

Locally Led Climate Action Framework and Guidelines



Engagement with accredited observers, 18 Sept 2025

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A large, abstract graphic in the bottom right corner composed of various shades of green geometric shapes, including triangles and polygons, creating a mountain-like or crystalline structure.

Context & summary



Supports USP-2 and 50by30 priorities on adaptation, vulnerability, country ownership, direct access

Purpose & audience

Align GCF and partners on good practices practical, non-prescriptive guidance to enhance the quality and volume of LLCA proposals

- ✓ Encourage bottom-up and multi-stakeholder origination and local agency
- ✓ Encourage systemic financing and planning models tailored to local contexts, constituencies and needs
- ✓ Enhance localization of national climate plans and strategic frameworks
- ✓ Serve as reference for other climate finance providers and for local groups and leadership seeking stronger engagement with GCF

This document is a work in progress

Context & summary



Supports USP-2 and 50by30 priorities on adaptation, vulnerability, country ownership, direct access

Tensions

Locally-led climate action investments

- ✓ Recognition that sustained investment in LLCA requires intent, time and resources
- ✓ Balancing depth of inclusivity and collective decision-making with scale – greater scale implies working through meaningful representation

GCF business model

- ✓ Balancing flexibility with need for a clear working definition to track practices across a large portfolio
- ✓ Uptake dependent on country processes and priorities (i.e. decentralization agenda), AE risk perceptions and local capacities (climate & fiduciary)

Related work

- **On-going:** reforms on accreditation, efficiency, Readiness, regional presence and advancing IP access
- **Planned:** evolve LLCA models and guidance; guidance on fragile and conflict afflicted settings

1: Framework: The what, why, and how of LLCA

Modular approach to contextualizing design: diversifying instruments, thinking across local public and private sector, country-wide approach to testing & piloting solutions

Devolution in the GCF context: accepting uncertainty at FP stage with guardrails on downstream work

GCF's modalities and policies: locally-led considerations throughout GCF modalities in line with investment and sustainability policies

2: Operational guidelines: What does good look like in FPs

Project preparation work	<ul style="list-style-type: none">• Participatory assessments of climate risk, vulnerability, stakeholders, livelihood demand• Matching delivery and financing to local needs, maturity, AE capacity: what can local authorities, CSOs, businesses do? can funding be channeled/absorbed at local level ? can instruments be diversified ?
Structuring for the 3 parameters	<ol style="list-style-type: none">1. Devolution: Inclusive decision-making mechanisms with upward & downward accountability (project-local-subnational-national, multi-governance links); Ensuring access and equity in downstream criteria2. Local implementation: Aligning timelines with local planning cycles; Correct sequencing of consultations, prioritization, capacity-building, channeling funds to local level; Defining participation, adaptive management, MEL3. Capacity building and enabling environment: Participation, governance, financial management; Enablers for sustainability (planning integration, local budget allocation)

ANNEX I: Example Readiness support for LLCA

ANNEX II: Local, traditional and indigenous knowledge in LLCA

ANNEX III: LLCA checklist for CN/FP stage

ANNEX IV: Portfolio samples (3-4 per region)

Part 1: FRAMEWORK

LLCA FRAMEWORK



Why invest in locally-led approaches

- ✓ **Equitable climate finance for those most in need building capacity for local responses**
- ✓ **Key driver for long term sustainability by building ownership through context-specific solutions**
- ✓ **Transparency, trust and accountability mechanism between funders & beneficiaries**

... some myth busting. LLCA is not..

- ! Standard engagement or consultations**
Risk-based approaches are covered by safeguarding
- ! Confined to specific scales or geographies**
Local needs are more far-reaching, solutions often require integration with wider policy/market/public good access.
- ! A community cure for all**
Need to account for competing interests and involve entire local ecosystem

Locally-led and owned
Locals design, prioritize and implement interventions supported by external stakeholders

Locally consulted/managed
External stakeholders bring interventions consulted with local actors, but management is transferred to local actors

Locally implemented
Primarily led by externals with interventions pre-selected and local actors implement

MORE LOCAL OWNERSHIP

LESS LOCAL OWNERSHIP

Adapted from Peace Direct/Bond

LLCA FRAMEWORK



01

Devolved decision-making and finance

Local actors make decisions on interventions that respond to their specific needs and vulnerabilities

Local actors have direct access to GCF finance

02

Local ownership and implementation

Local actors are involved across the project lifecycle from design to evaluation

Local and indigenous knowledge guide project activities and outcomes

03

Sustainable local capacity and enabling environments

Enhance local capacities to identify climate risks and implement solutions

Support decentralization frameworks, policies and processes

For discussion: indicators and thresholds for each parameter

>50% of governance by local actors
>50% of total budget devolved to local actors

>50% of activities implemented through local actors, groups and structures

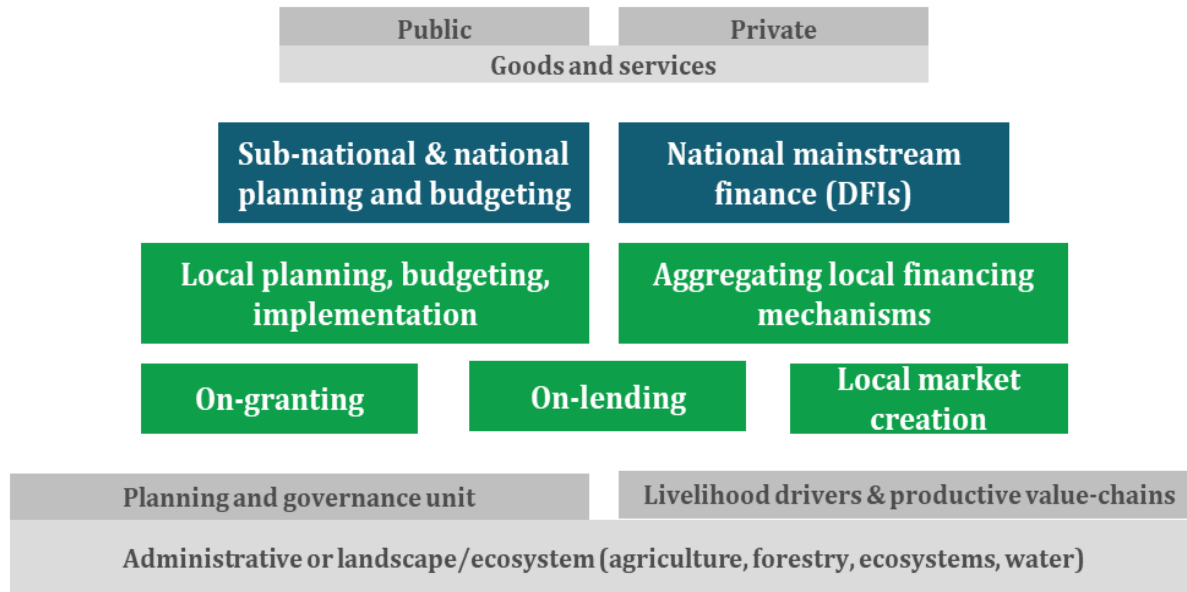
>10% of total budget dedicated to local capacity building

Financing and delivery models



Models vary in scale, inclusivity, bottom-up and top-down integration: need to contextualize design based on local context maturity and capacity, diversity in delivery and financing mechanisms, multiple entry points & scales

Vertical integration of local, sub-national, national planning and financing systems



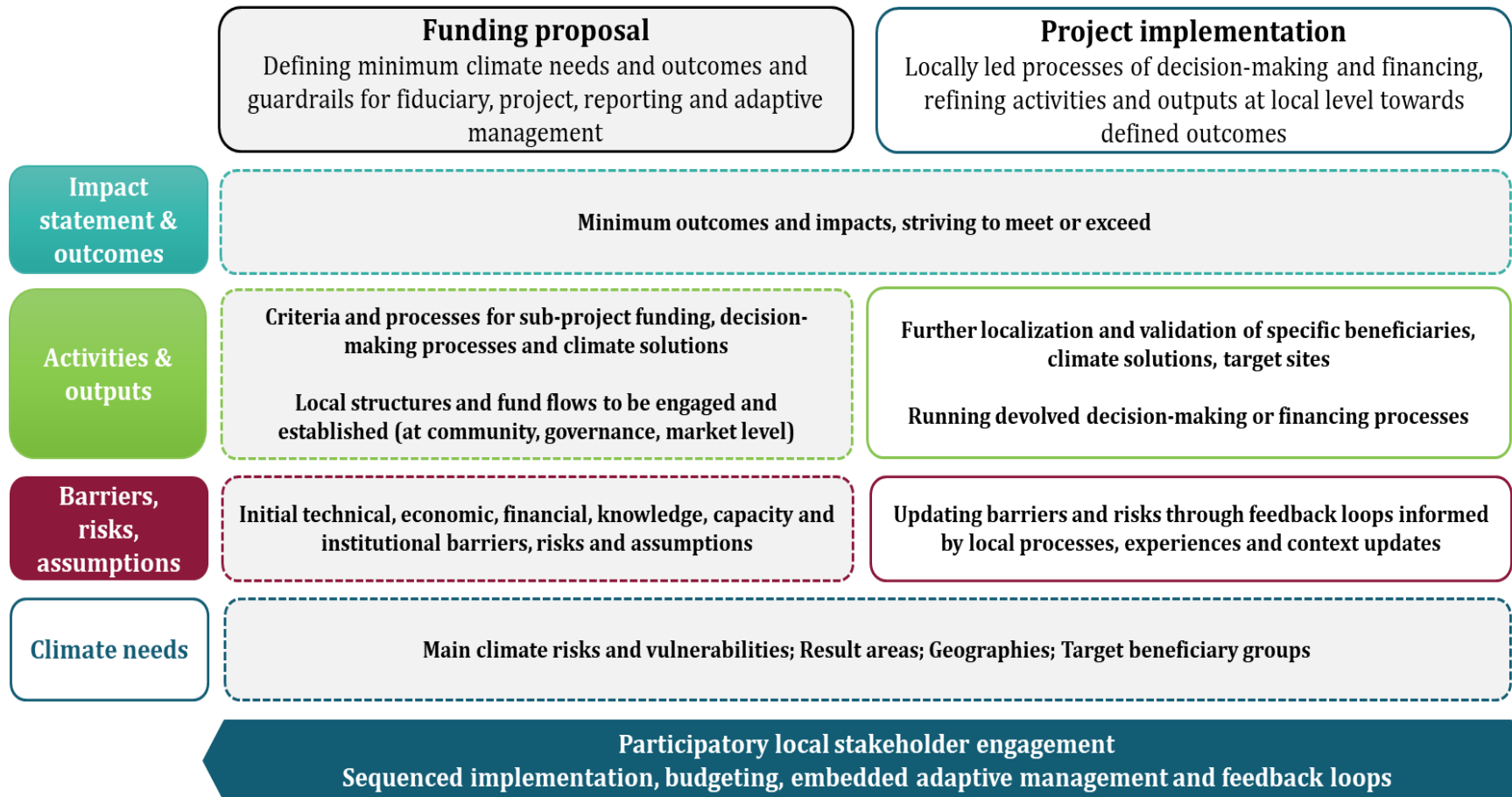
Horizontal integration of local level planning with tailored local access to finance

For discussion:

- Role and value-add of various partners across models and entry points
- Key policy / institutional enablers for systemic LLCA – recognizing one project can't solve all
- Balancing scale and accountability checks across public / private models and scales
- Local fiduciary capacity challenges

Devolution

Devolution means less certainty at FP stage, need to be intentional & clear about this: Implications for ToC (less sector output based), climate results (not fully known ex ante), budgets (longer inception phase and local engagement), downstream implementation and timelines embedding adaptive management from get-go



For discussion:

- **Balancing requirements and incertitude (ESS, highly localized solutions – implementation lessons?**
- **Participatory & bottom-up approaches to understanding barriers and designing solutions before & after approval**

Part 2: OPERATIONAL GUIDELINES

Project Preparation in 2A & 2B



Build participatory understanding of the local climate context and existing devolved finance and delivery mechanisms that can be further capacitated and capitalized

2A Map local context

- Local beneficiary and stakeholder ecosystem
- Participatory climate risks and vulnerability assessments

2B Scope opportunities for devolution

- Local barrier assessments for existing mechanisms
- Evolve delivery and financing mechanisms in response to local needs, barriers and impact potential
- Match ToC, implementation arrangements and logical framework
- Verify alignment with AE and EE capacities

For discussion:

- **Balancing participation and local expectations**
- **Minimum project preparation thresholds: what must be known beforehand?**
- **Using other instruments at local level (beyond grants) to meet diverse resilience and livelihood needs across actors?**
- **Greater involvement of local private sector**
- **Integrating local/traditional/Indigenous knowledge with climate information systems?**

2.1 Devolved decision-making and finance



Provides best practices and options for structuring components and governance roles

2.1.1 Devolved decision-making

- Inclusive local governance such as district or ward-level adaptation committees, sectoral governance platforms
- Clear and accountable project-level decision-making mechanisms with local representation
- Integrated multi-level planning processes and feedback loops

2.1.2 Devolved finance

- **Expected parameters:** Funding type, size and structure; eligibility criteria; selection process; timelines; outreach strategy; monitoring systems; exit strategy
- With a focus on local access, leveraging existing structures, and ensuring reach for the most vulnerable

For discussion:

Decision-making:

- **What are effective entry points in local governance ? Integrating community and local level planning and formalizing processes.**
- **Formal local participation in project governance**

Devolved finance:

- **Lessons on use of criteria ?**

Best practices to avoid reinforcing existing power imbalance, ensure access and accountability

2.2 Local ownership and implementation



Embedding local roles in implementation through implementation arrangements, adaptive management, and participatory MEL systems; Proper sequencing and timelines

2.2.1 Implementation arrangements

- Implementation roles (Operations Manual)
- Adaptive management and flexibility in implementation, disbursement schedules

2.2.2 Activity sequencing and timelines

- Capacity building, planning, and enabling environment first before actual interventions; Pilot before scaling
- Align with local planning cycles and national fiscal cycles

2.2.3 Participatory MEL

- Tools by type of actor e.g. scorecards, timeline mapping, oral histories, community storytelling

For discussion:

- Balancing implementation requirements with implementation uncertainty and anticipating adaptive management needs.
- Ensuring finance sustainability beyond project life?
- How to do local implementation and participatory MEL without overburdening local actors and ensuring proper compensation ?

2.3 Sustainable local capacity and enabling environments

Building climate, fiduciary, and institutional capacities and identifying policy or administrative reforms required for devolution

2.3.1 Building local actor capacity

- Capacity building for climate risk and VAs
- Participatory processes and inclusive decision-making for all involved
- Institutional strengthening for local stakeholder ecosystem

2.3.2 Evolving policy, legal, or administrative environment and measures for devolution

- Mandates for subnational/local adaptation planning
- Integration of local, regional and national plans

For discussion:

- Any lessons from implementation to date in terms of prior capacity assumptions ?
- Known capacity needs across types of actors
- Going beyond one-off 'training' to more systemic approaches. Sustainability challenges in dynamic local settings ?



ADDITIONAL SLIDES

1: LLCA framework



Country baseline and planning

Origination, proposal development and structuring

Project implementation, monitoring and learning

LLCA activities

- ✓ Evolve mechanisms for participatory local adaptation planning and budgeting
- ✓ Integrate local & national planning
- ✓ Build knowledge systems (i.e. mechanisms to track local outcomes)
- ✓ NDA/DAE knowledge exchange
- ✓ Explore application of scientific & local, traditional and Indigenous knowledge
- ✓ Build the capacities of local implementing entities
- ✓ Strengthen enabling environments for devolution

Part 2A & 2B, Annex I Objective 1 & 3, Annex II

- ✓ Map the local climate context and stakeholder ecosystem
- ✓ Participatory CRVAs and detailed barrier assessments of local groups and financing and delivery mechanisms for devolution.
- ✓ Assess feasibility of solutions stemming from scientific and local, traditional and Indigenous knowledge
- ✓ NDA/ DAE-led pre-feasibility or cost benefit analyses for LLCA CNs: tailor delivery/finance mechanisms to local barriers and absorptive capacity
- ✓ Co-develop activities, implementation arrangements, and participatory MEL with local stakeholders

Part 2A & 2B, Annex I Objective 2, Annex II

- ✓ Implement, operationalize or enhance devolved financing and delivery mechanisms (establish local planning processes or operationalize financing mechanisms)
- ✓ Trigger feedback mechanisms and flexible financing provisions for adaptive management as necessary
- ✓ Operationalize participatory MEL and gather evidence from implementation for scaling and replication
- ✓ Maintain continued local stakeholder participation and build enabling capacities
- ✓ Finalize exit strategy before completion

Parts 2.1-2.3, Annex II

GCF window

Readiness Programme

Country window

DAE window

Project Preparation Facility

Project Financing (SAP, PAP, PSAA, EDA)

Delivery/financing mechanism	Enablers and prerequisites	Operational considerations	Sustainability and scalability considerations
Participatory local planning structures (ward, village, local government)	<ul style="list-style-type: none"> Political support and will Alignment with local budget/fiscal cycles Strong local capacity 	<ul style="list-style-type: none"> Manage expectations between different local actors Embed inclusive governance arrangements 	<ul style="list-style-type: none"> Integrate with national frameworks Formalize maintenance roles Build community & institutional leadership
Performance-based grants: based on performance against pre-agreed climate indicators and compliance benchmarks	<ul style="list-style-type: none"> Existing decentralization framework Effective and cohesive local groups and networks 	<ul style="list-style-type: none"> Upfront technical support and robust M&E systems Complex requiring multiple transactions and actors Requires inclusive governance arrangements 	<ul style="list-style-type: none"> Align with public budgets and other sources of finance Scale successful models across administrative units or through cross-sectoral linkages
Social protection programs: climate-responsive public works, cash transfers, or assistance reaching vulnerable groups	<ul style="list-style-type: none"> Political/financial will and local institutional capacity Effective in highly vulnerable settings with limited alternative livelihoods 	<ul style="list-style-type: none"> Needs clear link to climate risk and outcomes and cross-sectoral linkages Consider gaps in formal data sets, especially for most vulnerable 	<ul style="list-style-type: none"> Reliant on public budgets Link to other resilience measures
On-granting to local actors through dedicated grant facility	<ul style="list-style-type: none"> AE understanding of local context Fiduciary capacity and safeguards Organized and capacitated local groups 	<ul style="list-style-type: none"> Support pilot, capacity-building, technical assistance interventions requiring minimal maintenance Funding criteria ensuring equal access Capacity-building and targeted outreach 	<ul style="list-style-type: none"> Embed into funding criteria with dedicated capacity support helping beneficiaries define exit strategies May be dependent on other sources of finance being available (public, private, philanthropic)
On-lending to local actors provided through financial intermediaries	<ul style="list-style-type: none"> Supportive regulatory framework Available capital and risk mitigation mechanisms to support lending to higher risk groups Financial intermediaries with suitable capacity 	<ul style="list-style-type: none"> Needs alternative demand-driven approaches to establishing eligibility criteria Ensure alignment with adaptation goals and affordability by most vulnerable without imposing debt burdens 	<ul style="list-style-type: none"> Can link small-scale actors to broader finance systems Highly concessional lending may need broader enabling environment measures to ensure sustainability beyond one-off transaction or loan
Micro-finance: financial services provided to low-income individuals or groups for short-term needs.	<ul style="list-style-type: none"> Supportive regulatory framework and funding availability Financial literacy for responsible borrowing Thorough market research to understand the needs and preferences of target groups 	<ul style="list-style-type: none"> Needs clear links to climate risks and outcomes Flexible product offering may require fast turnaround depending on changing contexts and needs and the dynamic nature of adaptation 	<ul style="list-style-type: none"> Can bridge the gap between informal savings groups and formal financial systems Financial literacy and capacity can sustain/expand ops Product diversification beyond microloans (savings accounts, micro insurance, remittance services)
Revolving or community funds / Village Savings Loan Associations: small-scale pooled funds	<ul style="list-style-type: none"> Strong community cohesion and support systems Clear rules and governance structures at community level and incentives for savings and repayment 	<ul style="list-style-type: none"> Needs clear links to climate risks and outcomes Dedicated support to formalize practices and acquire credit history Regular monitoring and evaluation systems are key for adaptive management 	<ul style="list-style-type: none"> Evolve associations or networks to represent multiple groups Increasing bargaining power and enabling engagement with micro-finance and FIs Financial and business management training enhance credibility and readiness to engage with mainstream FIs

Annex I: Readiness activities for LLCA



Indicative list of activities across the 3 Readiness objectives that can drive LLCA programming

Objective 1: Institutional strengthening and strategic frameworks

1. **Evolve mechanisms for participatory local adaptation planning and budgeting** including review of local governance, strengthening public participation and representation of most vulnerable, assessing options to enhance local planning processes
2. **Evolve context-specific mechanisms for local level implementation of NDC/NAP/LTS** by reviewing existing local financing and delivery mechanisms, prioritizing them based on inclusivity and effectiveness to deliver climate solutions, and capacitating

Objective 2: Paradigm-shifting pipeline development/implementation

3. **DAE capacity and CN development for LLCA** including participatory project design and engagement, strengthening capacities for financial and project management, etc.
4. **DAE/NDA led pre-feasibility studies** to identify most vulnerable groups and scope feasible financing and delivery channels for the given project context
5. **Systems for tracking local outcomes at local level** to enhance tracking of climate finance flows and national monitoring systems

Objective 3: Knowledge-sharing and learning

6. **Knowledge systems for LLCA** such as data systems, knowledge-sharing platforms, and local and indigenous knowledge stocktake
7. **NDA/DAE collaboration and knowledge exchange** using lessons learned from other countries/DAEs through peer-to-peer events

Annex II: Local, traditional, and indigenous knowledge in locally-led climate investments



Guidance to integrating LTIK into GCF project design, from identifying risks to developing solutions drawing on GCF's Indigenous Peoples Policy and evaluation findings

General considerations

- LTIK supports early warning, sustainable resource use, cultural heritage, and climate-resilient livelihoods
- Context-specific, often gendered, orally shared, and rooted in local languages
- Needs preservation and IP protection

Project design considerations

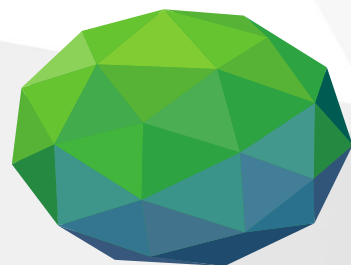
- Combine LTIK with science and participatory methods for risk and hazard planning
- Ensure solutions are culturally acceptable, address barriers, and can integrate with modern approaches
- Prioritize LTIK in local governance for funding mechanisms and respect FPIC
- Build capacity to integrate LTIK into policy, document and pass on knowledge, and connect with climate information systems

Annex III: Checklist for CN and FP development



Translating guidance into actionable CN and FP considerations for stronger locally-led proposals

CN/FP Section	Concept Note – high-level	Funding Proposal – detailed
Climate context	Identify most vulnerable groups; outline climate risks from local consultations	Detailed participatory assessments; local barrier analysis
Theory of Change	Initial ToC based on local risks & barriers	Strengthened ToC linking outputs to locally identified barriers
Proposed solutions	Describe local solutions; initial financing/delivery mechanism	Detailed components, eligibility criteria, financing/delivery mechanism
Institutional arrangements	Identify entities & local actor roles	Defined governance, formal local roles, vertical integration
Justification	Why GCF financing is critical for LLCA	Detailed value-add for LLCA, alignment with GCF priorities
Stakeholder engagement	Initial consultations & engagement plan	Full documentation, mechanisms for accountability
Logframe	Local outcomes considered	Indicators on equity, empowerment, inclusion; link to MEL
Adaptive management	Consider feedback & flexibility	Full adaptive management plan with local co-leadership
Sustainability	Preliminary sustainability options	Defined exit strategy with long-term local ownership



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