




CLOSING THE GAP: ENSURING COMMUNITY ACCESS IN THE FUND FOR RESPONDING TO LOSS AND DAMAGE

Case Study Policy Report

 COLUMBIA CLIMATE SCHOOL
Climate, Earth, and Society

 HEINRICH
BÖLL
STIFTUNG
WASHINGTON,
DC


ACEOBSERVATORY
CLIMATE JUSTICE COLLABORATIVE

aceobservatory.org
climate.columbia.edu
lossanddamagecollaboration.org



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Image credit: Communities already possess the knowledge, organizational structures, and accountability systems needed to manage Loss and Damage finance effectively. It will be critical to ensure they can access the Fund for Responding to Loss and Damage directly. ([Shutterstock](#) / [SDV Photography](#)).

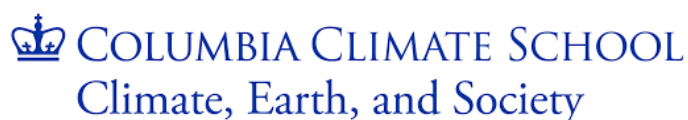


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EXECUTIVE SUMMARY

Background

The Fund for Responding to Loss and Damage (FrLD) faces a critical design choice between replicating existing climate finance patterns where resources pass through multiple intermediaries before reaching communities, or establishing new pathways that center affected populations in decision-making and resource allocation. Evidence from 18 case studies demonstrates the feasibility and effectiveness of the latter approach.

This policy brief examines 18 case studies spanning local, national, and international initiatives to identify proven mechanisms for ensuring community access to climate finance. The evidence is clear: **communities already possess the knowledge, organizational structures, and accountability systems needed to manage climate resources effectively.** What they lack is direct access to those resources and the power to decide how they are used.

Drawing from initiatives across six continents, from Vanuatu's legislated green energy fund to Kenya's community-managed carbon finance, from Brazil's massive conditional cash transfer program reaching 46 million people to Paraguay's 48-hour emergency grants via WhatsApp, this brief demonstrates that **multiple pathways exist** for channeling finance to communities. There is no single model; rather, success depends on choosing context-appropriate mechanisms that share common principles: flexible funding, participatory governance, simplified access requirements, and accountability that runs downward to communities, not only upward to donors.

For Direct Budget Support (DBS) to governments, a likely significant portion of FrLD disbursements, the brief identifies specific design features that determine whether funds empower or exclude communities. The analysis shows that DBS can work for communities when accompanied by multi-stakeholder oversight, devolved decision-making, community-based targeting, and recognition of informal institutions. Without these safeguards, however, DBS risks replicating documented patterns of exclusion and elite capture observed in climate finance delivery to date.

The brief concludes with actionable recommendations for the FrLD Board, organized by funding modality and governance level, providing a menu of evidence-based options rather than prescriptive requirements. The ultimate measure of the Fund's success will not be the volume of resources mobilized, but whether those resources reach the women, Indigenous Peoples, informal workers, displaced persons, and rural communities on the frontlines of climate impacts, and whether they have genuine power to decide how those resources are used.

Key Findings

Community Capacity and Governance

- Communities with decision-making power consistently deliver better outcomes than externally managed programs, as demonstrated across 18 case studies from Vanuatu to Brazil to Kenya
- Informal institutions (savings groups, Indigenous councils, cooperatives, women's collectives) successfully manage funds with strong social accountability, often more effectively than formal bureaucracies
- Multi-stakeholder governance bodies with civil society majorities produce more equitable, relevant, and sustainable results than government-only or donor-driven structures

Access and Inclusion

- Documentation requirements, formal registration mandates, and technical reporting systematically exclude refugees, displaced persons, informal workers, Indigenous Peoples, and women in patriarchal contexts
- Simplified application methods (WhatsApp voice notes, oral testimony, community validation, video documentation) are not less rigorous but more inclusive, reaching populations that formal systems miss
- Small grants delivered quickly have catalytic impact, preventing catastrophic livelihood losses when timing matches need

Financial Design and Flexibility

- Flexible, unrestricted funding enables communities to adapt to evolving crises (disaster recovery pivoting to pandemic response, agricultural support shifting to legal defense of land rights)
- Speed matters more than perfect targeting; 48-hour emergency disbursements in Paraguay and rapid mobile money transfers in Kenya prevented irreversible losses
- Overhead costs for community organizations are not excessive but essential for sustainability; chronic underfunding of organizational infrastructure forces cross-subsidization and staff burnout

Risk and Accountability

- Currency exchange losses, pre-financing gaps, and financial liability are systematically borne by local actors rather than shared equitably with international partners
- Downward accountability (community social audits, public meetings, accessible grievance mechanisms) builds trust and effectiveness; upward-only reporting creates compliance burdens without improving outcomes

- Front-loading trust and streamlining verification is worth occasional fraud risks; zero-tolerance policies deter participation and exclude the most vulnerable

Direct Budget Support Realities

- DBS can strengthen national ownership and scale interventions (Brazil's Programa Bolsa Familia reaching 46 million people) but requires specific safeguards: multi-stakeholder oversight, devolved decision-making, community-based targeting, and recognition of informal institutions
- Without these mechanisms, DBS reproduces elite capture, political manipulation, and exclusion patterns that have plagued climate finance
- Multiple proven models exist; there is no single pathway but rather context-appropriate mechanisms sharing common principles of flexibility, participation, and community power

Long-Term Sustainability

- One-off grants create dependency; multi-year core support (3-7 years) enables organizations to retain staff, build systems, and transition from implementers to leaders
- Domestic revenue streams (Fiji's levies generating \$120M; Vanuatu's revolving fund model) reduce donor dependency and provide political sustainability beyond electoral cycles
- National funds with legislative mandates and independent governance survive political transitions and create institutional permanence for climate finance management

Learning and Adaptation

- Participatory monitoring and community-defined indicators produce better learning than external evaluation frameworks focused on upward accountability
- South-South exchanges and peer learning networks are more effective for capacity building than technical assistance from international consultants
- Countries and communities need permission to experiment, fail, adapt, and iterate rather than rigid compliance with predetermined models

Core Recommendations

Critical design principle for BIM: Country ownership must guarantee community participation is foundational, in order to achieve the funds mandate of reaching climate-vulnerable communities. The evidence shows community-led mechanisms consistently outperform externally-controlled ones. However, even the strongest community ownership requires institutional scaffolding to operate at scale. Legal frameworks, inter-agency coordination, and multi-dimensional capacity don't replace community ownership, they enable it to function and spread. When institutional architecture accompanies community-led mechanisms from

inception, both succeed. When institutional support is absent or added post-hoc, even community-accepted pilots stall at scale.

1. Establish Community Governance as a Critical Design Principle All FrLD access modalities, whether Direct Budget Support or otherwise, should include multi-stakeholder governance with at least majority representation from civil society, Indigenous Peoples, women's organizations, and affected communities in partnership with relevant government actors. These representatives must have decision-making authority over fund allocation, project selection, and grievance resolution, not only advisory roles. Provide dedicated capacity-building grants to support meaningful participation.

2. Offer Countries a Menu of Proven Mechanisms, Not Prescriptive Requirements Rather than establishing a single model of community access under Direct Budget Support, provide countries with evidence-based mechanism options (multi-stakeholder boards, devolution to subnational levels, community-based targeting, cash transfers, national funds, etc.) which they can use to draw appropriate lessons to adapt to their context. Establish transparent reporting on community access outcomes (percentage of funds reaching local level, beneficiary diversity, grievance resolution rates) but allow flexibility in how these outcomes are achieved.

3. Create a Simplified Direct Access Window for Grassroots Organizations Establish a dedicated funding stream with small grants of accessible to informal groups, unregistered collectives, and community-based organizations without prior track record. Accept diverse application formats (oral, visual, community-validated) in local languages, allow fiscal sponsorship arrangements, fund overhead and provide embedded technical support rather than requiring capacity as a precondition for access.

4. Create & Fund National and Regional Intermediary Funds as Strategic Partners States can Invest in creating, strengthening and scaling proven intermediary models (national women's funds, Indigenous-led funds, civil society consortia, community foundations) as re-granting entities and technical support providers. Provide multi-year core support and capacity-building grants, not only project funding. Recognize these entities as legitimate implementing partners alongside governments, with direct access to FrLD resources.

5. Share Financial Risk Equitably and Fund True Costs Eliminate practices that transfer financial burden to the most vulnerable: provide pre-financing and bridge funding so local actors do not bear liquidity risk; denominate contracts in local currencies or find alternative mechanism; cover overhead costs (20-30%); and fund capacity building as embedded support, not as gatekeeping prerequisites. Establish clear risk-sharing frameworks that protect countries and community organizations from exchange rate losses and compliance penalties for circumstances beyond their control.

INTRODUCTION

The FrLD is being established against the backdrop of systemic inequities in climate finance. Current global flows overwhelmingly bypass frontline communities, despite widespread recognition that these same communities are disproportionately affected by climate-induced losses and damages. Research indicates that less than 10 percent of climate finance reaches the local level (IIED, 2017; Soanes et al., 2021), while less than 2 percent of overall climate philanthropy flows directly to grassroots organizations (ClimateWorks Foundation, 2021; Donors of Color Network, 2022). These inequities are not limited to international mechanisms: even national climate and disaster funds often fail to disburse resources to local actors, with bureaucracy, institutional capacity, and at times political instability creating significant barriers (Weikmans & Roberts, 2019; Mikulewicz, 2020).

Attempts to reform climate finance have generated important lessons but remain insufficient. Direct access modalities under the Adaptation Fund and the Green Climate Fund's Enhanced Direct Access pilots are often cited as innovations that brought resources closer to national and subnational institutions. However, these mechanisms still account for only a fraction of the finance delivered, meaning they too fall within the small share of funding estimated to reach the local level (Schalatek & Nakhooda, 2013; Brown et al., 2019). Moreover, high accreditation thresholds, complex fiduciary standards, and limited support for core capacity have constrained community organizations from benefiting fully from such modalities.

Civil society organizations (CSOs) have consistently proven central to bridging finance and communities. They act as access enablers, providing technical support to community-based organizations and helping overcome procedural hurdles, and as accountability actors, monitoring allocations, safeguarding human rights, and reducing risks of elite capture (Tariq & Raza, 2017; Schalatek, 2019). Their watchdog role has often been the only mechanism ensuring that the voices of marginalized groups are heard in decision-making processes. Evidence shows that when CSOs are actively engaged, finance becomes more transparent, responsive, and aligned with local priorities. Importantly, research has underscored the role of CSOs in participatory decision-making and in devolving resources closer to the ground (Brown et al., 2019). In humanitarian contexts, models such as Cash and Voucher Assistance further demonstrate that CSOs can deliver funds directly, rapidly, and with dignity, reinforcing their ability to manage resources effectively while strengthening community agency (Harvey et al., 2018; CALP Network, 2022). This body of evidence highlights that communities and local civil society organizations are not peripheral actors but indispensable to ensuring that finance reaches those most affected, not as passive recipients but as active agents shaping, delivering, and monitoring responses.

Against this backdrop, the purpose of the present study is to document and analyze case studies of community access, highlighting both enabling conditions, lessons learned, and persistent obstacles. By drawing on this evidence, the study seeks to inform the FrLD Board on

how to avoid replicating past shortcomings and instead design access modalities that are both efficient and just. Communities must be recognized not only as beneficiaries but as active agents in the design, delivery, and monitoring of responses to loss and damage. Embedding these lessons is critical to ensuring the FrLD fulfills its justice-centered mandate and delivers resources to those who need them most.

THE LOCAL DIMENSION GAP

The critical challenge of reaching local actors is common to both climate finance and development efforts. However, research reveals that it is difficult to program and track local-level funding accurately (Brooks et al., 2011). Local investments are underrepresented, as large-scale mitigation projects, such as national renewable energy systems, tend to dominate global climate funds. While mitigation impacts are frequently analyzed, development impacts, experienced locally, are rarely quantified and prioritized (Mori-Celenta and Bednar-Friedl, 2019). For example, only 11% of public multilateral climate funds (2003–2015) went to local-level initiatives, with \$1.6 billion allocated among smaller, community-based interventions (Soanes & Shakya, 2016). This gap is compounded by the lack of results measurement frameworks and indicators designed to capture local impacts. The granularity of data collection at the project level is often missing, making it difficult to demonstrate the value and effectiveness of community-based interventions. Addressing this from the outset through robust results measurement and management frameworks like those the FrLD can establish is essential to closing the local dimension gap.

The majority of climate funds are allocated to **large-scale mitigation projects** at national and international levels, focusing on efforts like renewable energy systems and **cross-border cap-and-trade mechanisms**. These projects aim to reduce emissions by creating flexible incentives that help countries control pollution efficiently, aligning with global climate targets (Soanes et al., 2017). However, the structural barriers facing community-focused initiatives are significant. The biggest hurdle is that community-focused implementers face major difficulties in becoming accredited to access climate funds directly. Most climate finance flows through bilateral channels or multilateral development banks (MDBs), which typically do not prioritize or accommodate community-focused groups as implementers. Even in funds that allow direct access, such as the Green Climate Fund (GCF), requirements like co-financing *de-facto* mandates, incremental cost approaches, and a preference for loans over grants create substantial obstacles for community-based organizations that typically need full-cost grant support and may have limited access to co-financing. While some progress has been made, for instance, the GCF's growing focus on energy access is beginning to reach more local levels, adaptation funding, which is inherently more community-focused than mitigation, continues to face resource constraints. These systemic challenges mean that even well-prepared communities struggle to access the climate finance they need.

BREAKING THE MOLD: FRLD AS A NEW STANDARD OF CLIMATE FINANCE

National governments often carry primary responsibility for social protection, ensuring citizens have access to basic services, stabilizing livelihoods, and economic support in times of crisis. Formal social protection refers to government-implemented or mandated programs that transfer resources to individuals and households, aiming to support income stability during periods of hardship or improve living standards (Midgley, 2022). These programs encompass various forms, including social assistance, social insurance, employer mandates, universal allowances, labor market policies, and certain tax benefits (ILO, 2022; Midgley, 2022). These public systems are a cornerstone of national resilience, particularly in the context of climate-induced loss and damage.

Country ownership has been recognized as a foundational principle in multilateral climate finance, referring to the capacity and authority of national governments to manage climate investment within their territories (GCF, 2020). Following priorities set by countries in their national strategies and plans (i.e. NDCs, NAPs, etc) is meant to foster coherence, coordination, legitimacy and alignment with national development priorities, policies, and strategies. National governments play a crucial role in setting broad policy frameworks, strategic alignment of environmental and development goals, and mobilizing international climate finance, leveraging macro-level insights to integrate climate resilience into economic and social frameworks.

However, in practice, the relationship between climate funds and recipient countries is fundamentally government-centric. Most multilateral climate funds, including those under the UNFCCC and Paris Agreement (such as the GCF and Adaptation Fund), designate "parties" or countries as recipients, effectively equating country ownership with government ownership. This structure gives national governments gatekeeping authority over climate finance flows. No money can flow without formal government approval, typically through a letter of no-objection for proposed projects. Similarly, the accreditation of national-level entities for direct access requires government endorsement in both the GCF and Adaptation Fund. This means governments control not only which projects proceed, but also which national, sub-national or regional actors can become accredited implementers. In practice, governments often decline to support entities they oppose politically or ideologically, including community-focused groups that work with marginalized populations facing systematic exclusion based on ethnicity, religion, or other characteristics. Meanwhile, rules around participation and engagement at the country level remain guidelines at best, encouraged but not mandated, leaving vulnerable communities with little recourse when excluded from decision-making processes.

Traditionally, most multilateral climate funds under the UNFCCC and Paris Agreement (i.e., GCF, AF, etc.) have been structured so that national governments are the sole representative of the country and the only recipient of funding. The Governing Instrument of the Loss and Damage Fund deliberately breaks that mold. It explicitly requires the Board to establish community and enhanced direct access modalities, enabling national, subnational, and even non-governmental actors to receive support directly, fulfilling its promise of additionality not just in resources but in architecture. **For the FrLD to realize this promise, it must rethink "country ownership" and develop pathways that can work around traditional no-objection procedures when these mechanisms become tools of exclusion rather than coordination.**

Mechanisms such as the letter of no objection, mandatory for project approval in traditional funds, give governments ultimate control over which actors can access funding. Such architecture reinforces top-down systems, especially when states fail to represent or actively exclude marginalized communities. Moreover, in fragile contexts or disaster-prone regions, national efforts may falter. In such cases, local actors, including community-based organizations, mutual aid networks, and local governments, step in to fill gaps typically covered by government-led development efforts.

The centralization of resources can impede the flow of resources to where they are needed the most: local communities. Centralized barriers may include bureaucratic delays, political instability, structural inefficiencies, lack of transparency, human capital constraints, opaque decision-making processes, lack of political will, or misalignment with local needs. Addressing these barriers requires an effective balance between country ownership and community ownership, localized finance, or locally led finance.

While intended to ensure strategic alignment with national priorities, these procedures can inadvertently limit access for local actors, particularly when governments lack the capacity to support diverse applications, political dynamics prevent inclusive engagement, or marginalized communities are not prioritized in national planning. This dynamic has been widely acknowledged as a barrier to equity and responsiveness, especially for those on the front lines of loss and damage who often cannot wait for lengthy bureaucratic processes or who may be excluded from official channels.

Mobilizing climate finance to the local level remains a persistent challenge: only 11% of multilateral climate finance reaches local communities. A significant share of already insufficient funding is absorbed by international or national-level actors, creating a bottleneck for scaling community-led solutions, investing in local capacity, and fostering innovation on the ground. Many approaches remain top-down, relying on management by donors, major intermediaries, and central governments. Research shows that only 6% of community-focused climate finance includes any form of local decision-making (WRI, 2021), underlining the limited impact of state-led distribution on community empowerment.

This disconnect is especially problematic in contexts where national governments either lack capacity or the political will to engage marginalized communities. Bureaucratic delays, political favoritism, opaque decision-making, and structural inequalities often mean that funds never reach those most in need. In fragile or disaster-prone regions, national systems may be entirely unable or unwilling to deliver services, and local actors are the ones stepping in: community-based organizations, mutual aid groups, and local governments.

When we disaggregate the data, the picture becomes even more concerning. Only 2.1% of total global humanitarian funding reaches local and national women's organizations with lower share for climate-related official development assistance (UN Women, 2022, OECD, 2022). Less than 1% of total climate finance flows directly to Indigenous Peoples, despite their governance over 80% of the world's remaining biodiversity (Forest Trends, 2021). Migrants and displaced persons are often absent altogether in climate finance tracking, as most funding channels are state-based and do not account for mobile, stateless, or cross-border communities (IOM, 2021).

These figures reveal not just a lack of localization, but a pattern of systemic exclusion within climate finance architecture. Research further shows that only 6% of community-focused climate finance includes any form of local decision-making authority (WRI, 2021), underlining how current state-led models often miss the opportunity to strengthen community resilience, autonomy, and innovation.

The Loss and Damage Fund, however, has a unique opportunity to set a new standard. As articulated in its Governing Instrument, the Fund is designed to be additional, both in purpose and architecture, distinct from adaptation and mitigation finance. To uphold this promise of additionality, the LDF must go beyond existing climate finance models by enabling direct, flexible, and inclusive access to resources for local actors. This means:

- Avoiding overreliance on intermediaries and instead creating complementary alternative access pathways for communities and civil society, especially where centralization may hinder inclusion.
- Establishing decentralized governance structures. National policies should support decentralized governance structures that facilitate the flow of funds to local levels. This includes creating legal and institutional frameworks that empower local governments and communities to manage climate finance (IIED, 2020).
- Embedding community access modalities and participatory grantmaking mechanisms that allow frontline communities to receive and manage funding aligned with their needs.
- Collaborating with the Santiago Network for Loss and Damage to provide capacity building and technical assistance to help bridge gaps in knowledge, skills, and capacity, ensuring that both governments and local actors can effectively utilize climate finance.
- Reforming or waiving the no-objection procedures when exclusion, conflict, or political obstruction prevents funding from reaching those most affected.

- Establishing robust, participatory, and transparent feedback loops, monitoring, and reporting systems that enable continuous learning and improvement.

In doing so, the Loss and Damage Fund can prove its additionality not just in funding volume, but in structure, equity, and speed of delivery, aligning with its mandate to support those already experiencing climate-induced harm. Incorporating community ownership or localized finance into the framework of country ownership, that goes beyond national government institutions, transforms the top-down approach of climate finance into a more participatory and inclusive process. This expanded ownership model approach facilitates precise targeting of funds, ensuring they address specific local vulnerabilities, enhance social equity, contribute to local capacity building, and support additional environmental and economic co-benefits. For instance, in regions where Indigenous communities are most affected by deforestation and climate degradation, granting these communities control over the funds for forest conservation can lead to more sustainable and culturally aligned practices. Similarly, local coastal communities, often on the front lines of climate impacts such as rising sea levels and increased storm frequencies, can benefit from directly managing funds intended for coastal resilience projects.

Community ownership promotes social equity and justice, providing voice and decision-making power to marginalized and vulnerable groups. This strengthens the transparency and accountability of finance mechanisms. Local actors have an inherent understanding of the environmental and social dynamics of their region, they are uniquely positioned to respond swiftly and appropriately to climate challenges. Their deep community ties allow them to implement innovative approaches aligned with local traditions and knowledge, often overlooked in broader national strategies. **In contexts where national systems systematically exclude marginalized communities (whether due to capacity constraints, structural barriers, or other factors) alternative mechanisms may be necessary to ensure equitable access. This exclusion, often driven by ethnic, religious, or ideological motivations, persists even where formal procedures exist. In such contexts, the FrLD must establish safeguards and alternative pathways that ensure marginalized groups can access support regardless of national government positioning.** Thus, leveraging local and community actors enhances the agility and effectiveness of loss and damage efforts. For example, in the aftermath of extreme weather events, local organizations have been pivotal in providing immediate relief, mobilizing resources more rapidly and effectively, engaging directly with affected populations for long-term resilience-building efforts.

Shifting climate finance toward community-led and locally responsive mechanisms is not just a moral imperative grounded in equity and justice, it is a proven strategy for effectiveness, sustainability, and credibility. Evidence shows that programs designed and implemented with local leadership deliver more contextually relevant solutions, build long-term resilience, and improve the efficiency of resource use (Soanes et al., 2021; WRI, 2021). This approach also enhances the legitimacy and reputation of climate funds. In a time of heightened global scrutiny and demand for climate accountability, funders that demonstrate responsiveness to

frontline realities are increasingly seen as innovative, trustworthy, and impactful. Institutions that support participatory, decentralized, and just approaches to finance are more likely to attract support from civil society, build long-term donor confidence, and position themselves as global leaders in climate equity. As highlighted by OECD (2022), locally led adaptation approaches are not fringe ideals, they are emerging best practices. The shift to community-centered finance should be recognized as both an ethical evolution and a smart institutional strategy aligned with current global trends.

For climate finance to be truly effective, it must integrate both country and community ownership. National governments and local communities must work collaboratively to ensure that financial resources are allocated efficiently and equitably. This synergy can be achieved through several strategies. The integration of country and community ownership provides a critical link to unlock the whole-of-society power to ensure climate finance can be more impactful, inclusive, equitable, and effective. This holistic approach ensures that financial resources reach those most in need, enabling both national and local actors to collaborate in building a resilient and sustainable future.

Methodology Note

This brief analyzes 22 mechanisms delivering climate finance to frontline communities across more than 15 countries spanning Africa, Asia, Latin America, and the Pacific. Cases were selected based on demonstrated community access, documented outcomes, and relevance to Loss and Damage contexts. Each case was systematically reviewed against criteria including governance structure, funding pathways, community participation, accountability mechanisms, and effectiveness. Full methodology and selection criteria are available upon request.

Comparative Analysis

Case Study Typology Matrix

| Case | A. Governance | B. Access | C. Equity & Reach | D. Accountability | E. Effectiveness | F. Barriers | G. Innovation | H. Perspective | I. Sustainability | J. Speed |
|-------------------|----------------------------------|---------------------------|--------------------------|-------------------|------------------|------------------------------------|------------------------|------------------------------|---|----------------|
| International | | | | | | | | | | |
| Pawanka Fund | Community-controlled | Enabling intermediary | Intersectional targeting | Community-led | High | Overcome with replicable solutions | Governance + Process | Organizational documentation | Hybrid | Moderate |
| DGM (GEF) | Co-governed | Facilitating intermediary | Intersectional targeting | Participatory | High | Overcome (context-specific) | Governance + Process | Organizational documentation | Donor-dependent | Moderate |
| Christian Aid CVA | Externally-led with consultation | Enabling intermediary | Geographic targeting | Hybrid | Moderate | Overcome (context-specific) | Delivery | Organizational documentation | Donor-dependent | Rapid response |
| FRIDA | Community-controlled | Enabling intermediary | Intersectional targeting | Community-led | High | Overcome (context-specific) | Governance + Financing | Organizational documentation | Donor-dependent (building toward endowed) | Moderate |

| | | | | | | | | | | |
|--|---|---------------------------|---------------------------------|---------------|---|------------------------------------|--------------------|------------------------------|---|--|
| Next Level Grant Facility | Co-governed | Enabling intermediary | Intersectional targeting | Participatory | High | Overcome with replicable solutions | Process | Organizational documentation | Donor-dependent | Rapid response (emergency); Moderate (opportunity) |
| Fundación Avina | Co-governed | Facilitating intermediary | Intersectional targeting | Participatory | High | Overcome with replicable solutions | Process | Organizational documentation | Donor-dependent | Moderate |
| National Public & Semi Public | | | | | | | | | | |
| Vanuatu NGEF | Government-led with community participation | Enabling intermediary | Geographic targeting | Hybrid | High | Overcome (context-specific) | Financing | Organizational documentation | Revolving | Slow |
| Bolsa Familia (Brazil) | Government-led with community participation | Automatic enrollment | Single-axis targeting (poverty) | Hybrid | High | Overcome with replicable solutions | Delivery + Process | External analysis | Hybrid (government budget + conditionality revenue) | Rapid response |
| Bangladesh BCCRF | Externally-led with consultation | Controlling intermediary | Geographic targeting | Upward only | Ineffective/stalled | Documented but unresolved | Adapted/replicated | External analysis | Donor-dependent (stalled) | Very slow |
| Vanuatu Digital Cash | Government-led with community participation | Direct (intended) | Geographic targeting | Hybrid | Limited effectiveness (pilot succeeded, scale-up stalled) | Documented but unresolved | Delivery | Organizational documentation | Donor-dependent | Moderate (pilot); Very slow (scale-up) |

| | | | | | | | | | | |
|---------------------------------|---|-----------------------|---------------------------------------|---------------|------|------------------------------------|------------------------|------------------------------|--------------------------------|----------------------------------|
| Fiji CROC | Government-led with community participation | Enabling intermediary | Geographic targeting | Hybrid | High | Partially addressed | Governance + Financing | Organizational documentation | Hybrid | Slow |
| AWDF (Ghana) | Community-controlled | Enabling intermediary | Intersectional targeting | Community-led | High | Partially addressed | Governance + Financing | Organizational documentation | Hybrid | Moderate + Rapid response window |
| National Not Public | | | | | | | | | | |
| NDN Collective | Community-controlled | Direct | Intersectional targeting | Community-led | High | Overcome with replicable solutions | Governance + Financing | Organizational documentation | Hybrid (moving toward endowed) | Moderate |
| Maria Fund (Puerto Rico) | Community-controlled | Direct | Intersectional targeting | Community-led | High | Overcome (context-specific) | Governance | Community voices centered | Donor-dependent | Rapid response |
| Lola Crochet | Community-controlled | Direct | Single-axis targeting (women & youth) | Community-led | High | Overcome (context-specific) | Financing | Community voices centered | Hybrid | Moderate |
| Local | | | | | | | | | | |
| NDN Collective | Community-controlled | Direct | Intersectional targeting | Community-led | High | Overcome with replicable solutions | Governance + Financing | Organizational documentation | Hybrid (moving toward endowed) | Moderate |

| | | | | | | | | | | |
|------------------------------|----------------------------------|---------------------------|--|---------------|------|------------------------------------|----------------------|------------------------------|-----------------|----------------|
| Mikoko Pamoja (Kenya) | Co-governed | Direct | Geographic targeting | Participatory | High | Overcome (context-specific) | Financing | Community voices centered | Market-based | Moderate |
| GADY-RCA | Co-governed | Enabling intermediary | Intersectional targeting | Participatory | High | Partially addressed | Delivery + Process | Community voices centered | Donor-dependent | Moderate |
| Kenya Cash Consortium | Co-governed | Facilitating intermediary | Geographic targeting | Participatory | High | Partially addressed | Governance + Process | Organizational documentation | Donor-dependent | Moderate |
| Fundación Avina | Co-governed | Facilitating intermediary | Intersectional targeting | Participatory | High | Overcome with replicable solutions | Process | Organizational documentation | Donor-dependent | Moderate |
| AIDMI Heat | Externally-led with consultation | Enabling intermediary | Single-axis targeting (informal workers) | Hybrid | High | Partially addressed | Process + Delivery | Organizational documentation | Donor-dependent | Rapid response |
| HIVA Libehiya | Co-governed | Enabling intermediary | Geographic targeting | Participatory | High | Partially addressed | Delivery | Organizational documentation | Donor-dependent | Moderate |
| HIVA Lafey | Co-governed | Enabling intermediary | Intersectional targeting | Participatory | High | Overcome (context-specific) | Process + Governance | Organizational documentation | Donor-dependent | Moderate |

LESSONS LEARNED BY LEVEL

LESSONS LEARNED NATIONAL LEVEL: PUBLIC GOVERNMENT-LED

What Works

- **National legislation establishing funds with legal personality** (Vanuatu's NGEF Act No. 10 of 2018; Fiji's Climate Change Act 2021) provides continuity beyond electoral cycles
- **Dedicated domestic revenue streams** (Fiji's VAT levy, plastic bag levy, superyacht levy generating \$120M) reduce donor dependency
- **National-to-local coordination through existing structures** (Brazil's Bolsa Família's municipal-federal architecture; NGEF's provincial outreach)
- **Integration with social protection systems** (Bolsa Família's Cadastro Único registry used for climate transfers) rather than parallel mechanisms
- **Performance-based incentives for subnational governments** (Brazil's IGD index linking municipal administrative support to quality scores)
- **Legal frameworks for community forest management** (DGM's Community Forest Associations in Kenya; Indonesia's adat recognition)

What Doesn't Work

- **Austerity-driven fiscal oversight boards overriding community priorities** (Puerto Rico's FOMB blocking recovery spending)
- **Centralized eligibility determination** excluding displaced persons, informal workers, and those without state-issued ID
- **Political capture and elite manipulation** (Bangladesh's concerns about political interference; Brazil's early fraud allegations)
- **Slow bureaucratic approvals** (BCCRF's delays from coordination failures; Vanuatu's digital cash pilot stalled by Reserve Bank letter requirements)
- **Conditional cash transfers with rigid behavioral mandates** when circumstances make compliance impossible (school attendance requirements during displacement)

Critical Design Choices for FrLD

1. **National Designated Authorities (NDAs) should establish multi-stakeholder governance bodies** with majority civil society representation, not exclusive government-only entities representation
2. **Allow direct access for subnational governments** (provinces, municipalities, Indigenous territories) to support ease national bottlenecks
1. **Establish grievance mechanisms independent of implementing agencies**, with community representatives empowered to investigate complaints
3. **Provide pre-financing and bridge funding** so governments don't have to front-load costs before reimbursement
4. **Accept in-kind co-financing and community labor** as legitimate contributions rather than requiring cash matching

LESSONS LEARNED NATIONAL LEVEL: NOT-PUBLIC

CIVIL SOCIETY

What Works

- **Independent civil society funds with feminist, decolonial governance** (María Fund's solidarity model; AWDF's pan-African board)
- **Locally-rooted intermediaries with deep community trust** (Fundo Casa in Brazil; CODEHUPY in Paraguay; KUN Humanity System in Indonesia)
- **Rapid response windows for emergencies** (María Fund's post-disaster grants; NLGF's 48-hour disbursements)
- **Flexible application formats** (WhatsApp voice notes in Paraguay; video documentation in Fundación Avina's evidence project; oral proposals in Pawanka)
- **Accompaniment and mentorship models** rather than arms-length grantmaking (Christian Aid's CVA capacity building; Pawanka's technical support)
- **Blended revenue models** (AWDF combining donor grants with earned income; NDN Collective's investment vehicles alongside philanthropy)
- **Peer-to-peer learning and movement-building** (María Fund's narrative change work; NDN's Collective Abundance Fund integrating financial literacy)

What Doesn't Work

- **Fiscal sponsorship as default arrangement** forcing unregistered groups to cede control to legally recognized intermediaries (Tunisia's workaround in NLGF, though necessary, still creates dependencies)
- **Grant sizes too small to cover true costs** leading to cross-subsidization and organizational fragility
- **Annual reporting cycles mismatched to agricultural seasons, monsoon patterns, and project realities**
- **Restricted funding for "project activities only"** prohibiting investment in staff retention, office infrastructure, advocacy, or emergency response
- **Dependence on single donors or short-term contracts** creating existential insecurity (AWDF's challenge; María Fund's sustainability concerns)

Critical Design Choices for FrLD

1. **Create a access modalities dedicated for local and community-Led Organizations (LCLO)** with simplified access requirements, no prior track record needed, and capacity-building grants embedded
2. **Advise countries to support or create national funds** (following NLGF model) as intermediaries managed by trusted civil society consortia with deep local legitimacy
3. **Fund feminist, Indigenous, and grassroots funds as re-granting entities** (NDN Collective, Pawanka, María Fund models) rather than creating parallel structures
4. **Allow overhead rates** for small organizations with high field presence and community engagement costs

5. **Provide multi-year core support** (3-5 years minimum) alongside project grants to build institutional resilience

LESSONS LEARNED: INTERNATIONAL LEVEL

What Works

- **Decentralized global governance with regional subsidiarity** (Pawanka Fund's seven-region model; DGM's national steering committees)
- **Indigenous and community-led oversight bodies with decision-making power**, not advisory roles (DGM's National Steering Committees approving projects; Pawanka's Guiding Committee composed entirely of Indigenous leaders)
- **Cultural Due Diligence as a standard** (Pawanka's eight cultural criteria replacing Western legalistic checklists)
- **Knowledge exchange platforms** that connect communities horizontally rather than vertically through headquarters (Pawanka's peer learning; DGM's global meetings)
- **Diversified financial instruments** combining grants, concessional loans, and equity (NGEF; NDN Fund's lending programs)

What Doesn't Work

- **Centralized trustee arrangements with limited community voice** (BCCRF's World Bank governance tensions; delays from Reserve Bank approvals in Vanuatu's digital cash pilot)
- **One-size-fits-all eligibility criteria** that ignore legal pluralism, informal economies, and diverse organizational forms
- **Competitive proposal processes** that pit communities against each other and favor those with English-language technical writing capacity
- **Short-term (1-2 year) project cycles** mismatched to the long-term nature of resilience-building and recovery from slow-onset loss
- **Donor-driven M&E frameworks** that prioritize upward accountability over learning and adaptation

Critical Design Choices for FrLD

1. **Establish a Vulnerable-Community Advisory Committee** to support access modalities, eligibility criteria, and complaints mechanisms,
2. **Support regional sub-funds** with autonomous decision-making (following Pawanka and NLGF models)
3. **Prioritize locally-rooted organizations from accessing the funds**, with international NGOs or multilateral agencies only serving as technical advisors or fiscal sponsors at the request of local actors.

LESSONS LEARNED: LOCAL LEVEL

What Works

- **Community Forest Associations, cooperatives, and membership organizations as legal recipients** (Mikoko Pamoja's CFA; GADY-RCA's tontines; Lola Crochet Foundation)
- **Participatory budgeting processes** where communities decide use of funds through assemblies (Mikoko Pamoja's revenue allocation; GADY-RCA's agricultural planning)
- **Direct digital transfers to individuals' mobile money accounts** (Vanuatu's pilot; GADY-RCA's Orange Money; Christian Aid's CVA)
- **Group cash transfers to collective entities** (Christian Aid's GCTs to CBOs; DGM's community project grants)
- **Community-based monitoring and social audits** rather than external evaluators (Bolsa Família's Social Control Councils; NGEF's community feedback loops)
- **Local procurement and hiring** stimulating economies (Mikoko Pamoja's casuarina plantations; Lola Crochet's product sales)
- **Integration of traditional knowledge and Indigenous governance** (Pawanka's cultural criteria; DGM's FPIC processes; Mikoko Pamoja's elder leadership)

What Doesn't Work

- **In-kind aid substituting for cash** when markets are functional and people need diverse goods (Christian Aid's CVA evidence; Vanuatu's shift from food distribution)
- **External targeting overriding community knowledge** of who is most vulnerable (Kenya Cash Consortium's tensions; NLGF's learning to trust local selection)
- **Insufficient training on financial tools** leaving people unable to use digital systems (GADY-RCA's initial struggles; need for ongoing mentorship)
- **Lump-sum payments** when phased disbursements aligned to seasonal needs would be more effective (Kenya's learning; Brazil's monthly transfers)
- **Project timelines mismatched to agricultural calendars, school terms, or fishing seasons** (AIDMI's challenge when funding arrived after planting; Christian Aid's timing issues).

Critical Design Choices for FrLD

1. **Recognize informal groups, unregistered collectives, and customary authorities** as eligible recipients without requiring formal NGO status
2. **Allow communities to self-identify needs and propose solutions** rather than requiring alignment with pre-determined programs.
3. **Provide funds in local currencies through locally accessible channels** (mobile money, community banks, postal services, cooperative credit unions)
4. **Accept diverse forms of evidence** including oral testimony, participatory video, community validation, and elder verification, not only written documentation
5. **Embed facilitation and technical support** within funding arrangements, not as separate prerequisites to access.

ENSURING COMMUNITY ACCESS

Cross-Cutting Lessons from All Case Studies

1. Community-Led Governance Delivers Better Outcomes Across contexts (from Vanuatu's NGEF to Pawanka Fund to Kenya's Mikoko Pamoja) decisions made by affected communities consistently produce more relevant, sustainable, and equitable results than externally driven processes. Multi-stakeholder boards with community majorities (not token representation) are essential.

2. Flexible, Unrestricted Funding Enables Adaptive Response The most successful initiatives provided flexible grants without rigid conditionalities. Communities facing intersecting crises need the autonomy to redirect resources as circumstances evolve, disaster recovery pivoting to pandemic response, or agricultural support shifting to legal defense of land rights.

3. Small Grants Have Catalytic Impact Evidence from GADY-RCA (₹3,000-7,000), AIDMI's heat resilience grants, and NLGF's emergency funding demonstrates that modest amounts, when delivered quickly, directly, and with trust, can prevent catastrophic livelihood losses and enable long-term adaptation.

4. Speed Matters More Than Perfection Paraguay's 48-hour emergency disbursements (NLGF) and Kenya's rapid mobile money transfers show that waiting for complete documentation or perfect targeting costs lives and livelihoods. Front-loading trust and streamlining verification are worth occasional fraud risks.

5. Informal Institutions Are Legitimate Intermediaries Tontines in Central African Republic, Indigenous councils in Indonesia, women's cooperatives in Tunisia, and slum dwellers' federations in Kenya all successfully managed funds with strong social accountability, often more effectively than formal bureaucracies. The FrLD must recognize and resource these structures.

6. Documentation Burdens Exclude the Most Vulnerable National ID requirements, formal registration mandates, and technical reporting systematically exclude refugees, displaced persons, informal workers, Indigenous peoples, and women in patriarchal contexts. Simplified, oral, visual, and community-validated approaches (Fundación Avina's storytelling, Paraguay's WhatsApp applications) are not "less rigorous", they are more inclusive.

7. Multi-Year, Predictable Funding Builds Capacity One-off grants create dependency and extract knowledge without leaving institutional strength. NDN Collective's multi-year core support, AWDF's institutional grants, and Pawanka's successive funding enabled organizations to retain staff, build systems, and transition from implementers to leaders.

8. Currency Risk and Exchange Rate Losses Are Borne by Local Actors Kenya Cash Consortium's experience of national NGOs absorbing exchange rate fluctuations while

contracts were denominated in Euros exemplifies a widespread injustice. The FrLD must either denominate in local currencies or provide hedging mechanisms.

9. Overhead and Indirect Costs Are Not "Waste" The chronic underfunding of organizational infrastructure (highlighted in KCC, AWDF, GADY-RCA) forces local actors to cross-subsidize from other sources, burnout staff, and remain fragile. Full cost recovery is not excessive; it is essential for sustainability at the local level.

10. Community Ownership ≠ Community Burden Participation must be compensated. Expecting communities to volunteer for targeting committees, monitoring visits, and feedback sessions while facing food insecurity extracts unpaid labor. Stipends, transport reimbursements, and honoraria are justice, not generosity.

Achieving Community Access Through Direct Budget Support

Direct Budget Support (DBS) to national governments is one critical modality that presents both opportunities and risks for community access. While this section focuses on DBS, the principles of meaningful community engagement, grievance mechanisms, and accountability apply to all financing instruments. The case studies provide clear guidance on making DBS work for, rather than against, frontline communities.

The Promise of DBS

When well-designed, DBS can:

- **Strengthen national ownership** and sovereignty over climate response (Vanuatu's NGEF; Fiji's CROC)
- **Integrate L&D responses with social protection systems** for efficiency and sustainability (Brazil's Bolsa Família)
- **Build institutional capacity** within ministries and subnational governments to manage future climate finance
- **Leverage domestic political economy** to sustain programs beyond donor funding cycles (Fiji's domestic levies)
- **Scale interventions rapidly** using existing administrative infrastructure (Brazil reaching 46 million people)

The Perils of DBS

Without safeguards, DBS risks:

- **Capture by central ministries** with limited accountability to affected populations (BCCRF's coordination failures)

- **Exclusion of marginalized groups** through rigid eligibility criteria (Kenya's ID requirements; Tunisia's registration barriers)
- **Elections influence** over programming (Brazil's early concerns; Bangladesh's election-year tensions)
- **Austerity override** when fiscal consolidation and competing emergencies in already strained economies trump specific goals (Puerto Rico's FOMB; Vanuatu's budget reallocation)
- **Top-down targeting** ignoring community knowledge and priorities (contrasted with bottom-up approaches in NLGF, Pawanka)

Enabling Environment for Community-Centered DBS

1. Governance Architecture

- **Multi-stakeholder oversight bodies** at national and subnational levels with:
 - majority seats held by civil society, Indigenous organizations, women's groups, youth movements, and affected community representatives — at minimum, no less than one-third representation
 - Binding authority over project selection, fund allocation, and complaints resolution, not advisory roles
 - Independent secretariat support and meeting facilitation resources
 - Public transparency portals showing all funding decisions in accessible formats
- **Devolution to subnational and local levels** through:
 - Block grants to provinces, municipalities, and Indigenous territories with community-led budgeting
 - Community Forest Associations, Village Development Committees, and other customary authorities recognized as implementing entities
 - Grievance mechanisms at subnational level, not only national offices

2. Eligibility and Targeting

- **Community-based selection processes** where local assemblies council or committees identify beneficiaries using their own vulnerability criteria, validated (not overridden) by external data, with:
 - Affirmative measures to ensure women, Indigenous peoples, persons with disabilities, and other marginalized groups have voice and decision-making power in these local decision-making bodies.
- **Simplified identification** accepting oral testimony, community validation, elder verification, and customary documentation, not only national ID cards
- **Inclusion of non-citizens and displaced persons** (refugees, returnees, stateless populations, migrant workers) excluded from national registries
- **Affirmative measures** for women, Indigenous Peoples, persons with disabilities, LGBTQI+ individuals, and other marginalized groups facing structural barriers

3. Fund Flow and Flexibility

- **Direct transfers to communities and individuals** through:
 - Mobile money platforms with training and support (Vanuatu, Kenya, CAR models)

- Community-managed bank accounts for collective projects (Mikoko Pamoja, GADY-RCA)
- Cash-in-hand via trusted local facilitators where digital infrastructure is absent
- Postal savings systems and cooperative credit unions
- **Flexible use parameters** allowing communities to:
 - Determine their own priorities rather than conforming to pre-defined activities
 - Reallocate across categories (livelihood support ↔ disaster recovery ↔ legal defense ↔ health care) as needs evolve
 - Invest in both tangible assets (infrastructure, equipment) and intangible needs (advocacy, care work, cultural practices)
- **Phased disbursements aligned to local realities:**
 - Agricultural calendars (planting season advances, harvest support)
 - Seasonal climate patterns (pre-monsoon preparedness, dry season water access)
 - Social rhythms (school fee periods, festival times, fishing cycles)

4. Reporting and Accountability

- **Downward accountability prioritized over upward reporting:**
 - Community social audits and public meetings where governments explain spending
 - Local radio, community boards, and SMS updates on fund availability and decisions
 - Accessible complaints mechanisms with community representation in investigation
- **Simplified reporting:**
 - Narrative formats in local languages, not only English technical templates
 - Visual documentation (photos, videos, participatory mapping) alongside financial reports
 - Oral progress updates recorded and transcribed rather than requiring literacy
 - Community validation as legitimate verification, not only external audits
- **Learning orientation** rather than punitive enforcement:
 - Technical assistance when implementation challenges arise, not immediate suspension
 - Flexible correction mechanisms rather than zero-tolerance fraud policies that deter participation
 - Peer learning exchanges between communities to share solutions

5. Institutional Support

- **Capacity building embedded within funding**, not as gatekeeping prerequisite:
 - Financial management training for community treasurers and local facilitators
 - Digital literacy support for mobile money and online reporting platforms
 - Advocacy and policy engagement skills for community representatives in oversight bodies
- **Intermediary support organizations** funded to:
 - Accompany communities through application and reporting processes
 - Facilitate participatory planning and budgeting sessions
 - Provide legal, technical, and administrative backstopping
 - Mediate conflicts and support grievance resolution

- **Full cost recovery for locally-rooted implementing entities:**
 - Overhead rates covering administrative costs, staff retention, office infrastructure
 - Pre-financing and bridge funding so entities don't bear liquidity risks
 - Currency hedging or local-currency denomination to eliminate exchange rate losses

6. Integration with Existing Systems

- **Leverage social protection registries** (like Brazil's Cadastro Único) while ensuring:
 - Updates to include climate-specific vulnerabilities and non-economic losses
 - Community validation of registry data to correct exclusion errors
 - Privacy protections preventing misuse of beneficiary information
- **Coordinate with subnational climate planning** (Heat Action Plans, Local Adaptation Plans, Integrated Development Plans) to:
 - Align DBS priorities with community-identified needs in planning documents
 - Fund gaps in existing programs rather than creating parallel structures
 - Build municipal and provincial capacity to manage future climate finance
- **Link to traditional institutions** (Indigenous governance systems, religious mutual aid networks, kinship-based support structures) that:
 - Already function as informal safety nets and risk-sharing mechanisms
 - Command social legitimacy and trust that formal institutions may lack
 - Operate with cultural competence and contextual knowledge

When Alternative Delivery Channels May Be More Appropriate for ensuring community access

The FrLD should conduct contextual assessments to determine the most effective delivery mechanism for ensuring community access. In certain contexts, alternative complementary channels may better serve affected communities than Direct Budget Support. The Fund should consider using regionally or locally-rooted organizations, civil society intermediaries, or direct community grants when:

Conflict-Affected and Fragile Contexts

Indicators:

- Ongoing armed conflict in program areas affecting civilian safety and administrative access
- Post-conflict recovery where government systems are being rebuilt
- Displacement of large populations creating challenges for conventional service delivery
- Security risks that could make beneficiary identification or monitoring dangerous
- Breakdown or severe disruption of administrative infrastructure due to conflict

Rationale: In conflict-affected zones, humanitarian agencies with neutrality mandates, protection expertise, and established community networks can deliver assistance safely and

rapidly. Many successful programs operate in these contexts (CAR's GADY-RCA, Kenya Cash Consortium in pastoralist conflict areas, Yemen and Syria humanitarian cash programs).

FrLD approach:

- Partner with agencies experienced in conflict-sensitive programming
- Support local civil society actors already embedded in affected communities
- Provide flexible funding that can adapt to rapidly changing security situations
- Ensure civilian protection principles guide all programming
- Plan for transition to government systems as stability improves

Limited Institutional Infrastructure for Community Reach

Indicators:

- Nascent administrative systems in recently independent states or post-crisis contexts
- Geographic challenges (remote island nations, vast territories with limited road infrastructure)
- Absence of functioning multi-stakeholder coordination mechanisms for climate finance
- Limited government presence in remote or marginalized regions
- Insufficient civil service capacity due to brain drain or resource constraints

Rationale: Where institutional infrastructure is still developing, partnering with established community-based organizations, regional bodies, or UN agencies can ensure immediate support delivery while parallel capacity-building strengthens national systems.

FrLD approach:

- Provide technical assistance and capacity building alongside or before DBS
- Support South-South cooperation and peer learning
- Fund twinning arrangements with countries that have developed effective systems
- Consider phased approach: start with alternative channels, transition to DBS as capacity grows

Civic Space and Participation Constraints

Indicators:

- Legal or regulatory restrictions on civil society operations
- Absence of protected mechanisms for community feedback and oversight
- Limited operational freedom for independent monitoring organizations
- Historical challenges with community participation in public programs
- Safety concerns for community representatives engaging in oversight roles

Rationale: When communities cannot safely or freely participate in governance, provide feedback, or exercise oversight, independent intermediaries may be better positioned to ensure participatory programming and protect vulnerable populations.

FrLD approach:

- Support civil society capacity strengthening and legal environment advocacy
- Fund independent intermediaries with strong community relationships
- Provide technical support for establishing grievance mechanisms
- Engage regional human rights bodies where appropriate
- Monitor for improvements that would enable DBS transition

Systematic Exclusion of Vulnerable Groups

Indicators:

- Administrative systems that structurally exclude specific populations (displaced persons, informal workers, ethnic minorities, women in certain contexts)
- Documentation requirements that vulnerable groups cannot meet
- High exclusion error rates in recent similar programs
- Geographic bias in service delivery (urban vs. rural, certain regions disadvantaged)
- Language barriers in application or information systems

Rationale: Where national systems systematically miss the most vulnerable populations, targeted programs through specialized intermediaries with inclusive methodologies can ensure no one is left behind while systemic reforms are pursued.

FrLD approach:

- Fund civil society programs with proven track records reaching marginalized groups
- Support policy dialogue on inclusive identification and targeting systems
- Provide technical assistance for administrative reforms
- Use alternative channels temporarily while inclusion mechanisms are strengthened
- Document lessons from inclusive programs to inform systemic improvements

Demonstrated Implementation Challenges Requiring Intensive Support

Indicators:

- Persistent delays in previous programs (>12 months from allocation to community receipt)
- Recent instances of fund diversion without adequate remedial measures
- High rates of unresolved beneficiary complaints
- Audit findings indicating systematic compliance issues
- Documented difficulties in previous climate finance programs

Rationale: Where track record indicates implementation challenges, enhanced support modalities—including blended delivery, intensive monitoring, or temporary use of alternative channels—may be needed to ensure funds reach communities while strengthening systems.

FrLD approach:

- Provide intensive technical assistance and embedded advisors
- Use blended delivery (partial DBS with safeguards + partial alternative channels)
- Implement phased disbursements tied to achievement of milestones
- Fund independent monitoring and verification
- Establish clear pathway and timeline for full DBS transition

Rapid-Onset Emergencies Requiring Immediate Response

Indicators:

- Sudden-onset disasters (hurricanes, earthquakes, floods) requiring emergency response
- Government systems overwhelmed by scale of crisis
- Need for speed exceeds timeline for government procurement and disbursement
- International humanitarian system already mobilized and operational

Rationale: In acute emergencies, pre-positioned humanitarian mechanisms (UN agencies, Red Cross/Red Crescent, international NGOs with emergency response capacity) can deliver life-saving assistance within hours or days, while government systems focus on coordination and medium-term recovery.

FrLD approach:

- Maintain rapid response window accessible by humanitarian agencies
- Ensure coordination with government emergency management systems
- Plan transition from humanitarian to development/DBS modalities as crisis stabilizes
- Support government systems strengthening for future preparedness

Emphasis on Transition and Partnership

Critical principles:

1. **These are temporary, context-specific assessments** - not permanent classifications. Countries can and do move between modalities as contexts change.
2. **Alternative channels work in partnership with governments** - not in opposition.
Examples:
 - Kenya Cash Consortium coordinated with county governments
 - GADY-RCA engaged local authorities in beneficiary selection
 - Christian Aid's CVA aligned with national social protection strategies
 - NLGF coordinated with national climate focal points

3. **Capacity building is always embedded** - whether using DBS or alternatives, the Fund invests in strengthening national systems for long-term sustainability.
4. **Communities receive support regardless of delivery mechanism** - the choice of channel should never delay assistance. The priority is effective delivery, not defending a particular modality.
5. **Transparent assessment processes** - decisions about delivery mechanisms made through consultations with governments, civil society, and affected communities; based on clear criteria; subject to regular review.

Alternative Delivery Channels

When DBS is not immediately appropriate, the Fund can deliver support through:

- **Regional organizations** (African Union, ASEAN, Pacific Islands Forum, CARICOM) with strong in-country capacity
- **National civil society intermediary funds** with community governance (María Fund, AWDF, NDN Collective, Fundo Casa models)
- **UN agencies** (UNDP, UN Women, UNHCR, OCHA, WFP) with community engagement mandates and government partnerships
- **Established humanitarian actors** (Red Cross/Red Crescent, international NGOs) in emergency contexts
- **Trusted local intermediaries** (community foundations, cooperatives, faith-based networks) with grassroots legitimacy
- **Hybrid arrangements** combining government coordination with civil society delivery

Success Stories Using Alternative Channels

The case studies demonstrate that alternative channels can achieve excellent results:

- **Kenya Cash Consortium** delivered to 500+ communities in drought-prone ASALs, built capacity of 9 national NGOs, influenced national cash transfer policies
- **NLGF** reached 500+ projects in 7 countries including conflict-affected CAR, adapted delivery to each context
- **GADY-RCA** supported displaced populations and returnees in CAR using mobile money and cooperatives
- **Christian Aid CVA** in Indonesia provided both emergency relief post-earthquake and longer-term group grants for community recovery
- **María Fund** sustained Puerto Rican civil society through hurricane, earthquake, and pandemic while advocating against austerity

These demonstrate that **effectiveness, not delivery modality, should be the measure of success.**

CONCLUSION

The case studies demonstrate that community access requires governance reforms beyond technical improvements. Effective models feature: devolved decision-making from national to local levels; multi-stakeholder oversight bodies with civil society majorities; recognition of informal institutions; and direct funding channels to grassroots organizations. These represent significant shifts in authority over resource allocation. We need crucial power shifts from donors to governments, from capitals to villages, from international agencies to grassroots organizations, from men to women, from settlers to Indigenous Peoples.

Direct Budget Support can advance or obstruct community access. Its effectiveness in advancing community access depends on accompanying governance safeguards that ensure community participation in decision-making, not only fund transfers or co-benefits. The FrLD's first phase design and choices over the next year should deliver lessons of how DBS can become a vehicle for climate justice, which includes community access. The evidence is clear: **when communities govern funds, they use them well.** Eighteen case studies demonstrate consistent patterns: community-governed funds deliver contextually appropriate, cost-effective outcomes with strong downward accountability. These findings suggest the FrLD should prioritize mechanisms that provide communities with direct access and decision-making authority