks, standards and arrangements for monitoring fund flows and oversight.<br>• **Inclusion and safeguarding mechanisms:** Existing platforms for community engagement can allow projects to build on existing social capital and infrastructure. Land tenure conditions should be considered when evolving planning approaches.<br>• Incipient **climate information systems** can provide some level of data to support climate risk assessments for local and micro-planning. |

| | Barriers | Enabling environment and opportunities |
|---|---|---|
| **2. On-granting:** Funding flows to local organizations, with communities and local groups co-developing eligibility and selection processes and participating in oversight of grant mechanisms. | • Limited public service capacity in reaching most vulnerable groups and needs<br>• Limited availability of public finance at local level for social and climate needs | • **AEs and EEs** have experience working with target local groups and the required systems to manage and report grants and track, audit and report in line with fiduciary, compliance and safeguard standards.<br>• An ecosystem of **local civil society, affinity or support groups exists** that can meet the legal, fiduciary, and administrative requirements for receiving and managing funds or would be able to with project support. |
| **3. On-lending:** Cooperatives, **producer** groups, small enterprises and most vulnerable groups can access credit through demand-driven loan and financial products that lower entry barriers. | • High entry barriers to access to credit for most vulnerable groups, nano and micro businesses, across key climate risk and impact areas | • **AEs and EEs** work with intermediary financing institutions that are close to communities and that could facilitate community input into lending priorities.<br>• **Local banks or savings groups** with incipient systems on financial management, credit assessment and reporting, loan tracking and repayment monitoring exist. |
| **4. Local market creation:** Strategies combining value-chain and technical capacity-building strengthen local actors' governance and negotiation capacity enabling greater access to markets. | • Limited collective capacity to aggregate, negotiate, certify and participate in formal value chains<br>• Limited access to finance for climate resilient value chains for the most vulnerable | • An **incipient market** exists including formally registered local businesses, producer groups, cooperatives, and MSMEs with basic by-laws and authority to access finance and enter and manage contracts.<br>• An **informal market** is present that can participate in the formal market with support. |
| **5. Local co-investment platforms:** Pool resources and enable local actors to manage funds. | • Fragmented, small-scale funding streams and/or centrally controlled finance limit coordination and integrated investments | • **AEs and EEs** have experience managing pooled, multi-source financing and utilising diverse financing instruments (e.g., grants, loans, blended finance) to support coordinated local investment portfolios.<br>• An **active and diverse stakeholder ecosystem** (e.g., CBOs, municipal authorities, MSMEs) has the capacity to identify priorities, co-design, and implement sub-projects from a pooled source. |

# 1.4 Preparatory and design activities for locally led action

LLCA design approaches that can be supported across the 10 PPF areas are listed here (see Table 3). Given the importance of financial tailoring for LLCA, activities on feasibility and project design (PPF scope of activity 1) have been treated together with financial structuring work (PPF scope of activity 9).

The relevance and scope of the ten PPF areas will depend on the maturity of the concept being discussed and what additional work is required for the funding proposal.

- If concepts are anchored in specific barriers or needs but lack a well-defined financing solution, mapping and baseline assessments can test feasibility of mechanisms and refine instruments through local engagement.
- All LLCA proposals will require feasibility and participatory work to describe how to effectively channel funding to the local level. PPF can test and verify that proposed financial structures, terms and conditions, and risk mitigation mechanisms match stakeholder feedback on existing finance gaps, striving to ensure that GCF concessionality is passed to the end beneficiaries.
- If concepts are based on a defined mechanism, activities can be tailored to further test, validate and elaborate strategies for institutionalisation and long-term funding.
- If the main challenges are low community engagement or institutional capacity, added emphasis can be placed on mapping local dynamics and power relationships, tailoring implementation to local absorptive capacity.
- Once the project design is clear, most projects will benefit from the development of locally appropriate logical frameworks and participatory MEL systems, tailoring of implementation arrangements to local needs, and the design of capacity-development strategies.

Approaches under each PPF activity or stage are not exclusive to that stage – many features and tools are relevant across multiple stages of project preparation and implementation. Design elements such as accountability, adaptive management, and community engagement support several aspects of the project cycle.

The most relevant annexes or sections of the GCF funding proposal package for the project preparation work are noted below (see Table 3). Work under Tables 4–8 can also be referenced to the mapping in **Table 3.**

Table 3. **LLCA design approaches that can be supported by the GCF Project Preparation Facility**

| Type of project preparation support | Locally led adaptation design activities | Funding package elements and annexes |
|---|---|---|
| 1. **Pre-feasibility and feasibility studies, and project design; and**<br>9. **Financial structuring**<br>• Build a foundation for co-creation and aligns expectations;<br>• Ensure concessional resources are tailored to local context, barriers, needs and affordability so that benefits reach those who need them most;<br>• Ensure financial structures and instruments are designed to effectively channel resources at the local level, maintain fiduciary integrity, improve local uptake;<br>• Strengthen financial sustainability and scalability of locally led interventions through appropriate structuring and risk allocation;<br>• Build the capacity of existing structures, connects national and local budgets and promotes a more effective exit strategy so benefits can outlast the project;<br>• Build trust and accountability by making financial flows transparent and providing clear avenues for local decision-making and funding; and<br>• Test approaches locally before scaling up. | **Inclusive planning and baseline assessments**<br>• Work with local actors and communities to align project objectives and include them in project design and planning;<br>• Map key barriers to public goods and private capital required for enhanced resilience, focusing on the most vulnerable populations and groups (public, private and non-governmental, formal and informal); and<br>• Map national and local financing, institutional and governance landscape, market dynamics, capacities to identify which structures reach or engage with focus local groups, including most vulnerable. | Annex 2: Feasibility study |
| | **Test or refine project mechanism and financial structure for local delivery**<br>• Depending on the Concept Note (CN) starting point, assess which structures or mechanisms can be mobilised, capacitated or created for effective devolution to inform the design of locally led mechanisms and financial instruments – scan public national and local administrators, local financial institutions, and private actors including micro, small and medium enterprises, community organizations, and existing fund structures;<br>• Consider which financial mechanism, institutional arrangement and delivery tool is best suited to overcome local barriers around service delivery, access to finance or capacity;<br>• Identify and structure roles of AEs, EEs, financial intermediaries, and local actors in the flow of funds and implementation to ensure efficient and transparent channelling of funds to local actors;<br>• Ensure concessionality (e.g., grants, low-interest financing, guarantees) is effectively passed through to end beneficiaries, with transparent mechanisms to prevent value erosion at intermediary levels; and<br>• Confirm the maturity of enabling environments for the proposed mechanism (e.g., local and national laws, of financial-system capacity, maturity and reach of community networks) and identify capacity and coordination needs and opportunities. | Annex 2: Feasibility study<br>C.4 Proposed project/programme<br>C.5 Implementation arrangements<br>E. Financing information<br>Annex 11 Economic and financial analyses<br>Annex X As applicable (First-level AML/CFT (KYC) assessment) |
| | **Design project governance and develop eligibility criteria (see Box 1 on eligibility criteria)**<br>• Develop eligibility criteria for local interventions based on participatory climate risk assessments and approaches that allow local actors to influence design, including through IPs' representative institutions and culturally appropriate processes;<br>• Establish local governance, oversight, and accountability arrangements for financial management and resource allocation. Define roles and responsibilities of local actors, committees and advisory groups;<br>• Include community members in key decision-making bodies, project audits, reviews; and<br>• Develop systems for transparency, public disclosure, feedback, and grievance redress to ensure accountability throughout implementation. | Annex 2: Feasibility study<br>C.4 Proposed project/programme<br>C.5 Implementation arrangements<br>Annex 9 Summary of consultations and stakeholder engagement plan<br>Annex 16 Term sheet<br>Annex X Others (Operations or Facility Manual) |
| | **Flexible implementation, budgeting, and adaptive management**<br>• Structure inception periods and pilots to refine approaches before scaling and prepare local actors for future participation;<br>• Create budget systems and contingency lines that allow local structures to adjust if needs change, with clear conditions, rules and processes for budget reallocation, approval and oversight, including applicable thresholds;<br>• Assess feasibility of performance-based disbursement, and design based on verified results and embedding regular review points (e.g., quarterly learning reviews) informed by participatory monitoring and feedback; and<br>• Design a system to track and periodically review all adaptive management adjustments against the project's approved parameters, ensuring aggregated incremental changes remain within agreed thresholds. | C.4 Proposed project/programme<br>C.5 Implementation arrangements<br>Annex 3 Implementation timetable<br>Annex 14 Detailed budget plan and AE fee request<br>Annex 16 Term sheet |

| Type of project preparation support | Locally led adaptation design activities | Funding package elements and annexes |
|---|---|---|
| | **Assess capacity and design capacity-building strategy**<br>• Assess the financial management capacity of executing entities and key implementing partners against fiduciary standards;<br>• Map capacity gaps and design technical support alongside local actors who can manage inclusion, budgets, procurement, and monitoring effectively (e.g., project management, grant writing, financial skills and training for beneficiaries, inclusivity training for financial managers, advocacy planning for local authority and CSOs); and<br>• Develop targeted action plans to address identified gaps, including controls, reporting, audit readiness, and financial oversight, defining performance indicators (including gender-responsive indicators) to track improvements in systems, skills, and compliance over time. | Annex 2 Feasibility study<br>C.4 Proposed project/programme<br>Annex 3 Implementation timetable<br>Annex 14 Detailed budget plan and AE fee request<br>Annex X Other references as applicable |
| | **Institutionalisation and sustainable exit strategies**<br>• Assess pathways for embedding finance in government budgets or regional development funds, supporting community-level finance or leveraging private sector co-investment;<br>• Formalise inclusive governance and project structures under municipal or national regulations, laws or planning; and<br>• Develop operations and maintenance plans that define roles, responsibilities, and standard operating procedures across stakeholder groups. | Annex 2 Feasibility study<br>C.4 Proposed project/programme<br>C.9 Project/programme closure and sustainability of impacts<br>Annex X Other references as applicable (O&M plan) |
| 2. **Environmental and social studies (including Indigenous Peoples studies and management plans)**<br>• Identify and address inclusion gaps or risks;<br>• Broaden the net and accountability of actors who participate in oversight; and<br>• Provide safe, accessible ways for raising concerns and getting fair resolutions. | **Equity and safeguards**<br>• Identify who might be left out or negatively affected in governance structures; and<br>• Co-create and validate benefit-sharing and risk mitigation plans with communities, where activities are primarily community-led.<br>**Accountability and grievance mechanisms**<br>• Identify whether local or community-based mechanisms already exist, assess their effectiveness, and determine if strengthening is required;<br>• Design accessible and culturally appropriate grievance channels with clearly defined focal points and escalation pathways; | C.6 Environmental and social risk assessment<br>Annex 7 E&S document corresponding to the E&S category and other relevant documents e.g., Indigenous Peoples Plan<br>Annex 8 Environmental and social due diligence<br>Annex 9 Summary of consultations and stakeholder engagement plan<br>Annex 14 Detailed budget plan and AE fee request |
| 3. **Gender studies**<br>• Establish a baseline for measuring progress on gender equity and ensure budgets and activities respond to gender-specific needs; and<br>• Empower and formalise women and youth leadership roles. | **Gender baseline assessments**<br>• Assess if women and youth face gender- or age-specific barriers that would prevent them from influencing funding decisions or accessing benefits.<br>**Gender inclusive oversight, budgeting and representation**<br>• Ensure that women participate in monitoring and decision-making, create mentorship opportunities and provide targeted training in financial skills and leadership for women and youth;<br>• Assess how budgets and targets reflect gender priorities and how they can be reviewed regularly; and<br>• Incorporate indicators measuring equitable access to locally managed resources or influence over decisions. | C.4 Proposed project/programme<br>C.7 Gender assessment and action plan<br>Annex 10 Gender assessment and project/programme-level action plan |

| Type of project preparation support | Locally led adaptation design activities | Funding package elements and annexes |
|---|---|---|
| 4. **Stakeholder engagement plans**<br>• Reinforce platforms and engagements that are already in operation and builds shared authority between communities and government;<br>• Ensure community members help shape key decisions and monitor progress; and<br>• Embed project activities in local systems for long-term sustainability. | **Map key stakeholders (locally and nationally)**<br>• Map locally influential actors, informal power structures and groups excluded from local decision-making<br>• Use participatory planning and validation sessions and create safe spaces for diverse voices to analyse local power dynamics and exclusion risks and influence priorities and design.<br><br>**Mechanisms for inclusive oversight and representation**<br>• Integrate stakeholder engagement and participatory processes and coordination measures within governance structures or established platforms and systems. Assess feasibility of including community members in decision-making bodies, project audits, reviews.<br>• Use agreements (like memoranda of understanding or by-laws) to clarify roles and responsibilities at all levels.<br>• Define implementation approaches for devolved governance structures, e.g. schedule meetings at convenient times, use local languages, document consultations and key decision points. | Annex 2 Feasibility study<br>C.4 Proposed project/programme<br>C.5 Implementation arrangements<br>Annex 9 Summary of consultations and stakeholder engagement plan |
| 5. **Risk Assessments**<br>• Give communities a say in identifying and managing risks and build capacity; and<br>• Link risk management directly to funding and project changes. | **Community sign-off and risk registers:** Build mechanisms for engaging with local leaders to identify, track and manage risks as part of project governance.<br>**Flexible response:** Identify risk triggers linked to budget and implementation changes and pre-empt possible contingency processes – to be triggered as needed during implementation.<br>**Build local skills:** Identify local risk management capacity needs and include gap-filling in activities and budgets. | Annex 2 Feasibility study<br>C.4 Proposed project/programme<br>C.5 Implementation arrangements<br>Annex 9 Summary of consultations and stakeholder engagement plan |
| 6. **Climate Impact Assessment**<br>• Leverages and builds local understanding of climate risks and resilience.<br>• Builds feedback loops between local and national priorities. | **Participatory climate risk and vulnerability assessments:** Organize planning and validation workshops to capture communities' understanding of climate risk and vulnerability, barriers to participation or lack of access to goods and markets that could undermine feasibility or lead to social exclusion.<br>**Jointly apply local and scientific knowledge** to map climate risks and vulnerabilities and test solutions.<br>**Align with national systems:** Ensure project metrics fit with national climate priorities and data systems, and that systems and trainings are designed to strengthen delivery, including by capturing local-level data and knowledge. | Annex 2 Feasibility study<br>C.1 Climate context Section D Results and impact (D.2–D.4)<br>Annex X Other references as applicable |
| 7. **Indicators and frameworks**<br>• Allow communities to decide what success looks like and how to measure it – this ties funding to results on the ground.<br>• Foster transparency and support locally informed adaptive management and learning. | **Participatory monitoring**<br>• Work with communities to create and review indicators and monitoring plans, disaggregating indicators for inclusion;<br>• Align indicators with local systems and capacities required for implementation, avoiding unnecessary burdens for monitoring. Training should be provided if there are capacity gaps;<br>• Involve stakeholders in defining evaluation questions, collecting data and interpreting results; and<br>• Use monitoring outcomes to capture insights on what worked, what did not, and how design choices can be improved – feeding into adaptive management and learning.<br><br>**Transparent data:** Develop simple tools and public dashboards to share results. | C.4 Proposed project/programme<br>D.5 Monitoring, reporting and evaluation arrangements<br>Annex 12 Monitoring and evaluation plan |
| 8. **Pre-contract services**<br>• Make it easier for local businesses and organizations to participate and benefit.<br>• Build trust by including community members in selection and oversight. | **Facilitate local procurement**<br>• Include evaluation criteria that award additional weighting for local partnerships, subcontracting, or capacity-building of local entities;<br>• Encourage joint ventures or consortium models that combine international expertise with local participation;<br>• Use local languages and simple procedures for small purchases;<br>• Include community members on evaluation panels;<br><br>**Supplier support:** Help local vendors register, understand requirements, and build capacity to participate.<br>**Compliance and transparency:** Combine donor and national rules and make awards and feedback public.<br>**Flexibility in contracts:** Design measures that can allow accessible adjustments during implementation. | Annex 10 Procurement plan |
| 10. **Other project preparation activities** | Specific activities may be needed to support targeted workshops, consultations, or translation to enable local engagement. | |

**Box 1: Designing eligibility criteria**

Project eligibility criteria influence downstream investments and serve to protect fiduciary integrity and enable equitable and fair access.

**Barriers:** If not designed well, eligibility criteria can exclude most vulnerable or marginalised groups. The following examples show how some criteria might create unintended barriers to participation:

- **Fiduciary, account and administrative requirements:** Fiduciary and reporting standards often require prerequisites such as bank accounts, tax identification numbers, and governance instruments. These can be particularly challenging for organizations in remote or resource-constrained settings where formal financial infrastructure and administrative systems are limited. Audit standards and financial reporting obligations can also overwhelm smaller organizations with limited administrative capacity.

- **Minimum size or legal registration:** Thresholds for membership or formal registration may exclude informal or emerging groups, even when they have strong local legitimacy.

**Measures for inclusive eligibility**

1. **Tailor criteria to scale and risk profiles:** Apply simplified reporting and basic financial checks to small, low-risk grants where full audits or extensive documentation may be unnecessary. Maintain full standards for larger or higher-risk investments but ensure clear communication and phased implementation.

2. **Flexibility and context sensitivity:** Consider alternative community attestations (e.g., letters from local authorities or community assemblies) during early engagement, ensuring formal fiduciary documentation is completed before disbursement. Consider the role of traditional governance structures and representative institutions in project decision-making to avoid excluding Indigenous or informal groups and taking into account their inclusiveness and the participation of women and marginalised groups. Consider the need to tailor criteria to local language, cultural norms, and administrative capacity.

3. **Phased approaches to administrative readiness and treating compliance as a capacity-building process:** Start with basic documentation, scaling up as capacity improves. Tie subsequent disbursements to demonstrated improvements in fiduciary and administrative standards, which will create incentives for learning. Use clear timelines and milestones for compliance upgrades.

4. **Co-design criteria with communities:** Test assumptions and barriers.

5. **Embed capacity support as part of project activities.** Consider planning and budgeting for pre-application support (orientation sessions, step-by-step guidance, coaching and informational clinics for groups with limited administrative experience) and targeted training and mentorship to accompany project activities (e.g., financial literacy, bookkeeping, and governance training. Explore opportunities to pair community groups with experienced mentors and embed leadership development for women and youth.

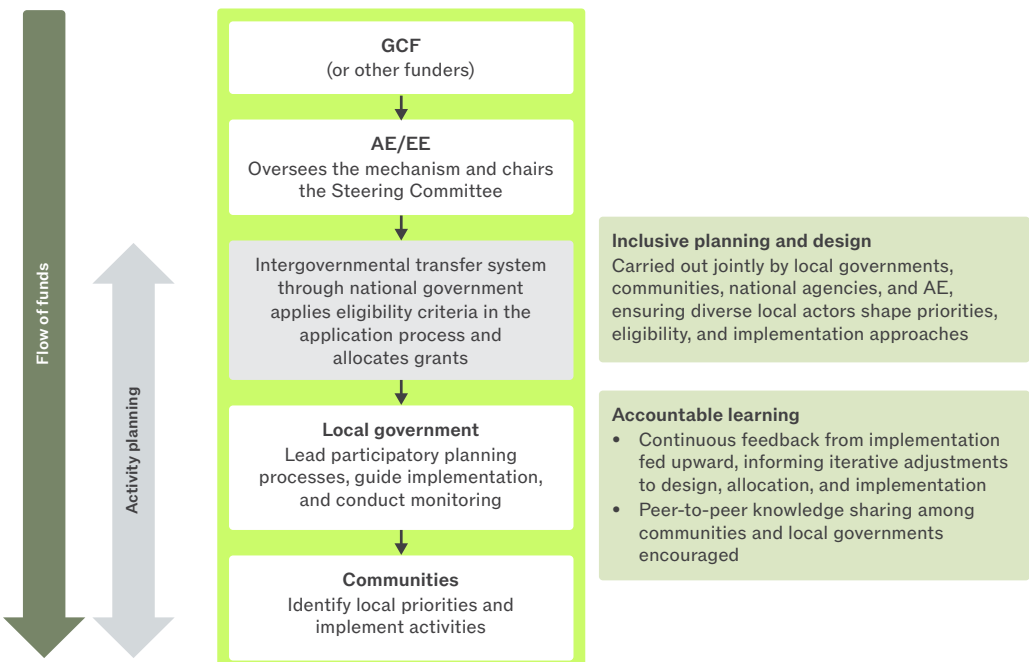
# 2 Project design for LLCA financing and delivery models

# 2.1 Model 1: Local planning, budgeting, and implementation

**Climate context:** Climate hazards can lead to multiple impacts on public goods (e.g., water, land, livestock, and production systems) that are essential for local communities. Local governments hold authority for planning and infrastructure, but formal processes do not often consider climate-related issues.

**Proposed solution:** This model strengthens the climate and inclusion capabilities of local governance through improved alignment between local and national frameworks and between planning, budgeting, and implementation and accountable use of resources

Figure 3: **Diagram of local planning, budgeting, and implementation (Model 1)**



## How it works

- Climate finance is channelled through existing government planning and budgeting systems;
- Communities and local governments jointly identify priorities, allocate resources, and oversee implementation through participatory planning;
- Feedback loops among communities, local governments, and national oversight bodies enable real-time adjustments to programme design and financial management;
- Institutionalisation of climate risk considerations in planning, budgeting, and reporting processes within government systems ensures continuity beyond the project lifecycle; and
- Public disclosure of budgets and results, participatory monitoring, and accessible grievance redress systems enable communities to hold local decision-makers accountable.

Table 4. **Local planning, budgeting, and implementation – Project preparation activities**

1. **Pre-feasibility and feasibility studies, as well as project design**
9. **Advisory services and/or other services to financially structure a proposed activity**

**Baseline assessments (e.g., barriers, flow of funds, readiness, opportunities)**

- Map national to local flow of funds and assess the scope, capacity or limits of local authorities in planning, budgeting, and expenditure, including approval requirements at higher levels. Identify entry points within existing government systems to integrate national and local level planning, budgeting, and reporting.
- Assess what is required to embed climate risk and vulnerability considerations into existing local planning processes and cycles.
- Assess whether local governments and communities have the capacity for participatory climate planning, implementation, and financial management, gathering feedback from national and local actors on what works and what does not.

**Intergovernmental fiscal transfer**

- Define measures to clarify or strengthen legal and institutional arrangements for national to local fund flow management, including building systems and capacities for fiduciary, environmental and social safeguard management across all levels.
- Design or modify allocation frameworks for national to local flows (e.g., fiscal transfers, performance-based grants) aligned with government systems, including defining disbursement triggers, allocation formulas, and performance criteria linked to climate impacts and results outcomes.
- Design financial arrangements that ensure timely, predictable, and transparent transfer of funds to local authorities and communities, including mechanisms to link funding to equity, vulnerability and performance.
- Strengthen incentives for good governance, and ensure resources reach intended beneficiaries, informed by SEPs, gender analysis, and environmental and social safeguards.
- Establish financial management, reporting, and audit arrangements across national and local levels, including systems for tracking fund utilisation, ensuring compliance with fiduciary standards, and enabling transparency and accountability to both national authorities and local communities. Design and plan for transparent integrated fund management systems such as digital solutions allowing real-time reporting.

### 1. Pre-feasibility and feasibility studies, as well as project design

### 9. Advisory services and/or other services to financially structure a proposed activity

**Inclusive governance and planning**

- Define approaches for combined climate assessments and community engagements to shape local planning and mechanisms for translating planning into regular investments and budgets;
- Define governance and decision-making arrangements (e.g., committees, advisory groups) for agreeing on the criteria and processes to incorporate community priorities, validate or adjust plans and budgets and support iterative community feedback;
- As part of governance arrangements, consider what cycles and platforms will support iterative implementation and feedback loops (e.g., sharing experience across regions or contexts); and
- Develop draft operational guidelines (e.g., operations manual) that set out planning, governance, appraisal rules, funding allocations (ceilings/tranches), reprogramming procedures, and disclosure requirements.

**Capacity-building strategy and learning**

- Design a capacity-building strategy based on the baseline assessment identifying specific training needs for local governments and community actors, focusing on skills for participatory planning, financial management, procurement, and safeguards; and
- Define approaches to adapt training based on evolving needs.

### 2. Environmental and social studies, including Indigenous Peoples studies and management plans

- Consult with affected communities to understand dynamics between local governments and communities and needs for safeguarding, especially for marginalised groups;
- Identify potential environmental and social risks and impacts associated with locally selected investments and devolved implementation arrangements, drawing on relevant technical assessments and community knowledge, as appropriate.; and
- Assess formal, informal and customary land tenure and resource-use arrangements, including potential impacts on access to land and natural resources, and identify implications for inclusive local planning and implementation.

### 3. Gender studies

- Use participatory engagement to analyse gender dynamics, vulnerabilities and opportunities for empowerment, focusing on how women and marginalised groups are involved in local planning and budgeting; and
- Explore opportunities for gender-responsive local budgeting and monitoring arrangements, informed by the gender assessment and Gender Action Plan, as appropriate.

### 4. Development of stakeholder engagement plans

- Identify, assess and leverage existing community engagement platforms and governance structures that embed community voices within project design and broader institutionalisation to support participatory planning – with special attention to groups that are often excluded. Refine processes as needed.
- Establish performance and accountability mechanisms, including formal audits, accessible and context-appropriate grievance redress systems, feedback loops, and transparent information sharing.

### 5. Risk assessments

- Analyse risks across local financial management and accountability systems, using input from local actors to identify practical challenges to implementation; and
- Identify operational, fiduciary, and reputational risks linked to decentralised implementation, considering local perspectives and adapting mitigation strategies.

### 6. Assessment of climate impact potential for mitigation and adaptation activities

- Leverage climate and scenario planning workshops to mobilise local knowledge, community-led mapping and technical data to evaluate climate risks, local capacity and resilience factors and model future climate scenarios; and
- Identify adaptation co-benefits and mitigation opportunities that align with community values.

### 7. Identification of programme/ project indicators

- Identify which elements need to be measured at the output, outcome and impact level;
- Review what local data is available and how community-generated data can be included and define baseline indicators for governance, finance, and social inclusion; and
- Develop a results framework that meets GCF standards and is grounded in local realities and consider mechanisms to ensure local stakeholders are involved in validation and updates.

### 8. Pre-contract services, including the revision of tender documents

- Draft or revise tender documents to include climate, gender, and safeguard criteria, using feedback from local actors and updating documents as needs evolve; and
- Set transparent evaluation criteria that consider local participation and benefit-sharing and review these criteria regularly with stakeholders.

**Box 2: Example of a local climate adaptive living facility SAP032**

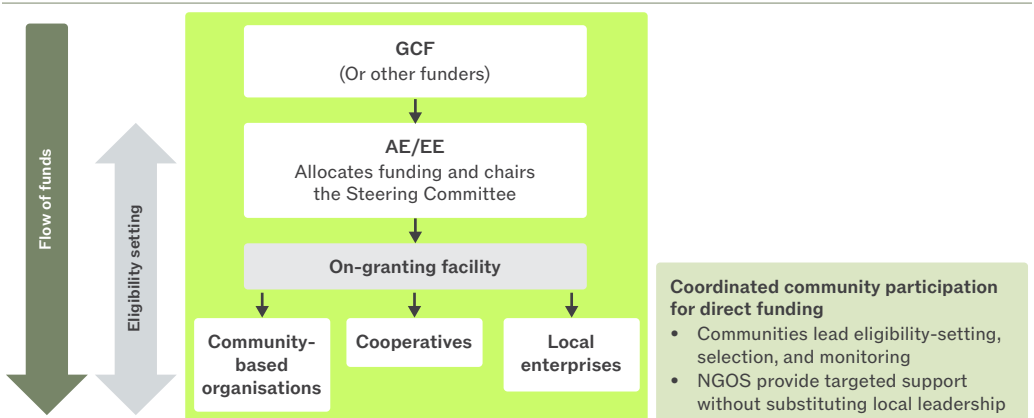
- The LoCAL programme in Benin with Fonds National pour L'Environnement (FNEC) embeds climate finance within local government planning and budgeting systems, enabling communes to lead adaptation investments through a performance-based grant mechanism.
- Performance-based climate resilience grants (PBCRGs) are channelled through the national fiscal transfer system, funding locally prioritised adaptation actions identified through participatory planning.
- Communes lead planning, budgeting, and implementation in close consultation with community representatives, applying eligibility criteria to allocate resources and performance criteria to guide subsequent disbursements.
- Capacity-building and performance monitoring reinforce institutionalisation, linking community priorities to budget decisions and enabling continuous learning and improvement.

# 2.2 Model 2: Community-led small grants mechanism

**Climate context:** Specialised local groups can deliver certain climate benefits, working closely with their local communities (e.g., forest groups or conservancies, Indigenous Peoples, social and environmental NGOs or community-based organizations, and women's or youth groups), however, they lack formal training and long-term funding to either scale or maintain activities over time which leaves their efforts isolated.

**Proposed solution:** Community-led small-grants mechanisms enable communities to co-design and implement climate actions aligned with local priorities through on-granting to community-based organizations, cooperatives, and local enterprises.

Figure 4: **Diagram of community-led small grants mechanism (Model 2)**



## How it works

- GCF resources flow through the AE and EE, which manage allocations and convene technical and steering committees;
- Communities co-design eligibility criteria and grant-selection processes to ensure that funding reflects local priorities;
- Funds are channelled directly to community-based organizations, cooperatives, and local enterprises, while NGOs provide targeted technical assistance where needed, strengthening rather than substituting local leadership; and
- Transparent eligibility criteria, participatory monitoring, and reporting ensure accountability and alignment with fiduciary and safeguard standards.

Table 5. **Project preparation activities for on-granting**

1. **Pre-feasibility and feasibility studies, as well as project design**
9. **Advisory services and/or other services to financially structure a proposed activity**

**Baseline assessments (e.g., barriers, flow of funds, readiness, opportunities)**

- Assess whether AEs, EEs, intermediaries, and community organizations have the legal mandate to transfer, receive, manage, and allocate funds under on-granting arrangements, and identify any constraints on grant approval, custody, and disbursement.
- Map local committees, community organizations, and potential intermediaries (e.g., NGOs, CSOs), and assess their respective roles, capacity, and legitimacy, such as:
  - Ability to manage grants (e.g., screening, budgeting, record-keeping, fiduciary and safeguards);
  - Track record in facilitation and capacity-building; and
  - Relationships with and trust from the communities they support.

**On-granting mechanism (governance, eligibility, financial management)**

- Design governance arrangements that clarify community decision-making and AE fiduciary oversight and enable meaningful community participation (including roles in setting eligibility criteria, grant selection, and implementation oversight).
- Define fund flow arrangements from AE through intermediaries and to community grantees, including disbursement modalities, tranche structures, ceilings, and safeguards.
- Define the grant architecture and programming cycle and develop an operating manual to guide its functions:
  - Financial management, including account set-up, signatory rules and integration with AE/EE financial systems;
  - Overall on-granting budget based on assumptions (e.g., number of grants, average grant size, administrative costs, geographic coverage);
  - Context-specific eligibility criteria (see box 1) that tackle collective impact, vulnerability, coherence with other activities, contribution to broader system-level outcomes and alignment with GCF investment criteria, safeguarding requirements and results framework;
  - Timeline (frequency of calls, appraisal, disbursement and disclosure schedules, and monitoring checkpoints);
  - Specific grant windows, themes, ceilings or tranches and rules for reallocation or recycling of unspent or cancelled funds;

- Design mechanisms to support beneficiaries in preparing and submitting applications, (e.g., outreach, guidance materials, application support, and capacity-building to ensure equitable access, particularly for vulnerable and underrepresented groups); and
- Structured feedback loops and participatory monitoring systems that enable adaptive learning, incorporating flexibility to adjust allocations, grant sizes, and windows during implementation based on demand, performance, and lessons from pilot rounds.

- Assess how the grant mechanism can align with and feed into national systems and reporting frameworks.

**Capacity-building and learning**

- Assess capacity gaps and develop technical and advisory support mechanisms for committees and grantees, covering grant management, compliance, and participation in governance processes; and
- Consider role of NGOs, intermediaries, and other community or educational networks in delivering the support mechanisms and assisting grantees.

### 2. Environmental and social studies, including Indigenous Peoples studies and management plans

- Apply risk-proportionate safeguards procedures suitable for small-grants mechanisms, including appropriate screening tools, mitigation measures and exclusion criteria, consistent with applicable GCF safeguards requirements.;
- Undertake Indigenous Peoples assessments and management plans with direct involvement of affected communities, embedding free, prior and informed consent (FPIC) when required, jointly identified benefits and participation steps in appraisal and monitoring;
- Identify potential environmental trade-offs and monitoring responsibilities to be applied by grantees during selection and implementation; and
- Assess existing accountability and grievance mechanisms (formal and informal), and design accessible, context-appropriate grievance redress and feedback arrangements, consistent with applicable GCF policies.

### 3. Gender studies

- Identify barriers in terms of accessing grants and influencing grant mechanism governance (e.g., membership, voting and leadership roles) for women and marginalised groups;
- Consult on practical measures to improve access and ensure equitable participation by women and marginalised groups (e.g., simplified documentation, tailored outreach, mentorship); and
- Consider context-appropriate measures to improve equitable access to grants, including gender-responsive allocation targets where justified by the gender assessment and GAP, and incorporate relevant gender-responsive monitoring arrangements into the operating manual.

### 4. Development of stakeholder engagement plans

- Map stakeholders across the grant cycle (from idea generation to monitoring) and define clear participation pathways, roles, and timelines for engagement;
- Define the role of intermediary or community organizations (e.g., NGOs, CSOs) in supporting the grant cycle; and
- Incorporate inclusive and transparent processes for grant selection, ensuring representation of marginalised groups (e.g., public calls, shortlists, written rationales for decisions, disclosures).

### 5. Risk assessments

- Conduct a comprehensive risk analysis of the small-grants mechanism, incorporating community perspectives on fiduciary, governance, and operational risks;
- Use participatory risk mapping to identify vulnerabilities such as conflicts of interest, local capture, or capacity gaps, and design practical controls and support measures; and
- Develop contingency plans for delays, fund flow disruptions, or disputes with community input.

### 6. Assessment of climate impact potential for mitigation and adaptation activities

- Use community-led risk and asset mapping to set selection criteria that prioritise local hazards, livelihoods, and ecosystems;
- Define priority geographies, systems, or value chains to guide grant selection, ensuring that individual sub-grants contribute to collective outcomes and avoid fragmented interventions; and
- Identify adaptation co-benefits and any mitigation opportunities and apply do-no-harm checks during appraisal and monitoring.

### 7. Identification of programme/ project indicators

- Define indicators suited to small-grants delivery (e.g., share of funds reaching community entities, time from approval to first disbursement, rates of disclosure and grievance resolution);
- Define baseline indicators for transparency, participation, and social inclusion with community validation; and
- Develop a framework that links local and project indicators and consider the need for dedicated participatory MEL processes.

### 8. Pre-contract services, including the revision of tender documents

- Develop tools to support procurement readiness for local delivery; and
- Establish transparent evaluation criteria for service providers and technical partners that consider local participation, inclusion practices, and feasible operation and maintenance arrangements.

**Box 3: Resilient Puna (FP226)**

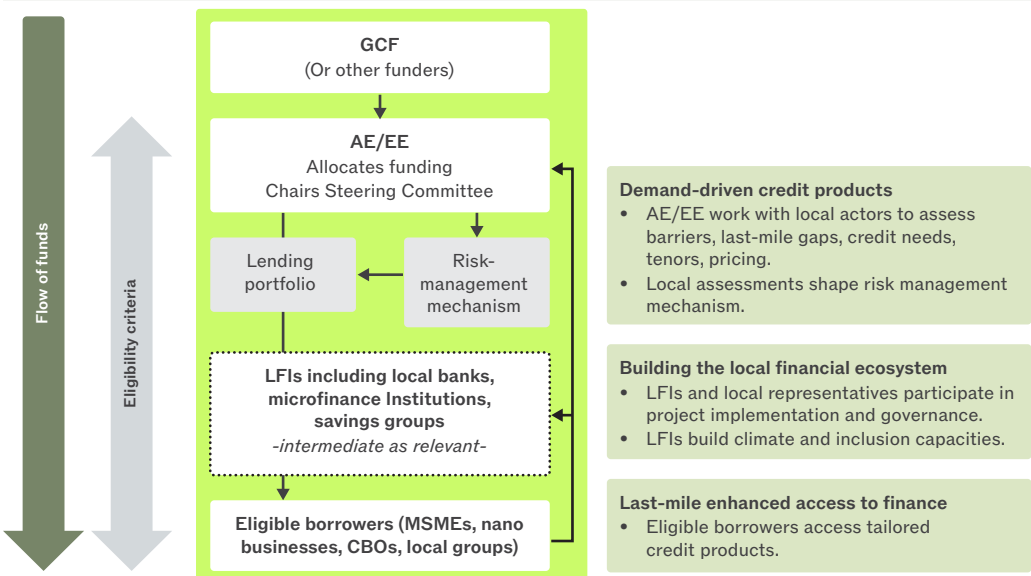
- FP226 of Peru strengthens the climate resilience of high Andean ecosystems and communities.
- IPLCs lead the design and implementation of ecosystem-based adaptation and climate-resilient livelihoods. The AE (GIZ) works with the EE (Profonanpe) to set and apply eligibility criteria under the Puna Facility.
- The EE manages the facility, issuing calls for proposals and disbursing grants to Indigenous Peoples, producer associations and cooperatives. Technical assistance from Instituto de Montaña, local CSOs, and GIZ Peru supports project design, financial management, and monitoring.

# 2.3 Model 3: On-lending

**Climate context:** Climate impacts (e.g., drought, heat stress, changing rainfall patterns, floods, and storms) affect key players in local economies, whether it is smallholders facing declining yields or micro and small businesses having their operations disrupted. Diverse resilience needs, require shock-responsive products and do not match available credit offers and their requirements.

**Proposed solution:** Targeted on-lending can enable local and vulnerable groups to shape credit provision and access tailored financial products. The model aims to channel more funding through local financial institutions, building their climate and inclusion capacity towards being able to evolve climate responsive products over time.

Figure 5: **Diagram of on-lending (Model 3)**



## How it works

- Project design addresses the barriers that exclude communities from conventional credit markets.
- Target groups and beneficiaries are engaged to define what support they need.
- A dedicated risk-sharing mechanism is established to reduce risk for lenders and borrowers (targeted facility, revolving mechanism, first-loss, reserve fund). Lending terms and eligibility criteria are adapted to local needs and vulnerability (e.g., tiered concessionality levels, aligning repayment schedules with seasonal income cycles). Clear reporting and participatory oversight ensure accountability and enable community governance.
- Repayment capital may be recycled to sustain long-term lending and investment in climate-resilient activities.
- Tiered technical assistance builds financial literacy and management capacity across all actors.

Table 6. **Project preparation activities for LLCA on-lending mechanisms**

1. **Pre-feasibility and feasibility studies, as well as project design**
9. **Advisory services and/or other services to financially structure a proposed activity**

**Baseline assessments (e.g., barriers, flow of funds, readiness, opportunities)**

- Use participatory consultations to determine barriers preventing credit access for target groups (e.g., high entry thresholds for credit, lack of collateral, irregular income, limited borrowing history, perceived limited repayment capacity, dependence on external grants, and limited negotiating power with FIs);
- Assess legal frameworks to confirm AE/EE authority for community-level lending, revolving funds, and risk-sharing facilities, noting constraints on holding capital and approving or recovering loans;
- Assess potential intermediaries (e.g., local banks, savings groups, and cooperatives) and evaluate their capacity and licensing for credit management and fiduciary compliance; and
- Evaluate platforms and groups that can enable communities to engage across the lending cycle.

**Design of the financing and delivery mechanism[7] (e.g., risk-management mechanisms, criteria, project governance)**

- Evaluate blended finance mechanisms and credit product features that can crowd in local actors and address key barriers to access (e.g., seasonal repayment schedules, grace periods, insurance and simplified documentation, adjusted terms or lower security requirements for most vulnerable groups).
- Design suitable risk-sharing mechanisms with clear rules for management of reserve or first-loss facilities (e.g., a basic reserve fund to reduce exposure for lenders and borrowers, a first-loss facility or adaptive risk-sharing arrangements linked to climate risk profiles, use of guarantees and insurance replacing collateral requirements for most vulnerable population tiers).
- Assess cost-effectiveness and sustainability of proposed lending and risk management models with community-level implications in mind.

7 For public sector FPs project-level grace period and repayment schedules are required to align with requirements under decision B.09/04

- Develop an Operations Manual/lending protocol – informed by community consultation – to define:
  - Channels from AE, EE, intermediaries, end-borrowers;
  - Eligibility criteria including options on vulnerability-differentiated appraisal, pricing and caps, reserve/first-loss use;
  - Loan terms, pricing, tenors, grace periods, and caps (for example seasonal repayment schedules) to ensure that concessionality from funders is effectively passed through to eligible borrowers, improving affordability and access for vulnerable local groups;
  - Borrower identification and screening parameters, including outreach through campaigns, expressions of interest (EOIs), or letters of intent (LOIs), to build a credible pipeline of demand and inform financial structuring, product design, and disbursement planning; and
  - Implementation responsibilities for appraisal, disbursement, portfolio monitoring and reporting, and reserve or first-loss administration.
- Determine appropriate lending and repayment currencies to minimise foreign exchange exposure and assess the need for hedging or risk-sharing mechanisms to protect both intermediaries and end-borrowers.
- Design flexible implementation arrangements (e.g., a pilot one lending cycle with community involvement to test pipeline generation, appraisal, disbursement, and grievance handling).

**Capacity-building strategy**

- Design activities to address gaps from baseline assessments related to:
  - Climate and inclusion considerations for lending practices;
  - Credit assessment, portfolio monitoring, and disclosure, particularly for local banks, savings groups, and cooperatives (consider need for digital tools for loan tracking, repayment monitoring, real-time audit trails and fiduciary compliance); and
  - Participatory mechanisms for shaping eligibility and lending processes.
- Develop peer-learning mechanisms that connect communities and intermediaries.
- Develop systems to support end-borrowers in preparing and submitting loan applications, including outreach, guidance materials, technical assistance, and intermediary support to ensure equitable access.

### 2. Environmental and social studies, including Indigenous Peoples studies and management plans

- Review safeguard requirements for financial-intermediary operations and adapt screening, exclusion lists, and mitigation measures to the small-loan context while meeting GCF standards;
- Undertake Indigenous Peoples assessments with direct involvement of affected communities, embedding consent and participation steps in appraisal and monitoring;
- Assess the capacity of participating local lending institutions to apply relevant E&S screening and management procedures, and identify appropriate capacity-building needs.; and
- Assess the suitability of existing grievance and feedback arrangements for the on-lending mechanism, taking into account accessibility and the appropriate handling of sensitive complaints. Consider opportunities for community participation in portfolio-level monitoring, as appropriate..

### 3. Gender studies

- Analyse representation and influence within lending governance (membership and decision rules), to ensure equitable participation by women and marginalised groups;
- Identify gender-specific barriers to accessing credit and design practical access measures (simplified forms, tailored outreach, mentorship, safe meeting times and locations); and
- Embed gender responsive lending and monitoring measures in the Operations Manual (OM), informed by the gender assessment and GAP (targeted allocation measures or additional monitoring of equitable access to credit, where appropriate)

### 4. Development of stakeholder engagement plans

- Scan relevant local stakeholders across the lending cycle and define participation pathways across lending cycle with clear roles and timelines;
- Facilitate consultations to validate lending priorities and eligibility criteria with communities and design participatory decision-making processes across the lending cycle; and
- Institutionalise transparency in approvals through public calls, published selection criteria, written rationales for decisions, in line with appropriate confidentiality and data protection considerations in disclosures.

### 5. Risk assessments

- Undertake a comprehensive risk analysis of the selected risk-sharing/risk-management mechanism covering credit, forex, fiduciary, governance, operational, and liquidity risks; and
- Leverage local engagement to develop and finalise contingency plans for issues like arrears spikes, liquidity disruptions, and climate-related shocks.

### 6. Assessment of climate impact potential

- Translate findings from community-led risk and asset mapping into loan-eligibility and appraisal criteria; and
- Stress-test credit product rules against plausible climate scenarios to confirm that grace periods, seasonal schedules, and reallocation options are compliant and responsive.

### 7. Identification of programme/ project indicators

- Review available local data for monitoring loan performance and governance effectiveness and integrate community-generated evidence where possible; and
- Define indicators suited to lending (e.g., share of capital reaching community borrowers, time from approval to disbursement, portfolio-at-risk, share of loans to women- and youth-led entities, and disclosure and grievance-resolution rates).

### 8. Pre-contract services, including the revision of tender documents

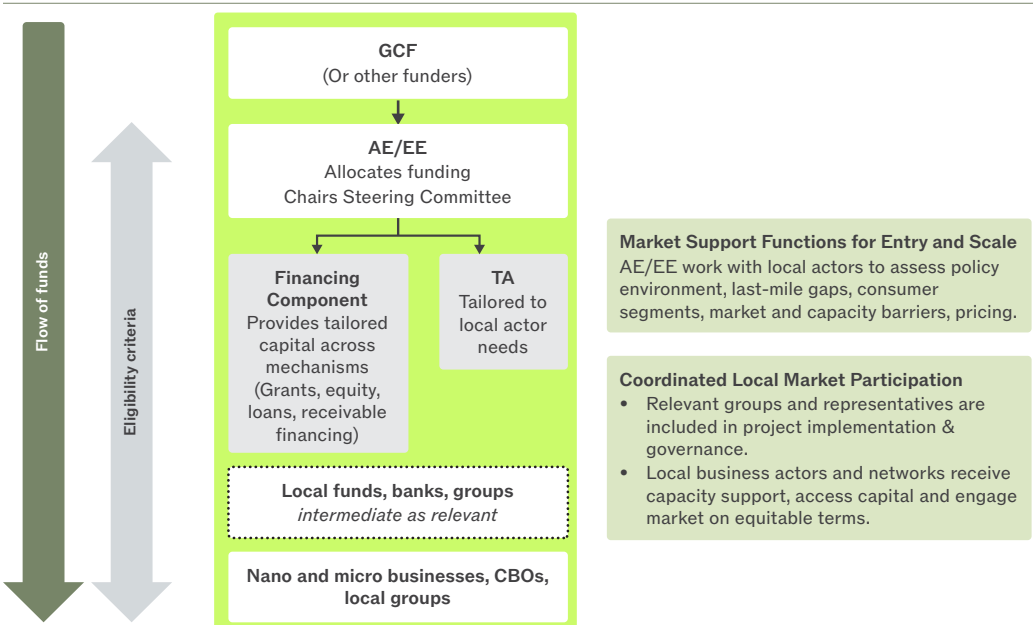
- Support operational readiness of local intermediaries and technical providers, including basic documentation such as Know Your Customer (KYC) and reporting templates;
- Draft or revise agreements and templates to reflect on-lending specifics, including reserve and first-loss rules, disbursements linked to milestones, and incorporating local feedback before approval; and
- Establish transparent evaluation criteria for selecting lenders and technical partners that consider inclusion and technical capabilities.

# 2.4 Model 4: Local market creation

**Climate context:** Small, informal businesses require support to shift towards low-emission climate-resilient practices (e.g., off-grid energy, energy-efficiency measures, sustainable agriculture, fisheries or livestock, bioeconomy practices) but they do not have access to capital, either as credit or small-scale incipient equity support to develop their business. Existing sources of funding across credit and equity focus on value-chain support and prioritise companies with track records and limited integration of supply and demand across local markets.

**Proposed solution:** Local market creation encourages the development of financing and market support mechanisms that can respond to local business needs. Local market creation simultaneously supports local businesses and communities to access and sustain them through improved coordination and negotiation power.

Figure 6: **Diagram of local market creation (Model 4)**



## How it works

- FP design begins with a collaborative mapping of value chains, market actors, and barriers to participation conducted with local stakeholders;
- Local actors identify the support functions they need to engage effectively in markets;
- Local market creation builds organizational capacity for coordinated participation and negotiation among producers, cooperatives, SMEs, and advisory actors for more equitable market terms; and
- Tailored financing and support instruments (e.g., grants, concessional loans, equity and technical assistance) reduce entry costs, improve access to working capital, and enhance distribution and operational capacity.

Table 7. **Local market creation – Project preparation activities**

1. **Pre-feasibility and feasibility studies, as well as project design**
9. **Advisory services and/or other services to financially structure a proposed activity**

**Baseline assessments (e.g., barriers, flow of funds, readiness, opportunities)**

- Map value chains and assess legal and policy frameworks relevant to cooperative governance, formal market access, and climate-resilient value chains, noting practical constraints and opportunities raised by local actors;
- Identify barriers to market participation (e.g., weak cooperative governance and uneven negotiating power, fragmented or small supply, limited access to finance) and priority capacity needs of cooperatives, producer groups, and SMEs (e.g., financial management, production, quality assurance, aggregation, logistics, negotiation, extension linkages); and
- Identify local actors (e.g., local financial institutions (LFIs), funds, producer groups, platforms, networks, cooperatives) that could play an intermediation and support roles.

**Design the market financing mechanism**

- Test market-support architecture – co-designed with local groups – that defines how different instruments (e.g., grants, concessional loans, working-capital facilities) and technical assistance packages could interact, considering:
  - Capital and capacity needs of local actors;
  - Potential of resilience instruments (e.g., basic reserve funds, price stabilisation schemes insurance products, first-loss facilities, protocols for adjusting terms in response to climate and market shocks);
  - Need for partnerships with buyers, aggregators, and financial institutions; and
  - Cost-effectiveness and sustainability of various mechanisms at portfolio level (e.g., administration cost caps, lifecycle operations and management for shared assets, service-fee structures).
- Structure financing terms (e.g., pricing, tenors, cost-sharing arrangements) and risk-sharing arrangements to ensure that concessional resources directly reduce costs and risks for end beneficiaries, incentivise participation and catalyse local financial institutions, buyers, aggregators, and private investors, including through guarantees, co-investment platforms, or blended facilities.
- Develop an operating manual covering custodianship, community-led governance, eligibility/appraisal, instrument menu (e.g., grants/concessional working capital/guarantees), ceilings/cost-share, pricing/procurement transparency, and audits.

**Design the support mechanism**

- Design activities towards building the capacities of target groups:
  - Financial, legal and risk management capacity (i.e., setting up bank accounts, accounting systems, developing business plans and/or managing seasonal cash flow); and
  - Management information systems and digital tools for budgeting, disbursement, repayments, traceability, demand forecasting, accessing market information, and record-keeping.
- Design activities towards building product- or service-delivery capabilities:
  - Matching product specifications to certification, grading, storage and compliance with climate-smart commodity standards; and
  - Aggregating supply and developing linkages to producer hubs, warehouses, and market platforms.
- Design financing arrangements that reinforce market linkages (e.g., buyer contracts, off-take agreements, and performance incentives) to ensure that financial support translates into sustained market access and income generation.
- Design activities to strengthen the inclusion and accountability of local business networks:
  - Verify that governance and representation mechanisms ensure inclusion of marginalised groups and safeguard against elite capture (e.g., member-led structures and scorecards, public dashboards and incentive schemes that reward quality and timely delivery); and
  - Improve negotiating capacity through access to template contracts and legal support to negotiate prices, quantity, and risk-sharing terms; and
- Pilot one market-support cycle to test pipeline generation, appraisal, disbursement, price/quality compliance, logistics coordination, and grievance handling, then iterate rules and support packages.

## 2. Environmental and social studies, including Indigenous Peoples studies and management plans

- Adapt safeguard procedures to market interventions, using proportionate screening tools and clear exclusion lists for financed activities along the supply chains;
- Co-design Indigenous Peoples assessments and plans with affected communities and embed free, prior, informed consent where required, as well participation steps in selection, contracting, and monitoring;
- Consider environmental and social risks and trade-offs associated with supported local value chains, including production, storage and transport activities, and how these may affect local producers, workers and communities.

## 3. Gender studies

- Conduct participatory assessments of gender-specific barriers to market entry, leadership, and access to finance and services for target value-chain;
- Develop gender-responsive access and capacity-building measures (e.g., tailored outreach, mentorship, safer trading spaces/times); and
- Consider context-appropriate measures to promote and monitor equitable access to local market support for women and marginalised groups, informed by the gender assessment and GAP.

### 4. Development of stakeholder engagement plans

- Map stakeholders and participation pathways across the market-support cycle, from pipeline generation and proposal preparation to implementation and monitoring, with clear roles and timelines;
- Facilitate consultations to validate market priorities and governance arrangements with communities; and
- Consider participatory decision-making processes for eligibility and pricing that strengthen community influence in local market arrangements..

### 5. Risk assessments

- Undertake a risk analysis of the market mechanism, incorporating community perspectives on fiduciary, operational, and market risks; and
- Use participatory risk mapping to identify vulnerabilities in supply chain coordination (i.e., bottlenecks, quality control gaps, dependency on single buyers or routes) and inform contingency planning frameworks for market shocks and climate variability.

### 6. Assessment of climate impact potential

- Use community-led risk and asset mapping to prioritise climate-resilient market interventions (e.g., storage upgrades, climate-smart processing, resilient logistics) and quantify climate benefits and co-benefits (e.g., reduced spoilage/emissions, improved water/energy efficiency); and
- Stress test mechanisms against climate scenarios (e.g., droughts, floods, heatwaves) to confirm continuity of market functions (e.g., aggregation, transport, processing) and to set triggers for adjusting terms, schedules, or instruments.

### 7. Identification of programme/ project indicators

- Review availability and quality of local data for monitoring market participation and financial performance and integrate community-generated data sources; and
- Consider applicable indicators (e.g., share of supported actors accessing formal markets; price improvements; volumes aggregated; time from approval to disbursement; participation of women- and youth-led entities; rates of disclosure and grievance resolution).

### 8. Pre-contract services, including the revision of tender documents

- Support procurement readiness of local service providers, cooperatives, and market facilitators through simple templates, value-for-money checks, and agreed community oversight roles;
- Revise agreements and templates to reflect market-support specifics (milestone-linked disbursements, proportionate reporting, E&S clauses, pricing/quality standards), integrating local feedback before approval; and
- Establish transparent evaluation criteria for selecting technical partners and facilitators that consider local participation, inclusion practices, and feasible operation and maintenance arrangements.

**Box 4: Hardest-to-Reach (FP211)**

- Hardest-to-Reach (H2R) develops sustainable off-grid solar markets in underserved regions of sub-Saharan Africa. The programme places local distributors, community sales networks, and last-mile enterprises at the centre of market expansion – it reduces high entry costs, improves access to capital, and strengthens distribution capacity. In addition, H2R:

- Identifies barriers that prevent actors from entering and scaling within energy markets and works with them to define the support functions required for viability;

- Combines a market-support facility and a market-expansion facility that provide a blend of grants, equity-like capital, concessional loans, and receivables finance and complements financing with targeted assistance for enterprise development, gender equity, and consumer protection; and

- Shapes support structures through direct engagement with market actors to identify constraints and tailor solutions.

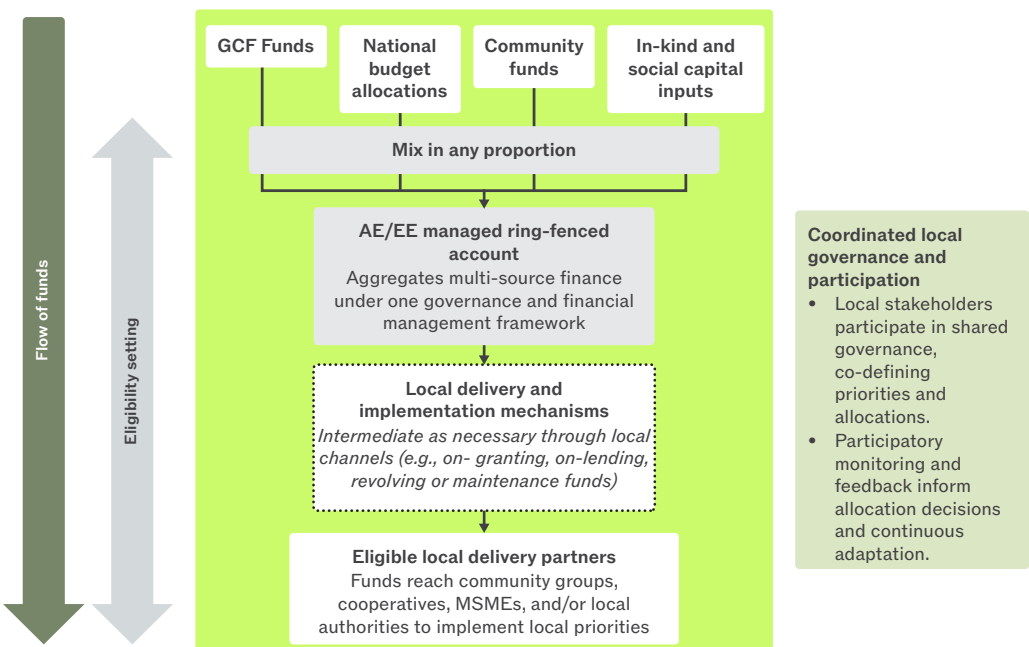
- **Project preparation facility activities** included 10–12 country-specific climate assessments, developing a climate resilience screening tool, and refining the monitoring and evaluation framework, informed by stakeholder consultations. These efforts provided the analysis and tools needed to tailor financing and technical assistance to local contexts.

# 2.5 Model 5: Local co-investment platforms

**Climate context:** Multiple climate impacts affect the public and private goods that communities depend on (see Model 1). Local co-investment platforms can be used in fragile settings where various funding sources are available, but are fragmented, short-term or poorly coordinated across parallel systems.

**Proposed solution:** Local co-investment platforms pool a range of available financial resources into a ring-fenced account to support community-prioritised adaptation and foster local decision-making and ownership. Such platforms are intended to serve as flexible mechanisms able to respond to dynamic social and climate settings.

Figure 7: **Diagram of local co-investment platforms (Model 5)**



## How it works

- Climate finance from multiple sources is aggregated into a ring-fenced facility managed under a shared governance structure hosted by AE/EE – sources can span GCF, other funders, national or sub-national budgets, community-level funds, in-kind or social capital contributions;
- Communities and local partners set priorities, eligibility and allocations under a locally driven investment portfolio;
- Funds are channelled through local delivery entities (e.g., community organizations, cooperatives, municipalities, MSMEs), with targeted technical support as needed; and
- Resources are flexibly allocated and reallocated based on participatory planning, monitoring and adaptive learning, enabling continuous adjustment, accountability, and performance tracking.

Table 8. **Local co-investment platforms – Project preparation activities**

1. **Pre-feasibility and feasibility studies, as well as project design**
9. **Advisory services and/or other services to financially structure a proposed activity**

**Baseline assessments (e.g., barriers, flow of funds, readiness, opportunities)**

- Assess whether legal and policy frameworks allow for pooled financing and community-led governance, using examples from similar contexts to identify practical barriers or enablers;
- Map potential funding sources and evaluate the capacity of executing entities and local intermediaries (e.g., local investment committees, financial institutions, and community-based organizations) to manage pooled funds in terms of co-budgeting, fiduciary compliance, and adaptive learning cap;
- Assess blended finance options and partnerships that include local actors as co-investors or implementers;
- Conduct market scoping to identify viable business avenues in climate change mitigation and adaptation (e.g., value chains, services, technologies), and design mechanisms to connect local actors with financing and market opportunities; and
- Design financial and institutional arrangements that crowd in private sector participation, including local businesses, MSMEs, and financial institutions, through co-investment models, risk-sharing mechanisms, and partnerships aligned with market opportunities.

**Ring-fenced account (governance, eligibility, financial management)**

- Design the ring-fenced account:
  - Work with relevant local actors to assess and validate the mix of mechanisms (e.g., on-granting, on-lending, municipal delivery, and revolving funds) best suited to the local climate context in terms of needs, opportunities, investment types, risk profiles;
  - Define approaches to value and integrate non-financial contributions (e.g., labour, traditional knowledge, and social capital) within the pooled financing mechanism;
  - Define procedures for fund aggregation, disbursement, reporting, and audit, ensuring clear audit trails and alignment with fiduciary requirements; and
  - Identify entry points within national and local systems to embed the pooled financing mechanism and to avoid parallel structures.

- Design account governance:
  - Define decision-making protocols and roles for communities and other actors in terms of funding criteria, allocations, accountability, and dispute resolution; and
  - Develop an operating manual covering governance, roles and responsibilities, allocation and reprogramming rules, valuation of in-kind inputs, disclosure, and audit.
- Design adaptive implementation arrangements that embed structured budgeting and feedback loops which adjust allocations and implementation – to be validated and refined through participatory processes and pilot cycles.

**Capacity-building and enabling environment**

- Structure a dedicated technical assistance facility to complement the pooled financing mechanism, providing support for project preparation, business development, financial management, and capacity-building for local actors to effectively access and utilise funds;
- Develop frameworks and tools (e.g., business canvases, investment templates) to support local actors in identifying, structuring, and presenting viable climate-related business opportunities;
- Define measures to strengthen legal mandates for pooled fund management and shared governance, including roles, responsibilities, and oversight; and
- Identify capacity-building needs for governance committees, technical partners, and community-based organizations – focusing on skills for participatory planning, financial management, and adaptive learning.

**Institutionalisation and exit strategy**

- Design mechanisms that enable scaling and replication of successful investments, including pathways for reinvestment, co-financing, and integration with national and private financing systems.

### 2. Environmental and social studies, including Indigenous Peoples studies and management plans

- Review safeguard requirements and adapt procedures for multi-source financing and shared governance;
- Undertake cultural heritage and Indigenous Peoples assessments with direct involvement of affected communities, ensuring their perspectives and consent are integrated into project design and decision-making;
- Identify potential environmental trade-offs and mitigation measures, using participatory mapping and community knowledge to inform risk management and adaptation strategies; and
- Establish accessible grievance redress mechanisms and feedback loops, and schedule regular public reviews to assess the effectiveness of engagement and make improvements as needed.

### 3. Gender studies

- Analyse gender and vulnerability dynamics within the governance structure using participatory workshops to assess representation, influence, and access to finance;
- Map gender-specific vulnerabilities and opportunities for empowerment, using local consultations to identify barriers and co-design solutions; and
- Develop gender-responsive budgeting and monitoring frameworks.

### 4. Development of stakeholder engagement plans

- Facilitate inclusive consultations to validate community priorities and ensure that governance structures reflect the diversity of local stakeholders, including marginalised and underrepresented groups; and
- Design participatory decision-making processes that institutionalise community voices in fund allocation and investment planning, with clear mechanisms for ongoing input and review.

### 5. Risk assessments

- Undertake comprehensive risk analysis of pooled finance mechanisms, incorporating community perspectives on fiduciary, operational, and governance risks;
- Use participatory risk mapping to identify vulnerabilities in governance structures, and develop practical, community-led solutions to address them; and
- Develop contingency planning frameworks for potential fund flow disruptions or governance disputes, ensuring that these plans are informed by local realities and regularly updated based on feedback and lessons learned.

### 6. Assessment of climate impact potential for mitigation and adaptation activities

- Evaluate expected resilience outcomes from community-prioritised investments under pooled financing, using local knowledge and participatory scenario planning; and
- Model projected climate scenarios and discuss their implications for flexible allocation mechanisms with community members, ensuring that adaptation strategies remain responsive to changing risks.

### 7. Identification of programme/ project indicators

- Review the availability and quality of local data for monitoring pooled finance and governance performance and work with communities to integrate community-generated data sources; and
- Define baseline indicators for transparency, participation, and social inclusion, validating these with community stakeholders and updating them as new data becomes available.

### 8. Pre-contract services, including the revision of tender documents

- Support procurement readiness for local delivery mechanisms, such as cooperatives and community-based organizations, by providing targeted training and resources;
- Draft or revise tender documents to incorporate fiduciary, climate, gender, and safeguard requirements, using feedback from local actors to ensure relevance and practicality; and
- Establish transparent evaluation criteria for service providers and technical partners, considering local participation and benefit-sharing, and review these criteria regularly with community input.

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