E Co.

28TH GCF INSIGHT

Climate finance and collaborative networks

Catalysing socio-ecological innovation for transformative change

Content

About *GCF insight*

This survey and report is an initiative of E Co., and emerges from work we are doing to accelerate low-carbon climate-resilient development. The E Co. team designed and administered a survey which was used to inform and prepare this report. We also explored four case studies, based on projects our consulting team had previously worked on, for a more in-depth understanding of issues and solutions. E Co. conducted this research independently and is not affiliated with the Green Climate Fund (GCF), the GCF Secretariat, or donors. The views expressed in this report are those of the authors and do not represent those of the GCF. Nothing in the interviews or any information or material relating thereto shall be construed as implying any official endorsement of, or responsibility on, the part of the GCF.

E Co. provides consulting support to access climate finance from the GCF (and other funds and donors) across several service areas, including: market assessment, strategy formulation, policy development, monitoring and evaluation, fund support and training. However, we may be best known for our programme and project design services in response to the Fund's criteria and processes.

Climate finance and collaborative network

Catalysing socio-ecological innovation for transformative change

The need for transformative change to address climate change and social inequality demands a shift in societal values and systems. Integrating diverse knowledge and perspectives, collaborative networks drive this change through socio-ecological innovation (SEI). These networks foster social learning and global climate finance institutions, such as the Green Climate Fund (GCF), can play a crucial role by supporting collaborative networks and promoting policies which enable transformative change to leverage SEI. This 28th GCF insight explores how these institutions can catalyse impactful and lasting change through strategic financial interventions and support for collaborative networks.

Highlights

Collaborative networks as catalysts for transformative change

Collaborative networks integrate diverse knowledge systems and foster inclusivity to promote collective action, which drives socio-ecological innovation (SEI) and catalyses transformative change. Through social learning, resource mobilisation, and policy influence, these networks enable the scaling of transformative solutions.

The role of global financial institutions in supporting socio-ecological innovation

The GCF and other global financial institutions play a key role in stimulating transformative change by strengthening and financing collaborative networks. They do this through strategic financial interventions, capacity building, and support for decentralised financing mechanisms. These actions align investments with sustainable development goals and connect the global climate agenda with locally-led initiatives.

Scaling socio-ecological innovation for lasting impact

Collaborative networks achieve far-reaching systemic change by scaling deeply to shift values and beliefs, scaling out to replicate successful initiatives, and scaling up to influence policies and drive transformative change. These networks, through inclusive governance, financial resilience, and continuous learning and adaptive management, ensure that socio-ecological innovations result in long-term sustainability and equitable benefits.

Introduction

Complex and multifaceted challenges, such as climate change and inequality, are deeply rooted in societal structures. These so-called "wicked" problems are resistant to traditional solutions and require transformative change - a fundamental shift in societal systems, values, and behaviour (IPBES, 2019). This transformation involves moving beyond a narrow focus on economic growth and recognising the diverse values of nature, including its intrinsic worth and its crucial role in supporting human well-being (Raworth, 2018). Furthermore, it necessitates integrating different knowledge systems, including scientific, Indigenous, and local knowledge, and developing holistic and contextually relevant solutions (Pascual et al., 2023). This transformative change is part of what GCF calls the "Paradigm Shift" (GCF, 2021).

Collaborative networks play a crucial role in transformative change (Castro-Arce & Vanclay, 2019). By bringing together diverse actors, including civil society organisations, businesses, governments, and academia, they can foster social learning, knowledge sharing, and innovation. They can also promote inclusivity and ensure that the voices and perspectives of marginalised groups are heard and considered in decision-making processes. Through collective action and advocacy, collaborative networks can influence policies and practices and drive the adoption of sustainable and equitable solutions.

Scaling Social-ecological innovation (SEI) can catalyse transformative change (Padovezi et al., 2024). It involves developing and implementing innovative solutions that address local social and ecological challenges in a synergistic way. These solutions often involve new business models, governance structures, social practices and values that promote sustainability and social justice. Collaborative networks can support SEIs by providing a platform for local experimentation, social learning, knowledge exchange, advocacy on regulations and policies, and amplifying locally-led climate action (Soanes et al., 2021).

Global climate finance institutions can accelerate the transition to a more sustainable and equitable future by providing financial and technical support to collaborative networks. With financial and technical support, these networks can mobilise resources, amplify impact, and influence change across scales. By empowering locally-led action, socio-ecological innovations can emerge and thrive, catalysing systemic transformation. At the same time, global climate finance institutions should adopt coherent investment practices and divest from harmful industries that contribute to climate change and inequality. By aligning their portfolios with sustainable development goals, financial institutions can aid in a just transition and ensure that the benefits of economic growth are shared equitably.

This 28th GCF insight sheds light on the role of collaborative networks in leveraging locally-led actions that can catalyse transformative change, such as socio-ecological innovations. The work draws upon the authors' experience, a literature review, case studies, and an opinion poll conducted in January 2025 with GCF stakeholders. Quotations provided throughout this report are sourced from the poll respondents.

Key definitions

Transformative change

A profound shift in societal operation, addressing root causes of social and environmental issues. Unlike incremental change, transformative change involves rethinking and restructuring technological, economic and social systems, including revisiting the core values, goals and paradigms that guide society. It's not just about fixing what's broken but creating entirely new ways for people to interact with each other and with nature (Avelino et al., 2019).

Regulatory and financial instruments

Governmental tools and policies that are designed to influence and guide the behavior of individuals, businesses, and organisations towards achieving specific societal goals, such as sustainability and equity. (Haensel et al., 2023). These instruments can take various forms, including taxes, subsidies, grants, loans, regulations, standards, and pricing mechanisms.

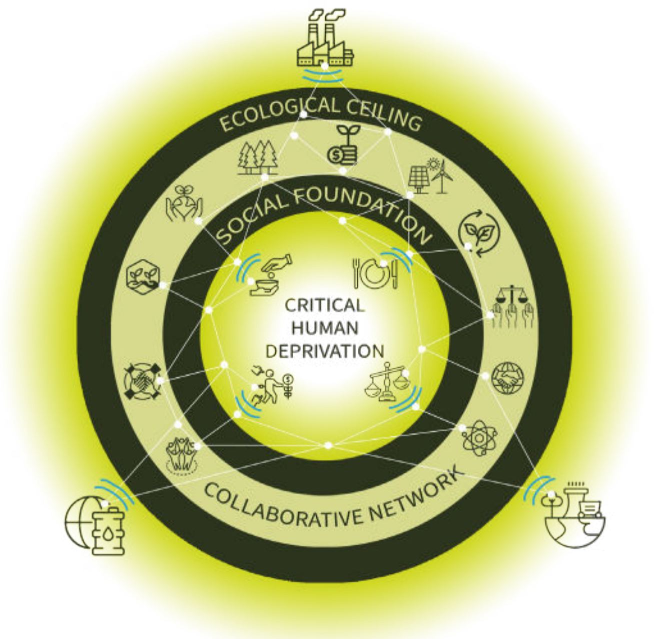
Collaborative networks

A dynamic system connecting diverse entities, such as organisations and individuals, which are geographically dispersed and may differ in their worldviews, scales of action and objectives. Despite these differences they exchange knowledge and share resources to achieve common goals (Clegg et al., 2016).

Socio-Ecological Innovation (SEI)

Novel approaches integrating social and ecological systems to improve human well-being and ecosystem health. These innovations arise from the interaction between society's needs and environmental challenges, recognising the deep interconnection between people and nature. SEIs are essential for addressing complex issues offering lasting solutions that contribute to a sustainable and equitable future (Padovezi et al., 2022).

Collaborative networks leveraging socio-ecological innovation



This figure shows how collaborative networks are key to making Doughnut Economics happen. These networks help to secure a solid social base in which no-one is left behind and, at the same time, strengthen control mechanisms to respect the ecological limits of our planet.

Collaborative networks act as incubators for SEI. By bringing together diverse stakeholders with different knowledge, skills, and resources, these networks create an environment where locally-led solutions can emerge and be nurtured. Collaborative networks empower and propel SEI through a number of mechanisms, including:

Knowledge integration which facilitates the exchange and integration of diverse knowledge systems, such as traditional ecological knowledge held by indigenous communities and scientific research conducted by academics and researchers. This integration can lead to more holistic and effective conservation strategies by combining the nuanced understanding of local ecosystems with the rigour of scientific methodologies. For example, the Native Seed Collectors Networks in Brazil connect indigenous communities with intimate knowledge of local plant species and their uses with scientists and conservation organisations working to preserve biodiversity (Padovezi et al., 2024).

“Collaborative networks can serve as essential bridges between the GCF and local initiatives by creating ecosystems of innovation that connect stakeholders and empower communities”

Resource mobilisation enables the pooling of financial resources from various sources, such as government funding, private philanthropy, and corporate social responsibility initiatives. This pooled funding can be used to support projects that require significant financial investment. Additionally, collaborative networks can mobilise human resources, such as volunteers, community members, and skilled professionals, to contribute their time and expertise to conservation efforts. An example of this is public-private partnerships that bring together government agencies, non-profit organisations, and private companies to fund and implement large-scale reforestation projects (Angelstam et al., 2017).

Collective action facilitates the coordination of diverse stakeholders, including government agencies, non-profit organisations, community groups, and private businesses, towards shared conservation goals (Futemma et al., 2011). By fostering collaboration and aligning interests, collaborative networks can overcome the challenges of fragmented governance and competing priorities that often hinder conservation efforts. Landscape restoration initiatives that involve multiple stakeholders working together to restore degraded ecosystems, such as forests, wetlands, and grasslands, are an example of this.

Inclusivity and legitimacy ensures that all relevant stakeholders, particularly those who are most affected by conservation decisions, have a voice in the decision-making process. This inclusivity fosters a sense of ownership and empowerment among stakeholders, leading to greater support for conservation initiatives and more sustainable outcomes. Transparent decision-making processes and clear communication channels are essential for building trust and legitimacy among stakeholders. Community-based conservation projects involving local communities in planning, implementing, and monitoring conservation activities are examples of inclusivity and legitimacy in action.

Experimentation and innovation provides a safe space for stakeholders to experiment with new approaches and innovative solutions to conservation challenges. By fostering a culture of learning and adaptation, collaborative networks can accelerate the development and adoption of best conservation practices. Knowledge-sharing and peer learning are key components of this process. Collaborative networks that support developing and testing new technologies for monitoring wildlife populations or restoring degraded habitats can be a good example of this.

Social Capital nurtures trust, relationships, and shared values among stakeholders (Górriz-Mifsud et al., 2016). Trust is essential for effective collaboration, as it enables stakeholders to share information, resources, and risks. Strong relationships and shared values create a sense of community and common purpose, which can motivate stakeholders to work together towards shared goals. Collaborative networks that organise regular meetings, workshops, and field trips to facilitate interaction and build relationships among stakeholders are a good example of this.

"Collaborative networks will ensure the 'buy-in' of stakeholders including the beneficiaries. These networks should continue during the life of the project and beyond, and can serve as a demonstration/ model when others are invited to take part when the project/ programme is being scaled up."

Locally-Led Climate Action and collaborative networks

Locally Led Adaptation (LLA) is a climate action approach focused on adapting to the impacts of climate change (Soanes et al., 2021). It prioritises local ownership and leadership in designing and implementing adaptation strategies, which is a key component of the broader Locally-Led Climate Action (LLCA) approach. LLCA emphasises the central role of local actors, including communities, local governments, and Indigenous Peoples, in driving both mitigation and adaptation responses to climate change (Coger et al., 2022).

The eight principles of LLA are:

- Devolving decision-making to the lowest appropriate level
- Addressing structural inequalities
- Providing patient and predictable funding
- Investing in local capabilities
- Building understanding of climate risk
- Flexible programming and learning
- Ensuring transparency and accountability
- Collaborative action and investments

These principles align closely with the concept of collaborative networks. Collaborative networks, by bringing together diverse actors and promoting knowledge sharing, inclusivity, and collective action, can effectively support LLA. For example, the principles of devolving decision-making and addressing inequalities resonate with the emphasis on inclusivity and empowering local communities within collaborative networks. Similarly, the principles of providing patient and predictable funding and investing in local capabilities align with discussions on the role of global financial institutions in supporting collaborative networks and socio-ecological innovation through innovative financial mechanisms and capacity-building efforts. Specifically, the eighth principle of LLA, collaborative action, directly connects to the power of these networks, fostering partnerships and shared responsibility.

In essence, both LLA and collaborative networks recognise the importance of local agency, knowledge, and participation in driving effective and sustainable climate action. By supporting collaborative networks and adhering to the principles of LLA, global financial institutions can play a crucial role in catalysing transformative change and empowering local communities to lead the way towards a climate-resilient future.

'Redário' - A Network of Seed Collector Networks[1]

Redário is a term that evokes the idea of a network of networks. The articulation was born in 2019, as a collective effort to strengthen the Native Seed Collectors Networks (RSCNs) in Brazil. This initiative emerged as a direct response to the challenges faced by NNSCs - mainly the unpredictability of the native seed market created by the weak legal demand to restore native vegetation in the country.

In essence, ***Redário*** connects stakeholders, including seed collectors, NGOs, technicians and seed buyers, to address common environmental and social challenges - the recovery of degraded landscapes. By fostering collaboration between these diverse actors, ***Redário*** facilitates the emergence of **locally-led solutions** to restore ecosystems and empower communities, which drives and leverages **Socio-Ecological Innovations (SEI)**. This is done through shared resources, knowledge and collective action to overcome the obstacles of the nascent and fluctuating native seed market.

One of the central mechanisms behind Redário's success is its approach to **knowledge integration**. Through knowledge exchanges between NNSCs, collectors and technicians share innovations and best practices in seed production, storage and quality control. This exchange allows traditional ecological knowledge - deeply rooted in local communities - combined with technical and scientific knowledge. This collaboration ensures more effective and sustainable conservation strategies, as seen in the cross-training method in which seed collectors learn from each other in a practical and empowering way. This form of knowledge sharing has proven more impactful than external experts, creating a strong sense of community within the network.

The challenge of navigating the risky and volatile seed market led ***Redário*** to develop a **resource mobilisation** strategy. Instead of relying solely on short-term buyers, ***Redário*** works to establish long-term relationships with seed buyers and encourages them to commit to advance contracts. This not only guarantees a stable income for the NNSCs, but also stabilises the market, making it easier for collectors to plan their activities. In addition, an online database has been created to map the seed stocks and production capacity of each NNSC. This tool allows ***Redário*** to plan orders and allocate them strategically between regions, thus optimising the network's production capacity and ensuring large-scale restoration projects.

A fundamental pillar of the ***Redário*** approach is **collective action**. The network recognises that – alone– no NNSC can meet large restoration projects' demands. Therefore, the network brings together NNSCs from various regions to work as a collective force to pool resources, share risks and meet large orders.

Inclusiveness and legitimacy are fundamental principles in the ***Redário's*** governance. Ensuring that all stakeholders, especially seed collectors, have a voice in decision-making processes is key to fostering trust and legitimacy. The network's decision-making is based on transparency, with regular local meetings, regional discussions and an annual assembly that validates proposals.

Innovation is also at the centre of the ***Redário*** model. The network encourages **experimentation**, creating spaces for testing and adopting new solutions to challenges such as seed storage, transport and quality control. By fostering a culture of learning and adaptation, ***Redário*** ensures that NNSCs stay ahead of the curve and continually improve their practices.

Social capital is the foundation of ***Redário***, built on trust, relationships, and shared values. More than a seed marketplace, it fosters cooperation through regular meetings, cross-training, and collective decision-making. Trust is crucial in a market reliant on collaboration and fair resource distribution. By ensuring transparency and reciprocity, ***Redário*** strengthens social ties, empowering communities to take charge of their development. This network is not just about selling seeds - it's about building resilient communities capable of driving lasting socio-ecological change.

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1 https://www.decadeonrestoration.org/seeds-change-embracing-muvuca-method-biodiversity-and-social-restoration, https://www.redario.org.br/

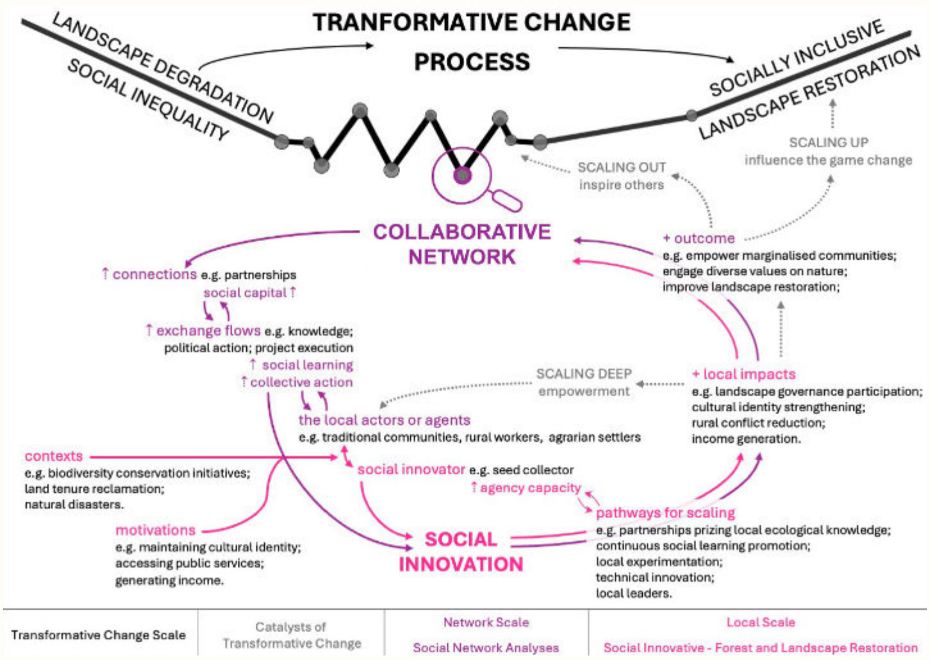
Scales of socio-ecological innovation in catalysing transformative change

Collaborative networks also play a crucial role in scaling SEI for broader impact. These networks support scaling deep (changing values and beliefs), scaling out (replicating initiatives), and scaling up (influencing policies) (Riddell & Moore, 2015), as follows:

Scaling deep: This involves a profound shift in the values, beliefs, and behaviours within a community. It's about creating a lasting change in the way people think and act, ensuring that the initiative's impact is deeply ingrained in the community's social fabric. This could come about through community-led workshops, awareness campaigns, and educational programmes aimed at transforming mindsets and promoting a sense of ownership and agency.

Scaling out: This refers to the replication of successful initiatives in new geographical areas or demographic groups. It's about adapting the model to fit different contexts while maintaining the core principles that led to its success. This requires a thorough understanding of the new community's needs and challenges, as well as a willingness to modify the approach as needed.

Scaling up: This involves influencing policies, regulations, and institutional frameworks to create a supportive environment for the initiative's expansion and sustainability. This could include advocating for policy changes, building partnerships with government agencies, and engaging with decision-makers to ensure that the initiative's goals are aligned with broader policy objectives.



Padovezi, A., Adams, C., Chazdon, R. L., Mendonça, M. A., Secco, L., Campos-Filho, E. M., Sampaio, A., Damasceno, E., Albuquerque, N., Santarem, F., Camargo, M. E., & Pinã-Rodrigues, F. (2024). Native seed collector networks in Brazil: Sowing social innovations for transformative change. People and Nature, pan3.10692. https://doi.org/10.1002/pan3.10692

The Malaysian Adaptation Sharing Hub (MASH) as a knowledge transfer model

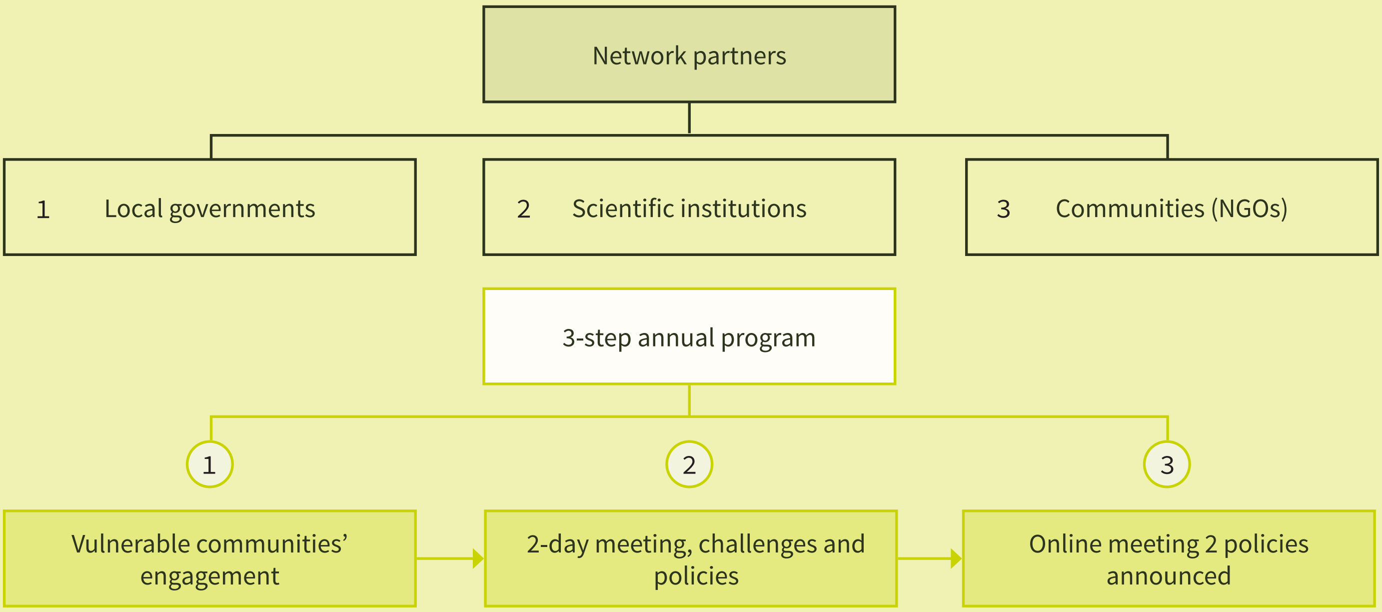
There's an inspiring conversation about this initiative available on E Co's LinkedIn page.

Check it out here.

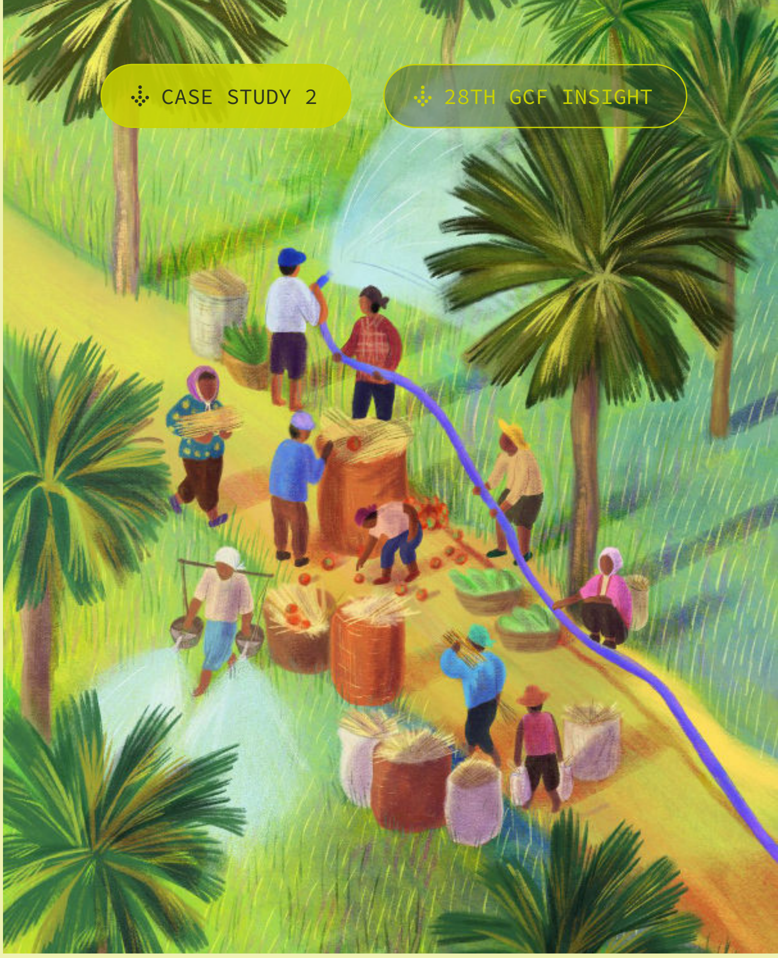
The Malaysian Adaptation Sharing Hub (MASH), developed as part of the Penang Nature-based Climate Adaptation Program (PNBCAP), represents an innovative approach to scaling urban climate adaptation through knowledge transfer.

MASH fosters **multi-level learning** by creating a platform for knowledge exchange and collaboration between local governments in 13 cities, scientific institutions, and civil society organisations. This facilitates the vertical integration of adaptation policies and practices from local to national levels. Annual in-person meetings in Penang provide a space for stakeholders to learn from each other, identify common challenges, and develop shared solutions, contributing to the **scaling up** of urban adaptation efforts across Malaysia. MASH adopts **transdisciplinary approaches** by integrating knowledge and expertise from different disciplines and sectors. The collaboration between local governments, scientific institutions, and civil society organisations ensures that adaptation solutions are informed by a wide range of perspectives and expertise. This fosters knowledge co-production and leads to more innovative and effective adaptation strategies that address the complex challenges of urban climate change.

Social learning is promoted by facilitating dialogue and interaction among diverse stakeholders, including civil society organisations and vulnerable communities. This ensures that local knowledge, concerns, and experiences are considered in the development of adaptation policies. This approach fosters a sense of ownership and agency among stakeholders, leading to more contextually relevant and socially acceptable adaptation solutions. By addressing the underlying social and



CREATION OF MASH (MALAYSIA ADAPTATION SHARING HUB)



cultural factors that influence adaptation, MASH contributes to **scaling deep** and achieving transformative change in urban areas. Through its annual activities, MASH encourages cities to adopt new climate-related policies each year. This focus on policy change aims to embed climate adaptation into the core functions and decision-making processes of local governments, leading to a more profound and lasting transformation of urban systems (**scaling deep**).

Collaborative networks enable transformation change by scaling deep, out and up. They do this through mechanisms, such as multi-level learning, social learning, and transdisciplinary approaches. **Multi-level learning** refers to sharing experiences, lessons learned, and successful models across different levels of governance, from local communities to national governments. This could involve creating platforms for dialogue and knowledge exchange, facilitating peer-to-peer learning, and establishing feedback and continuous improvement mechanisms. Social learning emphasises the importance of dialogue, collaboration, and co-creation of solutions. It's about creating spaces where diverse stakeholders can come together to share their perspectives, learn from each other, and develop innovative solutions that address the community's needs. This could involve organising community forums, participatory workshops, and online platforms for collaboration. **Transdisciplinary approaches** include breaking down silos between different disciplines and sectors, bringing together practitioners, policymakers, researchers, and community members to co-create knowledge and find solutions. This approach recognises that complex challenges require diverse perspectives and expertise, and that collaboration across disciplines is essential for finding innovative and sustainable solutions.

"Collaborative networks can be a mechanism for engaging and ensuring inclusivity of different stakeholders and for building their capacity on climate finance and project development. Such networks can be an important step between a complex fund such as the GCF and local stakeholders acting locally. "

Intrinsic challenges of collaborative networks

Collaborative networks, while potentially transformative, are not without their inherent challenges. These challenges can arise from various sources and manifest in different ways:

- Governance and coordination: Effective governance structures are essential for collaborative networks to function smoothly. However, these structures can become complex and difficult to navigate as the number and diversity of stakeholders increase. This can lead to coordination challenges, decision-making bottlenecks, and conflicts of interest.
- Financial barriers: Financial constraints can pose significant challenges to collaborative networks. Limited funding, high upfront costs, and difficulties in securing sustainable financing can hinder the establishment and operation of these networks. Moreover, disparities in financial resources between stakeholders can create imbalances and power dynamics within the network.
- Socio-economic disparities: Collaborative networks often involve stakeholders from diverse socio-economic backgrounds. These disparities can lead to unequal participation, marginalisation of certain groups, and difficulties in finding common ground. Addressing these disparities and ensuring equitable representation and participation is crucial for the success of collaborative networks.
- Trust and relationship building: Trust is a fundamental building block of collaborative networks. Building trust between diverse stakeholders with potentially conflicting interests can be challenging and time-consuming. A lack of trust can lead to suspicion, reluctance to share information, and difficulties in reaching consensus.
- Policy and regulatory barriers: Conflicting regulations, inadequate legal frameworks, and policy barriers can impede the establishment and operation of collaborative networks. Navigating these barriers and ensuring compliance with relevant policies and regulations can be complex and resource-intensive.

Collaborative networks can foster resilience, sustainability, and social impact by addressing these challenges. These networks can potentially transform how we address complex challenges, create innovative solutions, and build a more equitable and sustainable future.

“One of the key contributions of collaborative networks is their ability to build trust and engagement among stakeholders. By creating spaces for dialogue and collaboration, they foster relationships between local communities, governments, and international organisations. This trust is essential for gaining local support and ensuring the sustainability of initiatives

Supporting collaborative networks

Multilateral Climate Funds, such as the GCF, can accelerate transformative change by strengthening collaborative networks. By fostering inclusive governance that connects governments, civil society, businesses, and local communities across sectors and scales, these networks become catalysts for SEI. Collaborative networks enable scalable and sustainable solutions to emerge through shared knowledge, resources, and coordinated action, accelerating responses to urgent socio-environmental challenges. This

Promoting knowledge sharing:

This can involve creating platforms for sharing best practices, lessons learned, and innovative approaches between different stakeholders.

Providing financial and technical assistance:

Financial institutions can offer grants, loans, and other forms of financial support to collaborative networks. They can also provide technical expertise and capacity building support to help communities develop and implement sustainable solutions.

Empowering local communities to take ownership of their natural resources:

This involves supporting community-based governance models and providing resources and training to enable local communities to manage and protect their natural resources sustainably.

“Collaborative networks need effective country ownership and leadership to function properly, with different partners and donors truly aligning efforts and collaborating. This also allows to plan for GCF financing in the most efficient way, financing projects that are transformative in specific sector because that coordination and collaboration of additional resources can be guaranteed”

Empowering Women Groups to Build Climate Resilience in the Province of Cunene in South West

There are lessons learned from approved GCF projects related to this initiative available on E Co's LinkedIn page.

Check it out here

In October 2024, the Green Climate Fund (GCF) approved funding for a project titled "Empowering Women Groups to Build Climate Resilience in the Province of Cunene in South West Angola (CREW Angola)". The project is being implemented by the Sahara and Sahel Observatory (OSS) in partnership with the Ministry of Environment from the Government of Angola, Humana People to People, and Ajuda de Desenvolvimento de Povo para Povo Angola (ADPP)[3]. The project was developed with the support of E Co. using PPF funds.

The CREW project intends to achieve a paradigm shift by focusing on women's groups, development and implementation of climate resilient agriculture and provision of mechanisms for access to finance and training for farmer clubs and micro-enterprises. The project has three components: strengthening adaptive capacity and knowledge management, enhancing water security, and diversifying livelihoods. Output 1 focuses on strengthening adaptive capacity and knowledge management through gender-transformative climate risk reduction.

The project's emphasis on collaborative networks is evident in the establishment of six women-led Climate Change Action Centers (CCACs) and the engagement of various community-based organizations, structures, and institutions. The CCACs serve as central hubs for coordinating climate actions, knowledge sharing, and capacity building within the municipalities. The project also fosters collaboration among government institutions, NGOs, and community leaders through Municipal and Provincial Technical Working Groups.

Furthermore, the project promotes peer-to-peer learning and knowledge exchange among existing projects and initiatives, facilitating the sharing of best practices and lessons learned. By actively involving a wide range of stakeholders and fostering collaboration among them, the CREW project aims to create a sustainable and integrated approach to climate resilience, with women's groups playing a central role in driving transformative change.

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2 https://www.greenclimate.fund/document/empowering-women-groups-build-resilience-climate-impacts-province-cunene-south-west-angola

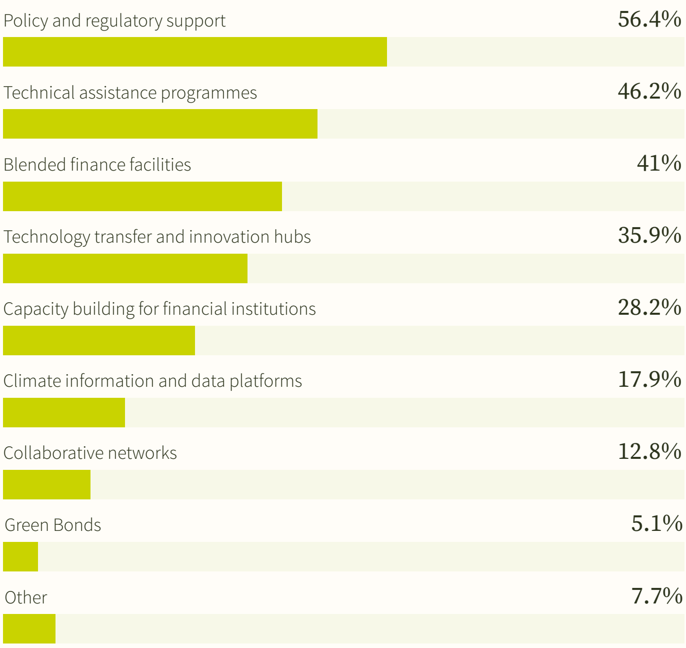
3 https://www.adpp-angola.org/pt/

How can global climate finance institutions connect to and leverage

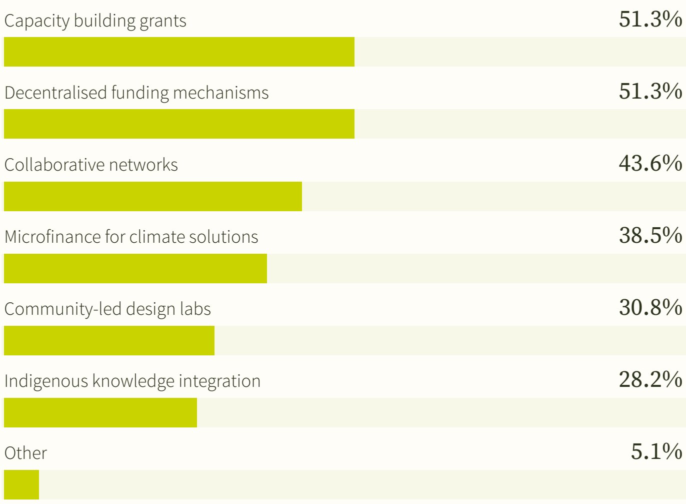
In January 2025, we carried out an opinion poll with 59 GCF stakeholders to explore how best to connect GCF financing with local innovation and leverage transformative climate projects. The survey consisted of three questions: Firstly, participants identified up to three instruments, mechanisms, or tools that most effectively link GCF funding to innovative, locally-led climate solutions. Secondly, they named the three most critical for scaling and leveraging transformative climate projects. Finally, an open-ended question explored how collaborative networks can connect the GCF with local initiatives and amplify transformative ideas; insights from these responses are woven throughout this publication.

Our findings revealed that capacity-building grants and decentralised funding mechanisms (both at 51%) were seen as the most effective connectors, closely followed by collaborative networks (44%). For scaling transformative projects, stakeholders prioritised policy and regulatory support (54.6%), technical assistance programs (42.2%), blended finance facilities (41%), technology transfer and innovation hubs (35.9%), and capacity building for financial institutions (28.2%). (See the detailed results in the figures below.)

Which instruments, mechanisms, or tools are most critical for the GCF to scaleand leverage transformative climate projects?



What are the the most effective instruments, mechanisms, or tools which best connect GCF financing to local and innovative climate solutions?



Interestingly, all of the instruments, mechanisms, and tools mentioned have the potential to both strengthen and be strengthened by collaborative networks. The following paragraphs explore some of these through practical examples:

Capacity-building grants: The GCF's project in Bangladesh, 'Enhancing adaptive capacities of coastal communities, especially women, to cope with climate change induced salinity', is an example of how capacity-building grants can be scaled up by collaborative networks to effectively link climate finance to innovative, local solutions to complex climate challenges. Faced with increasing salinity intrusion, communities, especially women, were empowered through training programmes facilitated by collaborative networks. This has resulted in locally adapted innovations, such as integrated farming systems, meeting the community's specific needs. By focusing on local knowledge and skills development, supported by the reach and expertise of the collaborative networks, this project ensured that these innovations were not only implemented, but also understood and appropriated by the vulnerable communities, guaranteeing long-term sustainability and adaptation beyond the project's timeframe.

Decentralised funding mechanisms: While fully decentralised financing mechanisms are still evolving within the GCF portfolio, the Enhanced Direct Access (EDA) modality marks a significant step. EDA enables countries to access climate finance directly, fostering greater country ownership and, often, more localised decision-making. The 'Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing states' project exemplifies how EDA, supported by collaborative networks, can empower local solutions. This initiative empowers communities to identify and implement resilience measures, assisting municipalities in developing adaptation plans and executing projects, such as improved water management and climate-smart agriculture. The project prioritises participatory planning, ensuring local communities, including Indigenous Peoples, actively shape solutions. This is facilitated by collaborative networks involving local NGOs, government agencies, and technical experts who support project design, implementation, and knowledge sharing. These networks strengthen local capacities, ensure effective fund utilisation, and promote the dissemination of best practices, amplifying the project's impact and fostering long-term sustainability.

Policy and regulatory support: The GCF's support for renewable energy in Mongolia is a concrete example of how political and regulatory support, reinforced by collaborative networks, can leverage transformative climate projects. Mongolia, heavily dependent on coal, has faced challenges transitioning to cleaner energy sources. Through the 'Mongolia Renewable Energy Financing Facility' project, the GCF provided financial resources and political and regulatory support facilitated by a strong network of stakeholders. This network included government bodies, private sector investors and civil society organisations, which collaborated to advocate for policy changes, share knowledge and build capacity. This collaborative approach was essential for navigating the complexities of regulatory reform and ensuring that policy changes were aligned with national priorities and sustainable development goals. The project's success in increasing renewable energy capacity and reducing emissions is partly attributed to this network's strong partnerships and collaborative efforts.

Innovation hubs: The example here comes from the heart of London, an innovation hub driven by a partnership between GCF and a collaborative network of climate advocates. The CGFI London Innovation Hub is a space where ideas emerge, alliances are forged, and transformative climate projects take flight. The GCF, recognising the power of collaborative networks, has invested funds, trust, and vision in this hub. In return, this network is weaving a vibrant ecosystem of climate action. Within the hub's walls, experts debate new financial instruments to unlock private sector investment in green technologies. Government representatives and policymakers come together to design climate-smart policies, learning from the global best practices shared by the network. Entrepreneurs present their innovative solutions to a panel of experienced investors eager to back the next generation of climate-positive companies.

Blended finance facilities: Blended finance facilities have emerged as a powerful tool for catalysing transformative climate projects by fostering collaboration among diverse stakeholders and de-risking investments in the nature-based solutions. This innovative financing approach brings together public and private entities, including governments, philanthropic foundations, development banks, and private investors, to leverage their expertise and financial resources. By combining various financial instruments such as grants, concessional loans, and equity investments, blended finance creates a synergistic environment that attracts private capital and promotes sustainable development. A compelling example is the Global Fund for Coral Reefs (GFCR), which uses blended finance to mobilise resources for marine conservation. Through its grant window, the GFCR supports project incubation and de-risks private sector investments, while its investment window channels investments into scalable projects in sustainable ocean production, eco-tourism, and sustainable infrastructure. This collaborative approach, underpinned by blended finance, has the potential to drive transformative change and unlock significant investments in climate-resilient initiatives.

Recommendations

Financial institutions should make every effort to match their investment mechanisms with local governance structures, strengthening locally-led climate action, inclusive approaches, and advocating for policies that support collaborative networks. This includes advocating for policies that:

Support community-based governance

- Develop transparent and democratic governance structures and build local capacity for effective management;
- Empower local communities to manage and use their natural resources and make decisions about this;
- Protect the rights and interests of marginalised and vulnerable groups;
- Promote participatory decision-making and conflict resolution mechanisms.

Ensure equitable distribution of benefits

- Address historical and structural inequalities that affect access to and control over resources;
- Promote fair and transparent distribution of benefits from collaborative efforts;
- Ensure that all stakeholders, including women, youth, and indigenous peoples, have a voice in decision-making and benefit from sustainable resource management;
- Monitor and evaluate the distribution of benefits and take corrective action where necessary.

Provide incentives for collaboration

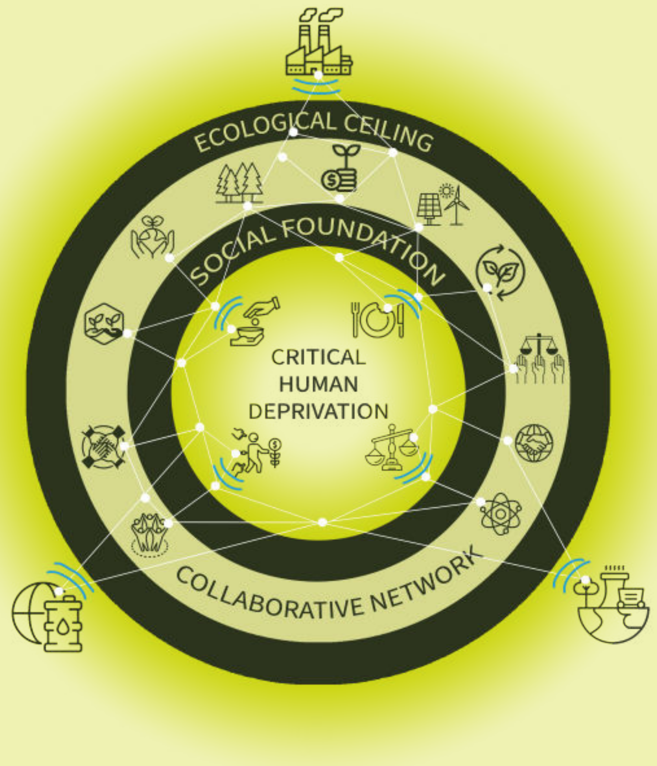
- Create financial and non-financial incentives that encourage stakeholders to work together;
- Develop mechanisms for sharing benefits and risks equitably;
- Foster trust and communication among partners;
- Recognise and reward collaborative efforts.

> “Collaborative networks are essential for bridging the gap between GCF funding and local initiatives while scaling transformative climate solutions.”

To ensure the long-term impact of collaborative networks, it is essential to develop strategies for:

- **Building financial resilience:** This involves diversifying funding sources and developing sustainable business models;
- **Capacity building:** This involves providing training and support to communities and organisations to develop the skills and knowledge needed to manage collaborative networks effectively;
- **Robust monitoring and evaluation:** This involves developing systems to track progress, measure impact, and learn from experience.

Conclusion



Financial institutions can play a crucial role in fostering sustainable development and resilient communities by supporting collaborative networks. Our exploratory exercise revealed the significant potential of collaborative networks to drive transformative change through socio-ecological innovation. These networks promote the emergence and expansion of solutions that address the complex challenges of climate change and inequality by integrating diverse knowledge systems, encouraging inclusivity, and championing collective action. Global financial institutions, such as the GCF, are instrumental in promoting these networks by providing financial resources and a supportive environment for collaborative action. These institutions can empower local communities, amplify the impact of innovative solutions, and catalyze a paradigm shift towards a more sustainable and equitable future through strategic investments, capacity building, and policy advocacy.

However, this exploration has also revealed the inherent challenges that collaborative networks face, from navigating complex governance structures to overcoming financial barriers and fostering trust between diverse stakeholders. Further research is needed to understand these challenges better and develop strategies to overcome them. This includes investigating the most effective governance models for collaborative networks, exploring innovative financing mechanisms to ensure their long-term sustainability, and developing tools and approaches to promote trust-building and conflict resolution in these networks. By deepening our understanding of how to cultivate and support thriving collaborative networks, we can unleash their full potential to drive transformative change and create a future in which people and other forms of life on the planet thrive.

"Collaborative networks create space for innovators to connect with relevant stakeholders including funders, other innovators, and local targets to engage and understand what the product is and how it benefits the targets. I believe the GCF can connect with local initiatives and scaling transformative ideas by creating a mechanism that targets local innovative ideas that could lead to transformational changes in local communities."

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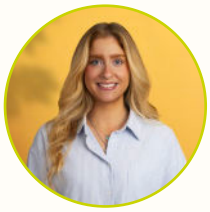

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