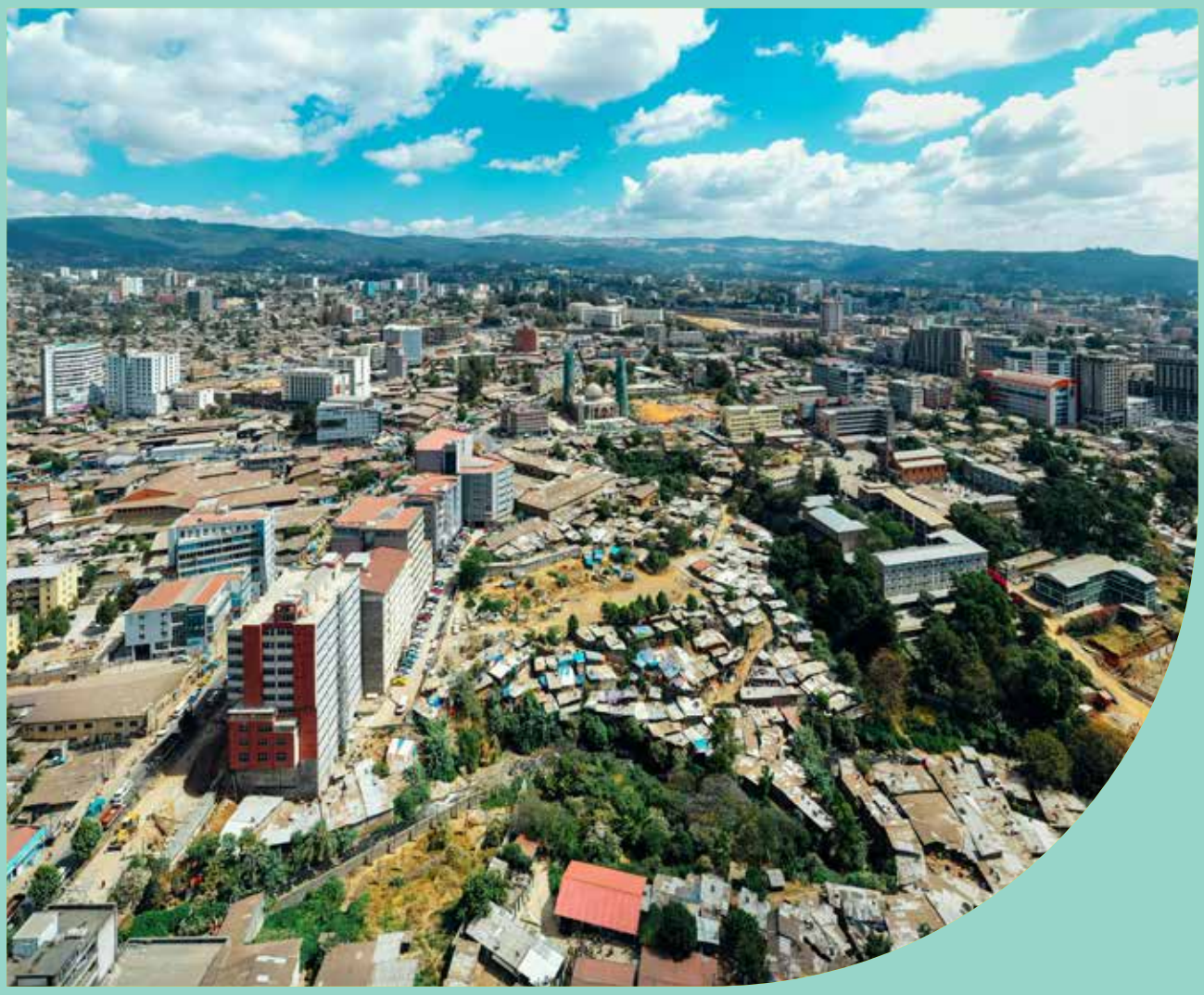
Swedish International Centre for Local Democracy

TOOLBOX

UNLOCKING CLIMATE FINANCE FOR LOCAL GOVERNMENTS IN SUB-SAHARAN AFRICA:

A practical guide for municipal and regional officials



Ariel view of Nairobi Kenya.. Photo: ICLD

Preface

Local governments are on the frontline of climate change. Across sub-Saharan Africa, municipalities and regions are facing growing climate-related risks such as floods, droughts, extreme heat, and water stress, while often working with limited financial and institutional capacity.

This toolbox has been developed as a practical guide for municipal and regional officials, local planners, and partners supporting local governments. It aims to make climate finance easier to understand and navigate by explaining key concepts, common funding structures, access routes, and practical steps that can strengthen local readiness.

The toolbox also highlights the role of democratic governance in climate finance. Transparency, participation, accountability, and equality are essential for building trust, reducing risks, and ensuring that climate finance responds to the needs of communities most affected by climate change.

Rather than offering one fixed solution, this toolbox provides guidance, examples, and checklists that can be adapted to different local contexts. We hope it will support local governments and their partners in developing credible, inclusive, and finance-ready climate responses

Author

Suzana Fatah

This toolbox is developed by Suzana Fatah Programme officer ICLD, based on the research and working paper by Amanda Manyani, Nyasha Magadzire and Charmaine R.S. Manyani

Table of Contents

1. Why this toolbox?

What is this toolbox?

A short, practical guide to help municipalities in sub-Saharan Africa plan, finance, and deliver climate adaptation actions (and relevant mitigation).

Who is it for?

Municipal and district officials, local planners, and partners supporting local governments.

How can it help you?

- **Understand the main capacities** needed to improve access to climate finance, including institutional, financial, and governance-related readiness
- **Navigate key climate finance concepts**, funding structures, and common access routes for local governments
- **Identify what makes a climate project** more credible and finance-ready, from early concept development to implementation planning
- **Strengthen the internal systems needed** to manage funds responsibly, including budgeting, procurement, reporting, monitoring, transparency, accountability, and participation
- **Link local climate needs and community priorities** to national frameworks and common funder expectations

What it includes

- Key finance mechanisms and access routes
- Suggested institutional roles and coordination at local level
- Examples of climate risks and local response options
- Short case studies, common challenges, and practical recommendations

For in-depth discussions and the analytical foundation of this toolbox, see the associated Working Paper *Unlocking climate finance for local governments in sub-Saharan Africa: Analytical foundations for a practitioner toolbox.*

Manyani, A., Magadzire, N., and Manyani, C.R.S. (2026) Unlocking climate finance for local governments in sub-Saharan Africa: Analytical foundations for a practitioner toolbox, ICLD Working Paper 25

Why does democratic governance matter?

Effective local climate finance depends on strong democratic governance – to prevent mismanagement and corruption, and to ensure that funded actions respond to the needs of vulnerable communities and that benefits are distributed equitably.

This is not only a normative goal – it is also a practical access condition. Transparent budgeting, meaningful participation, and clear accountability reduce delivery risk, strengthen investor and funder confidence, and make it easier to demonstrate compliance and results.

The challenge to solve

Local governments are often among the first to face the impacts of climate change. These shocks affect essential services such as water, sanitation, health, housing, mobility, and local livelihoods. At the same time, many municipalities operate with limited fiscal space and uneven institutional capacity, even as they are expected to respond quickly to growing risks and rising costs.

This makes access to climate finance especially important. Climate finance can help municipalities strengthen resilience, protect services, and invest in measures that reduce future losses. However, such funding is often channelled through national institutions, accredited entities, or other intermediaries, and access usually depends on meeting requirements related to planning, financial management, governance, and reporting.

For many municipalities, these requirements are difficult to meet without strong internal systems, reliable documentation, and clear institutional roles. This is where the toolbox is intended to help: it explains the main barriers that can limit access to climate finance and shows what local governments can do to improve their readiness and navigate these challenges more effectively.

A recurring theme throughout is that stronger participation, equity, transparency, and accountability are not only governance ideals. They also help reduce risk, strengthen credibility, and improve the chances that climate finance supports the needs of vulnerable communities and leads to effective local action.

2. Understanding climate finance

Key concepts

Climate change

Climate change means long-term changes in temperature, rainfall, and weather patterns. It is driven by human activities that increase greenhouse gases in the atmosphere, in addition to natural climate variations.

Difference between climate and environment

Climate is the long-term pattern of weather, including averages and extremes over many years, and how it is changing. **Environment** is broader: it includes the natural and built surroundings we live in—air, water, land, ecosystems, and pollution—and how people and nature affect each other. Climate has always changed naturally over very long time periods. But in recent decades, change has been much faster, and global warming has increased.

What is driving global warming?

The main cause is human greenhouse gas emissions, especially from:

- burning fossil fuels (energy and heating)
- transport
- industry
- agriculture
- deforestation and land-use change

Climate finance

Climate finance refers to funding that supports climate adaptation and mitigation. It can come from public sources, private actors, or philanthropic funding, and it is usually delivered through a network of finance institutions and intermediaries with their own eligibility criteria.

Delivery mechanisms

A delivery mechanism is the way finance moves from its original source to the local level where it is spent. It includes financial flows as well as technical support, governance investments, and reporting requirements. Delivery mechanisms shape who makes decisions, how quickly resources move, and how accessible finance is for local governments.

Participation and participatory budgeting

Participation can improve financing outcomes by strengthening legitimacy and accountability. When communities help set priorities and monitor how funds are used, the risk of elite capture and misuse is lower, and trust can grow among public and private finance partners. Participatory budgeting supports this by setting aside part of local climate budgets for community-led priority setting and review.

Blended finance

Blended finance uses public money together with private investment. Public money helps make projects less risky and more affordable for private investors. This can support projects that cost a lot at the start, may not make money quickly, but can deliver strong long-term benefits for society.

Examples of financed solutions to climate risks

Climate risk addressed	Financed solution	Examples
Extreme heat	Collection of heat data and improvement of cooling programs and interventions (e.g. increased blue and green infrastructure) to reduce urban heat and increase thermal comfort.	**Freetown, Sierra Leone** – "Transform Freetown" initiative integrates tree-planting, urban greening, and heat resilience mapping to reduce urban heat stress (World Bank, 2022).[1]
Flooding, drought	Upgrading water supply systems, including rehabilitation and modernization of existing water and wastewater treatment plants.	**eThekwini Municipality, South Africa:** Water and Sanitation Resilience Programme supports climate-resilient infrastructure and improved water security (UNFCCC, 2021).[2]
Extreme heat, flooding	The establishment or enhancement of early warning and evacuation systems to improve community preparedness and response.	**Dar es Salaam, Tanzania:** Urban Resilience Programme developed early warning systems and drainage infrastructure for flood-prone settlements (World Bank & GFDRR, 2019).[3]
Flooding	Development of flood maps and investment in resilient urban infrastructure, including flood defenses.	**Accra, Ghana:** The "Accra Resilience Strategy" includes flood mapping, green corridors, and engineered flood defenses to protect urban populations (Rockefeller Foundation, 2019).

[1] *https://documents1.worldbank.org/curated/en/323061618013841460/Project-Information-Document-Resilient-Urban-Sierra-Leone-Project-P168608.docx*
[2] *https://environment.durban.gov.za/uploads/0000/6/2025/09/23/dccs-annual-report-2020-20211.pdf*
[3] *https://documents1.worldbank.org/curated/en/132061570739508217/pdf/Tanzania-Urban-Resilience-Program-Annual-Report-2019.pdf*

Why does it matter for cities and municipalities?

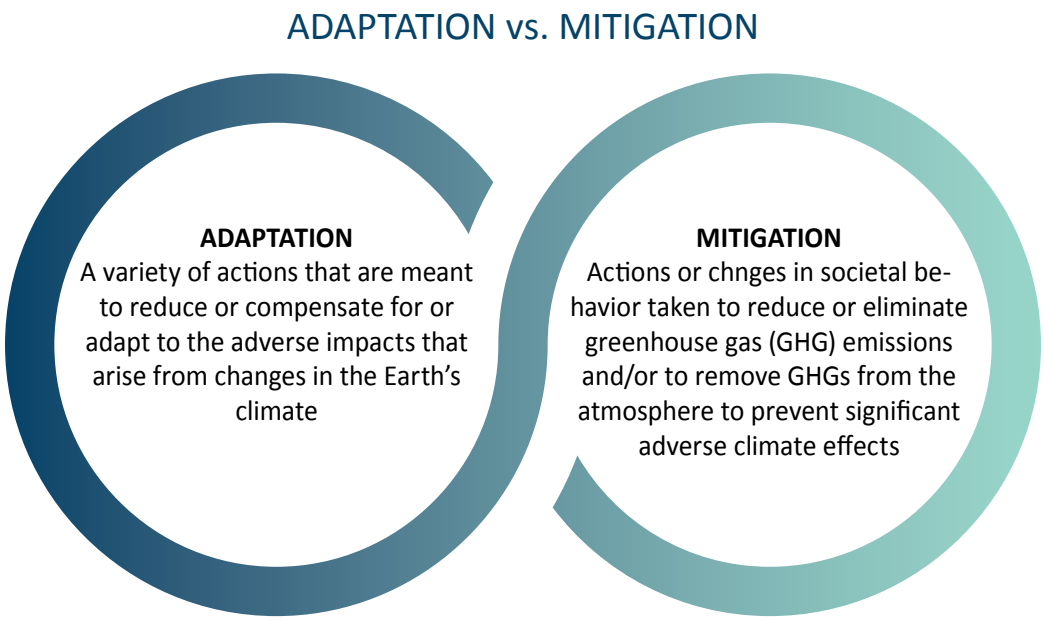
Climate hazards are becoming more frequent, more severe, and more costly—especially in fast-growing cities and municipalities where infrastructure, services, and housing are already under pressure. Flooding, heat, drought, storms, and erosion can disrupt water and sanitation systems, damage roads and settlements, affect public health, and undermine local livelihoods.

For local governments, this means rising costs, greater pressure on already limited budgets, and a growing need to respond quickly while also planning for longer-term resilience. This is why climate finance matters at the local level: municipalities are often on the frontline of climate impacts, but do not always have the resources or systems needed to respond effectively.

How do we respond?

There are two main approaches:

- **Mitigation:** reducing or preventing greenhouse gas emissions by changing how energy is produced and used, how people travel, and how buildings, infrastructure, and services are planned.
  For municipalities, this can mean: investing in energy-efficient public buildings, expanding public transport, and improving waste systems to lower emissions.
- **Adaptation:** adjusting infrastructure, services, systems, and planning to reduce harm from current or expected climate impacts.
  For municipalities, this can mean: improving flood drainage, securing water supply during drought, and protecting vulnerable areas from heat or extreme weather.



3. How climate finance is typically structured

Sources, instruments, and access routes

Climate finance is mobilised through a mix of public, private, and philanthropic sources, often channelled through climate funds, development finance institutions, and national or subnational public budgets. For municipalities, this means that climate finance is not only about identifying funding opportunities, but also about understanding how funding is structured, what kinds of finance may be available, and through which institutions resources are typically accessed.

Many municipalities access climate finance indirectly through national designated bodies, accredited entities, development banks, UN agencies, NGOs, or other intermediaries that apply for, manage, and disburse resources. In practice, local governments therefore often need strong coordination with national counterparts and must be able to show how local priorities align with national frameworks and investment directions.

This section explains the main sources and instruments of climate finance, how funds typically reach municipalities, and what municipalities should prepare in order to improve access.

Sources and instruments: what climate finance looks like

Climate finance comes from many sources, most commonly public, private, and philanthropic actors. The source matters because eligibility criteria, risk tolerance, reporting expectations, and financing terms vary across channels.

Common financing instruments include:

Grants (non-repayable): often used for early-stage activities such as feasibility studies, climate risk or vulnerability assessments, technical assistance, and project design or management systems.

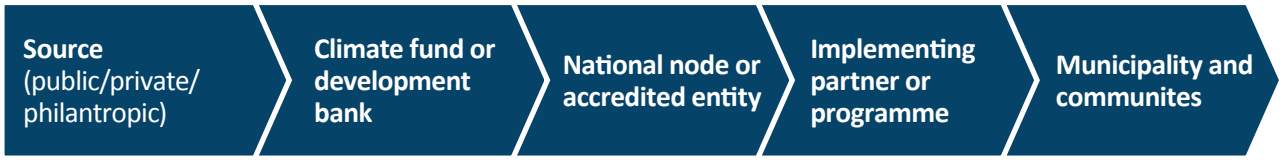
Debt or loans (including concessional loans): typically used to finance a large share of project costs, including capital investment and, in some cases, operational expenditure.

Equity ("risk capital"): used to cover financing gaps not met by grants or debt, often in partnership-based or investment-oriented projects.

Insurance and guarantees: mechanisms that protect against specific losses or reduce perceived investment risk, helping to unlock larger or more affordable financing.

Dedicated climate funds are sources of finance created specifically to support climate adaptation and mitigation. They may provide grants, concessional loans, equity, guarantees, or a combination of these, depending on the type of project and delivery model.

Entry points: how funds typically reach municipalities



Most municipalities do not apply directly to global climate funds. In practice, climate finance often moves through accredited entities, development finance institutions, or national designated bodies that receive and manage funds and then channel them to local programmes and projects. This means municipalities usually need to partner and align, not only apply.

Kigali-Rwanda-Urban green infrastructure. Photo: ICLD

Three common access routes for municipalities are:

ROUTE 1: Through national programmes or intergovernmental transfers that include climate components, often linked to national climate priorities such as NDCs or NAPs.

ROUTE 2: Through an accredited partner or intermediary such as a development bank, UN agency, or NGO that applies for and manages funds while the municipality plays an implementation role.

ROUTE 3: Through local financing instruments such as PPPs, own-source revenue, borrowing, green bonds, or blended finance, where governance systems and creditworthiness allow.

Across all three routes, municipalities improve their chances when they can show a basic project pipeline and clear evidence of governance, participation, and organisational readiness in addition to reporting capacity.

What municipalities should be ready to show

Because climate finance channels and fund requirements differ, the safest approach is to prepare for a set of common requirement areas.

In practice, municipalities should be ready to show:

- **What is the climate problem and who is affected?**
  A clear understanding of the local climate risk, which groups or systems are affected, and how action is expected to help.
- **What is the planned solution and how will it be delivered?**
  A realistic description of the proposed activities, implementation timeline, delivery model, and institutional responsibilities.
- **How will money be managed transparently?**
  Credible systems for budgeting, financial oversight, accounts, anti-corruption measures, and reporting capability.
- **How are communities meaningfully involved**?
  Clear participation structures and evidence that engagement goes beyond token consultation, giving communities a real influence over priorities and decisions.
- **How will results be tracked and reported?**
  Basic systems for monitoring progress, following up on outcomes and results and support learning and accountability.
- **Does the project align with fund and national priorities?**
  Evidence that the project matches sector priorities, eligibility requirements, and relevant national frameworks.

What's in it for the municipalities?

Understanding how climate finance is structured helps municipalities move from a general search for funding to a more strategic approach. It clarifies where decisions are made, who the relevant gatekeepers and partners are, what kinds of finance may be realistic, and what capacities need to be in place to improve access.

4. What blocks access to financing?

A. Fragmented systems and burdensome processes

Climate finance is spread across many channels, institutions, and procedures, each with its own documentation requirements, approval steps, reporting formats, and timelines. Climate-related responsibilities are also often divided across departments and levels of government, creating parallel processes and slow coordination. This increases administrative burden, delays decisions, and makes it harder for municipalities to develop consistent institutional learning over time.

B. Requirements that exceed local capacity

Many funding sources require municipalities to demonstrate additionality, comply with financial and environmental safeguards, provide co-financing, or justify incremental costs. These requirements can be difficult to meet without specialist expertise, especially where internal systems and technical capacity are limited. As a result, municipalities often depend on external consultants to prepare proposals or meet fund requirements, which may solve immediate gaps but can weaken internal ownership and long-term capability.

C. Weak financial systems and limited credibility

Municipal access to climate finance is often constrained by weak financial systems and limited fiscal credibility. Climate-related adaptation spending is frequently embedded within ordinary service delivery budgets rather than clearly identified and tracked. When expenditure is not tagged or classified, it becomes harder to demonstrate climate relevance, monitor progress, or report results. At the same time, weak revenue collection, debt pressures, shrinking tax bases, and irregular financial statements can reduce creditworthiness and limit access to debt finance, private investment, or blended finance.

D. Mismatch between funder logic and local realities

Funding processes do not always reflect local needs or conditions. Some funders favour large, visible projects, even when smaller, community-centred initiatives may deliver stronger local adaptation benefits. Approval timelines can also be slow, while municipalities often face recurring hazards that require faster responses. In addition, participation requirements do not always lead to meaningful local influence. Language barriers, distance, donor-led processes, and unequal power relations can limit inclusion and allow gatekeeping or elite capture. This can weaken legitimacy and reduce the connection between funding processes and local realities.

Typical requirements: what they mean and what municipalities can prepare

Typical requirement	What it means	What the municipality can prepare (examples)
Additionality	Funding should enable actions beyond "business as usual" and/or deliver extra climate benefits compared to existing plans.	A short "baseline vs. with funding" note: what the municipality would do anyway vs. what becomes possible with climate finance; a brief justification of climate benefits (who/what risk is reduced).
Incremental cost	The fund may cover the additional cost of making an investment climate-resilient/low-carbon compared to a conventional alternative.	A simple cost comparison: standard option vs. climate-resilient/low-carbon option; the "increment" explained in a few lines (materials, design standards, maintenance).
Co-financing	The fund expects the municipality/partners to contribute part of the financing (cash contribution or in-kind support).	Confirmed budget line(s) or council decision; letter of commitment from partners; in-kind contribution description (staff time, land, equipment) with estimated value.
Financial standards	The fund needs confidence that financial management, procurement, and reporting prevent misuse and enable audits.	Procurement rules and transparency practices; audit trail approach; latest financial statements; named finance lead; basic internal controls checklist (approvals, separation of duties).
Environmental and social safeguards	The project must avoid/mitigate harm and manage social/environmental risks (e.g., resettlement, GBV risks, biodiversity impacts).	A simple template for identifying environmental and social risks; a designated person responsible for safeguards; a plan for engaging stakeholders; an outline of how complaints will be handled; and referral pathways for sensitive risks, where relevant.
Monitoring, evaluation and learning (M&E/MEL)	The fund expects measurable results and reporting on progress and outcomes.	A short results framework: outputs/outcomes/indicators; baseline (even if approximate); reporting roles and frequency; data sources (municipal systems, community monitoring).
Alignment with national priorities (often NDC/NAP)	Many flows require consistency with national climate plans and sector priorities.	A one-page alignment note linking the project to NDC/NAP and relevant sector plans; confirmation of mandate/approvals; coordination note with national focal points/programmes.

5. What to do about it?

The four practical responses below are entry points that local governments can initiate or influence. Together, they help address common barriers to climate finance access by improving internal systems, strengthening coordination, supporting meaningful participation, and making projects more credible and finance-ready.

A. Strengthen institutional readiness and fiscal governance

Local governments can improve access to climate finance by strengthening the internal systems that support financial credibility and implementation readiness. This includes establishing a clear coordination function for climate finance, improving routine documentation so that key information does not depend on individual staff members, addressing weaknesses that affect audits and financial statements, and improving the tagging or classification of climate-related spending. These steps can strengthen both internal decision-making and external credibility. Capacity development is most effective when it is long-term and embedded in municipal systems, rather than relying only on short-term training or one-off consultant support.

In practice, municipalities often begin by assigning a coordination function and strengthening core financial documentation.

Quick internal checklist

- ☐ Do we have reliable and recent financial documentation that can be shared with finance partners?
- ☐ Can we show climate-relevant spending through consistent tagging or classification?
- ☐ Is there a focal point coordinating climate finance across departments?
- ☐ Do we have a long-term approach to building internal capacity rather than relying on one-off workshops?

Example of Cape Town, South Africa:
Strengthening financial governance for climate projects

What was the problem?

Cape Town had identified a need to finance climate-related infrastructure at scale, but this required more than having climate priorities on paper. Climate projects needed to be integrated into mainstream municipal budgeting and planning, prepared in ways that made them credible to external finance partners, and supported by clear roles, strong reporting, and sound financial controls. Without this, climate action risked remaining fragmented, difficult to finance, and harder to implement consistently.

What was the response?

Cape Town responded by embedding climate priorities in its core finance and governance systems rather than treating climate projects as stand-alone initiatives. Climate-related investments were linked to mainstream budgeting and medium-term infrastructure planning, responsibilities were coordinated across departments and finance functions, and stronger project preparation helped build a more credible investment pipeline. This included business cases, risk assessments, procurement readiness, transparent reporting, and stronger financial controls. Cape Town later published a ten-year infrastructure pipeline linked largely to its Climate Action Plan and used a blended finance approach to mobilise funding.

What does this example show?

This example shows that local climate projects become easier to finance when climate action is integrated into ordinary municipal systems for budgeting, reporting, coordination, and project preparation. It illustrates institutional readiness, fiscal governance, and the importance of making projects more credible and investment-ready.

B. Improve policy alignment and national-local coordination

Local governments can improve access by strengthening alignment between local plans and national climate frameworks, while clarifying the roles, responsibilities, and approvals needed for implementation. Updating by-laws, climate strategies, development plans, and sector policies can help institutionalise climate priorities and reduce approval friction. Municipalities can also document where national action is needed, for example in relation to legal clarity, technical support, or intergovernmental finance rules. Partnerships with local government associations, civil society, universities, and technical agencies can further strengthen proposal credibility and build support for reform.

When funds flow via the state: what municipalities should be ready to show

If access is channelled through a ministry, NDA, accredited entity, or national programme, municipalities may also need to show:

- **National alignment:** how the project links to NDC/NAP and relevant national sector plans
- **Mandate and approvals:** local legal authority, institutional roles, and any approvals required to implement the proposed actions
- **Coordination:** how the municipality will work with ministries, national focal points, accredited entities, or programme partners
- **Public financial management readiness:** basic financial capacity, including procurement rules, audit trail, financial statements, and implementation structure
- **Co-financing arrangements:** confirmed budget lines, in-kind contributions, or partner commitments where required
- **Participation requirements:** evidence that communities, including women, youth, and vulnerable groups, influenced priorities and can help monitor implementation
- **Reporting compatibility:** the ability to provide results, monitoring data, and documentation in the format required by national or accredited channels

These issues are often easier to tackle once municipalities have mapped what national alignment, approvals, and supporting documentation are required.

Quick internal checklist

- ☐ Are local strategies aligned with national climate governance frameworks?
- ☐ Have we documented regulatory or institutional gaps that limit climate-responsive budgeting?
- ☐ Are we coordinating with peers through local government associations and partnerships?

Example of Isiolo County, Kenya:
Devolved climate finance and participatory priority-setting

What was the problem?

In Isiolo County, climate finance was not reaching vulnerable communities in a way that allowed them to influence priorities or shape responses to local climate risks. Decision-making was too far removed from the communities most affected, and there was no strong local mechanism for directing funds to locally identified adaptation needs. This made it harder to ensure that climate investments reflected local knowledge, local priorities, and the realities faced in highly vulnerable dryland areas.

What was the response?

The response was to establish a County Climate Change Fund (CCCF) in Isiolo County, supported by ward-level Climate Adaptation Planning Committees made up of community representatives, including women and youth. These structures identified local priorities such as water harvesting, rangeland rehabilitation, flood control, and livelihood protection. The model combined devolved finance, public participation, climate information, vulnerability assessment tools, and monitoring systems so that communities could help identify priorities while county government could plan, finance, and implement projects more effectively. The approach was later expanded to other counties and helped inform Kenya's wider FLLoCA programme.

What does this example show?

This example shows that climate finance can become more relevant, legitimate, and effective when funding and decision-making are moved closer to the local level, and when communities have a structured role in identifying priorities and overseeing implementation.

C. Embed democratic participation and participatory budgeting

Local governments can strengthen project legitimacy and improve alignment with local needs by embedding democratic participation throughout the project cycle. Inclusive community structures can help identify priorities that reflect actual climate risk, improve transparency around procurement and spending, and strengthen public oversight. Participatory budgeting can also allocate part of climate-related budgets to locally selected priorities, especially in highly vulnerable areas. For participation to be meaningful, it should influence project design, implementation monitoring, and public reporting, not only consultation records.

Meaningful participation should be built in early, so that it shapes both project design and later oversight.

Quick internal checklist

- ☐ Do community structures include women, youth, and vulnerable groups in practice?
- ☐ Does participation by women, youth, and vulnerable groups influence priorities and not only consultation records?
- ☐ Are procurement and spending decisions transparent enough for public oversight?
- ☐ Is there a defined portion of climate-related budgeting shaped through participatory processes?

D. Structure projects to fit available finance

Local governments can improve access by structuring projects in ways that better match available funding channels. Where projects are too small, fragmented, or not yet investment-ready, municipalities can explore partnership and financing models that improve scale and bankability. Public-private partnerships can expand capacity and funding, but they require strong transparency and public accountability, including open procurement, disclosure rules, community benefit clauses, and early community oversight. Smaller projects can also be bundled into larger programmes across wards or in collaboration with neighbouring municipalities to increase investment size and reduce transaction costs. In some cases, innovative instruments, including blended finance structures, can help combine concessional finance with private investment and support both short-term implementation and longer-term refinancing.

In practice, this often means bundling smaller actions and testing whether a proposal meets basic bankability requirements before approaching funders.

Quick internal checklist

- ☐ Do our PPP processes include transparency and community oversight from the beginning?
- ☐ Can we bundle smaller actions into a programme large enough for finance partners?
- ☐ Have we explored blended structures that combine concessional finance with private investment?

Start here: a practical action sequence

The four responses above show the main areas municipalities can strengthen to improve access to climate finance. The sequence below translates these priorities into practical first steps. It is designed to help municipalities decide where to begin, what to do first, and what to have in place before approaching finance partners.

STEP 1: Organise internal ownership

Start by assigning a clear coordination function for climate finance so responsibilities do not remain scattered across isolated units. Create a cross-department working group that brings together planning, finance, infrastructure, and participation functions. At the same time, gather the local evidence already available, including development plans, service delivery plans, climate assessments, and risk data that can support future proposals.

STEP 2: Build credibility and transparency

Next, identify the main gaps in financial documentation, procurement transparency, and the tracking of climate-relevant spending. Select a small number of improvements that can be implemented quickly, such as clearer reporting routines, stronger audit trails, and more visible public oversight practices. These are often practical early actions that help build confidence among finance partners while also reducing internal friction during implementation.

STEP 3: Shape a financeable pipeline

Once basic coordination and credibility measures are in place, the next step is to shape a project pipeline that is easier to present to finance partners. Smaller actions may need to be bundled into a larger programme, sometimes together with neighbouring municipalities, in order to reach a scale that is more attractive to funders. Proposals should also link clearly to national frameworks and identify where national reforms, approvals, or technical support are needed to remove bottlenecks.

A quick bankability check — before you approach funders

Before approaching finance partners, municipalities should be able to show:

- **Problem:** a clear statement of the climate risk, who is affected, and what service or system is at stake
- **Solution:** the proposed intervention and why it addresses the risk, including alternatives considered
- **Costs:** realistic CAPEX/OPEX, including operations and maintenance responsibilities
- **Governance:** who will implement, who will oversee, the procurement approach, and financial controls
- **Risks:** key delivery risks — technical, social, land-related, or political — and how they will be managed
- **Legitimacy:** evidence of meaningful participation and local consent, with safeguards for vulnerable groups
- **Alignment:** links to local plans and national NDC/NAP priorities
- **Results:** measurable outputs and outcomes, with indicators and a reporting plan

Minimum document package

At minimum, municipalities should prepare documentation appropriate to the stage of the funding process:

For a concept note:

- a problem or risk summary
- proposed solution
- rough budget
- alignment note linked to NDC/NAP
- a basic governance and participation plan

For a full proposal:

- feasibility or technical design
- detailed budget including CAPEX/OPEX
- procurement plan
- safeguards screening
- co-financing confirmations
- results framework and M&E plan
- an implementation schedule

STEP 4: Protect budgets and households

As municipalities strengthen access to climate finance, they should also consider how to reduce the financial effects of recurring climate shocks. A practical starting point is to map the hazards that create repeated pressure on municipal budgets and household livelihoods. From there, municipalities can begin developing risk protection mechanisms, such as municipal reserves, community-based risk pools, regional or national pooling mechanisms, or affordable micro-insurance options where available. Linking these mechanisms to early warning systems and local monitoring can help ensure that support is delivered more quickly, transparently, and fairly when shocks occur.

Aerial View of Wildfire in South African Grassland. Photo: ICLD

6. Mini checklist:

Use transparency, participation, accountability and equality as a quality assurance check before decision-making, application, and implementation:

Transparency (Can people see what we do and why?)

- ☐ Have we made our municipal accounts and budget information publicly available—ideally with independent audits?
- ☐ Can we clearly show which spending is climate-related by using climate budget tagging (adaptation/mitigation)?
- ☐ Have we published the key project documents people need to understand the decision (goals, costs, timelines, roles)?
- ☐ Have we disclosed procurement decisions and key contract information so the public can see how suppliers were chosen?

Participation (Have people influenced the decision—not just been informed?)

- ☐ Who has been meaningfully engaged, and who is missing (especially groups most affected by climate risks)?
- ☐ Do we have functioning ward/community structures that enable ongoing participation in planning and monitoring (not only ad hoc meetings)?
- ☐ Was participation built into the planning and budgeting cycle early enough to shape decisions (not added at the end)?
- ☐ Have we used participatory budgeting (or a similar mechanism) so communities can help choose climate priorities or review spending?

Accountability (Is responsibility clear, and can someone be held to account?)

- ☐ Who is the named climate finance focal point responsible for coordination, reporting, and funder engagement?
- ☐ Do they have a clear mandate to coordinate across departments (finance, planning, technical services)?
- ☐ What public oversight exists so citizens or local actors can follow procurement, budgeting, and reporting?
- ☐ How will we report progress and spending in a way that allows questions, corrections, and consequences?

Equality (Do benefits and voice reach those most at risk?)

- ☐ Do participation structures reflect gender and social diversity—who is empowered to speak and decide?

- What steps are in place to prevent elite capture (e.g., the same groups dominating decisions and benefits)?
- How will we ensure vulnerable groups are included in priority-setting and monitoring—not only as "beneficiaries"?
- If there are barriers to participation (time, safety, language, access), what practical adjustments are we making?

NOTES

ICLD Swedish International Centre for Local Democracy

ICLD | **CONTACT** INFO@ICLD.SE | **WWW.ICLD.SE**