THE LOCAL GOVERNMENTS AND MUNICIPAL AUTHORITIES (LGMA) CONSTITUENCY

COP31 Guidance for Negotiators on CLIMATE FINANCE

The LGMA Guidance for Negotiators accompanies the LGMA COP31 Position and provides detailed recommendations, context and proposed negotiating text, setting out how each ask can be operationalized.

cities-and-regions.org/cop31-lgma-position

CITIES & REGIONS
IN THE UNFCCC PROCESS

Strengthening national climate ambition and implementation through subnational financial architectures

The Local Governments and Municipal Authorities (LGMA) Constituency calls for the systemic strengthening of subnational financial architectures to enable local, regional and subnational governments to implement their climate strategies and action plans and, in direct partnership with national governments, raise domestic climate ambition, and expand countries' financing capacity to accelerate implementation.

Through their responsibilities for territorial development, infrastructure and public services, under decentralization frameworks, subnational governments advance mitigation, adaptation and a just transition, complement national action and help close the emissions gap.

For the Paris Agreement to be fully implemented, their mandates, investment priorities and climate commitments must therefore be meaningfully reflected in the governance, design and implementation of climate finance systems.

Making this partnership effective requires strong institutions across the subnational financing value chain, from planning and project preparation to financial intermediation, investment and sustained public-service delivery.

At COP31, the LGMA therefore asks Parties to **make lasting subnational financial capacity a structural pillar of the evolving international financial architecture**, supported by multilevel-framed systems co-designed by national and subnational governments. Finance must serve as a catalyst for transformative public policy.

This institutional transformation must be underpinned by adequate and predictable financial resources, consistent with Parties' obligations under the Paris Agreement. Article 9.1 remains the legal foundation for developed-country provision of financial resources to developing countries. Strengthened delivery systems must therefore advance alongside adequate provision, particularly grants and highly concessional finance. Follow-up to the New Collective Quantified Goal on Climate Finance (NCQG) and efforts under Article 2.1(c) should reinforce this agenda. Investment mobilization and financial-system alignment must remain complementary to developed-country provision obligations.

To realize this potential, the LGMA Constituency has two long-term goals: first, we seek to strengthen and connect international, national and subnational financial systems; second, we seek access options adapted to territorial needs, opportunities and capacities.

Recent developments provide an increasingly concrete operational basis for this agenda. The *Locally Led Climate Action Framework and Guidance* published by the Green Climate Fund (GCF) in November 2025 clarifies how existing funding modalities can support devolved finance and decision-making, local ownership and lasting capacity. The Adaptation Fund's experience of Enhanced Direct Access, now incorporated into its Single-Country Locally Led Adaptation window, similarly supports devolved programming and project-selection decisions at national and subnational levels.

Together, these approaches strengthen the basis for effective domestic financial systems connecting international climate finance with subnational mandates, investment priorities and meaningful decision-making.

The *Access to Climate Finance for SIDS and LDCs Statement and Action Plan*, dated 1 October 2026 and launched at Pre-COP, provides a further political basis for advancing this agenda. Its support for local delivery, coordinated public financial institutions, national development-bank partnerships, subnational institutional capacity and retained domestic expertise reinforces this direction. Implementation should now translate these commitments into clearly defined roles and accessible financing for subnational governments, including through national and subnational public development banks and other appropriate domestic intermediaries.

COP31 must turn this momentum into lasting financial capacity where climate action takes place.

For the LGMA, the next step is to translate these advances into practical arrangements that national and subnational governments can shape and use together: institutions equipped to act, resources accessible on workable terms and investment sustained through to delivery.

The six priorities below set out the decisions and commitments needed to move this agenda forward.

The LGMA Constituency's six finance priorities

The LGMA's six finance priorities aim to strengthen subnational delivery of mitigation, adaptation, loss and damage responses and a just transition. They should sustain public services and provide tailored access for small and intermediate cities, rural municipalities and less-resourced subnational regions.

At COP31, the LGMA calls for the following:

1. **Secure the COP31 Presidency's launch of a Global Compact for Multilevel Finance with the Climate High-Level Champions and the LGMA.**

The Compact would connect existing GCAA initiatives, including the *Sustainable Urban Resilience Financing Facility* (SURFF), CHAMP, the *Climate Implementation Bridge* and the *Global Implementation Accelerator*, around reciprocal commitments to strengthen subnational financial architectures co-designed by national and subnational governments. Following the launch, participating partners should develop partnerships with clear institutional responsibilities, local decision-making rights, funded preparation and domestic financial expertise, financing contributions and public 12–24-month delivery milestones.

2. **Secure Party-agreed modalities for the Climate Finance Work Programme and explicit treatment of subnational governments' access within multilevel delivery systems.**

Under Article 9, including Article 9.1, address adequacy and predictability of provision, concessionality, affordability, simplified access, domestic public intermediation, quality preparation capacity and appropriate financial instruments. Relevant thematic work should meaningfully involve subnational governments.

3. **Use Veredas and the Xingu Finance Talks to advance nationally determined solutions that improve access, fiscal capacity and financing conditions for subnational governments.**

Country Platforms for Localizing Finance, national and subnational public development banks, FinHubs and intermediary organizations, supported over the long term, should connect permanent preparation capacity with affordable local-currency, pooled and appropriately structured off-balance-sheet finance, supported by guarantees and fair risk-sharing. These arrangements should support low-emission and climate-resilient development, deliver demonstrable public value and remain complementary to Article 9.

4. **Strengthen subnational access through COP31 guidance to climate funds and improve evidence on territorial delivery through the Standing Committee on Finance (SCF).**

Relevant guidance should support domestic public intermediation and funded preparation. Support a recurring *Global Synthesis Report on Multilevel Climate Finance and Subnational Investment Needs and Opportunities*, or an equivalent module within mandated SCF outputs, beginning with scoped and resourced methodological and evidence contributions to future reporting, NCQG follow-up and the second Global Stocktake.

5. **Encourage voluntary Subnational Investment Annexes in nationally determined contributions (NDCs) and national adaptation plans (NAPs), co-developed with subnational governments and supported by technical and financial assistance.**

These should identify priority territorial programs, preparation and lifecycle costs, financing sources, delivery responsibilities, domestic intermediaries, enabling reforms and tracking indicators. They should connect national priorities with subnational climate plans and draw on provisions under the *Convention on Biological Diversity* that already support subnational biodiversity planning, resource allocation and links to national biodiversity finance plans.

6. **Use NCQG follow-up to strengthen accountability for territorial delivery and advance the LGMA's 30by30 political benchmark.**

By 2030, at least 30% of climate finance should effectively reach subnational implementation, directly or through nationally determined multilevel systems. It entails piloting transparent methodologies with willing countries and institutions, identifying financing quality, subnational government-led delivery and decision-making roles and safeguards against double counting.

Across these priorities, financing arrangements should protect local fiscal sustainability, strengthen domestic institutions and deliver fair public benefits.

The LGMA also calls for increased grant-based adaptation and Loss and Damage resources through operationalization of the adaptation-finance tripling call with a transparent baseline and delivery pathway; completion of the Adaptation Fund's Paris Agreement transition while strengthening locally led access; accessible Fund for Responding to Loss and Damage (FRLD) readiness and recovery finance.

These arrangements should strengthen the role of subnational governments as strategic partners of national governments in raising climate ambition, identifying sustainable ways to expand fiscal space, unlocking new sources of climate finance and building stronger domestic multilevel financial systems.

The Annex "Recommendations to negotiators by process and institution" sets out the corresponding requests for each negotiation process and institution.

LGMA Resources

- LGMA Background Paper – Climate Finance: *Building Dedicated Subnational Financial Architectures: Strategic rationale and four pillars for multilevel-framed implementation*
- LGMA Background notes for an *NDC Subnational Investment Annex and the foundation of a "30 by 30 Localization Goal"*

Climate Finance Working Group

Co-Leads

Ana Ciuti, Buenos Aires City Government
Carlos de Freitas, FMDV - Global Fund for Cities Development
Federico Merino, Buenos Aires City Government
Sangrou Dong, FMDV - Global Fund for Cities Development

Members

Albert Fernand Okeke YAPI, City of Cocody
Augustin Yves Mbock Keked, Cadire Cameroon Association
Azhan Hasan, Global Advisory Alliance (GAA)
Balqiaz Khan, Rural Infrastructure & Human Resource Development Organization
Claude Côté, Québec Ministry of Environment
Daniela Artusi Monteiro, Associação Brasileira de Municípios (ABM)
Dorah Marema, South African Local Government Association (SALGA)
Eléonore François-Jacobs, MobiliseYourCity
Erum Khan, Climate Hub Forum
Fredrick Odhiambo Awuor Nyatado, Poverty Transition Initiative
Guro Wensaas, KS
Hassan Agouzoul, SDG Action Strategy Center
Illeana Tiemann, City of San Antonio
Jaume Marques Colom, ICLEI – Local Governments for Sustainability
Jona Haxhialiu, Int. development cooperation
Lerato Phasha, South African Local Government Association (SALGA)
Luis Henrique Zamarioli Santos, Under2Coalition
Luis Saenz, C40 Cities
Meggan Spires, ICLEI – Local Governments for Sustainability
Ouinakonhan Comlan Médard, Caisse des Dépôts et Consignations du Bénin (CDC Bénin)
Paulina Soto, ICLEI – Local Governments for Sustainability
Rabelani Tshikalanke, South African Local Government Association (SALGA)
Rajaa ROCHD, Association of Regions of Morocco
Rajendra Bahadur Adhikari, Rural Area Development Programme (RADP)
Toby Walker, Under2Coalition

Annex: Recommendations to negotiators by process and institution

This annex translates LGMA's finance priorities into concrete proposals for the COP31 negotiations and related institutional processes. Organized by track, the recommendations identify opportunities to strengthen subnational financial architectures, improve access to finance and support the implementation of national and subnational climate plans.

Negotiators and institutional partners can click directly to the sections relevant to their work, drawing on practical recommendations to advance these priorities within their respective mandates.

1. Climate Finance Work Programme and Article 9.1: Delivery architecture and access

2. Veredas Dialogue and Article 2.1(c): Aligning finance flows in complementarity with Article 9

3. New Collective Quantified Goal on Climate Finance (NCQG): Making the goal deliver locally

4. Articles 6.2 and 6.4: Cooperative approaches and Paris Agreement Crediting Mechanism

5. Article 6.8 Work programme: Country platforms as non-market territorial delivery solutions

6. On transparency: Tracking subnational finance and investment needs, GST/SCF and a Subnational Investment Annex

7. On Adaptation & Loss and Damage: Accessible and devolved finance for resilience and recovery

8. Just Transition Work Programme (JTWP) and future Just Transition Mechanism: Territorial implementation and finance delivery

9. The Standing Committee on Finance (SCF): Making territorial delivery visible in climate finance evidence, guidance and accountability

10. COP31 Action Agenda: Advancing the Territorial Age of Finance: Launching the Global Compact for Multilevel Finance

1. Climate Finance Work Programme and Article 9.1

Delivery architecture and access

Parties should agree on the operational modalities of the Climate Finance Work Programme, within its mandate under Article 9, including Article 9.1, and ensure that its work on delivery architecture and access explicitly addresses how climate finance reaches subnational governments through nationally determined multilevel systems. This should cover concessionality, affordability, adequacy and predictability of provision; simplified access; domestic public intermediation; local-currency solutions; guarantees and risk-sharing; project preparation ecosystems; quality territorial portfolios; and metrics for tracking finance reaching subnational implementation. Relevant thematic work should meaningfully involve subnational governments alongside national finance institutions and other stakeholders.

2. Veredas Dialogue and Article 2.1(c)

Aligning finance flows in complementarity with Article 9

The Veredas Dialogue should recognize nationally determined multilevel delivery arrangements, including Country Platforms for Localizing Finance or dedicated subnational windows within broader country platforms, the crucial role of intermediary organizations and national and subnational public development banks, as practical ways to align finance flows with low-emission and climate-resilient development while strengthening country ownership.

It should also address how subnational governments can obtain affordable, fit-for-purpose access to local-currency finance, guarantees, risk-sharing and cost-of-capital reduction instruments, as well as appropriately structured pooled and off-balance-sheet financing vehicles. Such access should be supported by permanent domestic project-preparation and financial-engineering capacity, including nationally appropriate Finance Structuring Hubs (FinHubs), able to develop, aggregate and connect quality project portfolios to appropriate sources of finance.

These approaches should strengthen domestic public financial systems and remain complementary to Article 9, without substituting for developed-country obligations under Article 9.1.

The Xingu Finance Talks should integrate and refer to practical arrangements that expand subnational governments' fiscal space and financing capacity for climate investment, reduce financing costs and improve the allocation and management of financial risks. This should include predictable climate-related intergovernmental transfers; shared and permanent project-preparation capacity; aggregation of small and medium-sized territorial projects; and appropriately structured guarantees, risk-sharing mechanisms and local-currency instruments accessible to subnational borrowers and their public financial intermediaries.

These instruments should be assessed by the real improvement they deliver for subnational governments: providing them a central role for administrating climate funding and financing, lower borrowing costs, longer maturities, reduced currency risk, improved access to finance and affordable public services, after accounting for fees, hedging costs and contingent liabilities. Public de-risking should create measurable public value for territories rather than shift financial risks away from investors onto local budgets.

3. New Collective Quantified Goal on Climate Finance (NCQG)

Making the goal deliver locally

Use 30by30 as a political benchmark and implementation indicator. By 2030, at least 30% of climate finance should effectively reach subnational implementation, directly or through nationally determined multilevel delivery systems. This benchmark should guide delivery effectiveness under the NCQG without imposing a uniform fiscal devolution model.

The LGMA proposes piloting transparent methodologies with willing countries and institutions, with clearly defined coverage, eligibility criteria and safeguards against double counting. The resulting evidence should inform relevant SCF work within its mandate and support consideration of further methodological guidance.

4. Articles 6.2 and 6.4

Cooperative approaches and Paris Agreement Crediting Mechanism

Parties should recognize that subnational governments are already public carbon-market actors in many jurisdictions, including through subnational carbon-pricing and crediting systems. Parties should integrate them appropriately into national Article 6 governance, authorization interfaces, activity development and benefit-sharing. This is particularly important where mitigation activities rely on, or cannot be developed without taking into account subnational mandates, public assets, infrastructure, utilities or existing subnational carbon-pricing and crediting systems. Where consistent with national frameworks, subnational governments and their public entities should be enabled to originate, aggregate and participate in Article 6 activities, with meaningful involvement in activity design, implementation, benefit-sharing and the use of resulting revenues. National Article 6 strategies should therefore recognize existing subnational carbon-pricing and crediting systems and establish clear interfaces with national authorization, accounting and NDC frameworks, while minimizing avoidable procedural barriers.

These arrangements would help expand crediting and carbon-market cooperation opportunities at the subnational level, providing additional mitigation options and implementation capacity to support national climate objectives.

For Article 6.2, Parties should enable eligible territorial programs to participate through national accounting arrangements, with clear roles for relevant subnational governments, public utilities and domestic intermediaries. Agreements should define ownership, benefit-sharing and responsibility for delivery and reversals, and account for any corresponding-adjustment implications for the host Party's NDC.

For Article 6.4, engagement of relevant subnational governments should extend beyond stakeholder consultation to meaningful participation where territorial assets, services, mandates or communities are affected. Host-Party authorization and corresponding adjustments, where applicable, must remain fully respected.

Article 6 arrangements should transparently address credit ownership, transaction and intermediary fees, revenue-sharing, safeguards and potential risks to local public budgets. Carbon revenues generated through territorial assets or public investments should, where appropriate, support territorial climate action, public services and local development priorities, while complementing predictable public climate finance and contributing to implementation of the host country's NDC, NAP and NBSAPs.

5. Article 6.8 Work programme

Country platforms as non-market territorial delivery solutions

Recognize urban planning and sustainable and inclusive country platforms that effectively localize climate finance by supporting decentralized cooperation and subnational project preparation ecosystems.

Encourage Parties to develop eligible and scalable cooperative non-market approaches using these platforms, in accordance with the Article 6.8 framework and NMA Platform procedures, to support integrated

mitigation and adaptation. Engagement should proceed through the relevant national focal points and applicable participating-Party arrangements.

Acknowledge that multilevel governance in country platforms can mobilize finance, technology and capacity across multiple levels of government and stakeholders.

6. On transparency

Tracking subnational finance and investment needs, GST/SCF and a Subnational Investment Annex

Parties are invited to improve the visibility of climate finance reaching subnational governments through disaggregation in Biennial Transparency Reports, stronger recognition in GST-related inputs and follow-up, a dedicated subnational section in relevant Standing Committee on Finance outputs and a recurring *Global Synthesis Report on Multilevel Climate Finance and Subnational Investment Needs and Opportunities.* Countries should also be encouraged to prepare *Subnational Investment Annexes* to NDCs, NAPs and, where relevant, NBSAPs, setting out priority territorial investment needs and opportunities, quality portfolios, delivery responsibilities, domestic intermediaries and access pathways. Implementation should build on existing national systems, with technical and financial support for data collection and voluntary subnational disaggregation where feasible.

7. On Adaptation & Loss and Damage

Accessible and devolved finance for resilience and recovery

Recognize subnational governments and resource their responsibilities. Recognize subnational governments as frontline public institutions responding to climate impacts and essential partners of national governments in planning, financing and delivering adaptation, resilience, recovery and responses to economic and non-economic loss and damage. Protect and substantially increase grant-based resources for adaptation and loss and damage, ensuring access for subnational governments.

Predictable financing should cover capital investment, institutional capacity and the operations and maintenance of resilient public services.

Adaptation

Translate adaptation finance commitments into accountable delivery. Operationalize the COP30 call to at least triple adaptation finance by 2035 by specifying the baseline amount, base year and delivery pathways, and tracking resources through to implementation. The Adaptation Fund's resource-mobilization strategy should provide additional, predictable resources commensurate with demonstrated demand.

Article 6 revenues should remain complementary to predictable grant-based public adaptation finance.

Embed subnational implementation in adaptation planning and accountability. At COP31, strengthen subnational delivery across the Global Goal on Adaptation (GGA), the Baku Adaptation Roadmap and National Adaptation Plans (NAPs). Make subnational financing needs, access, delivery capacity and territorial

outcomes visible through relevant GGA indicators, Enhanced Transparency Framework reporting and future Global Stocktake inputs.

Establish a dedicated and resourced means-of-implementation workstream under the Baku Adaptation Roadmap covering finance, technology and capacity-building.

NAPs should systematically identify subnational investment needs, responsibilities and financing pathways.

The Global Implementation Accelerator and related initiatives should support the preparation and scaling of territorial adaptation programs with subnational governments.

Operationalize territorial access through adaptation funds. Translate the Green Climate Fund's Locally Led Climate Action framework and the Adaptation Fund's direct-access and Locally Led Adaptation modalities into dedicated territorial programs, funded preparation, devolved decision-making and predictable investment in frontline public services.

Finalize at COP31 the arrangements for the Adaptation Fund to serve the Paris Agreement exclusively, including those needed for the timely receipt and monetization of the Article 6.4 share of proceeds, while safeguarding developing-country LDCs and SIDS representation and the Fund's direct-access model.

Loss and Damage

Establish and resource subnational delivery through the Fund for Responding to Loss and Damage (FRLD). The FRLD replenishment process should provide additional, predictable resources commensurate with demonstrated demand. Country programming and funding requests should identify subnational recovery priorities, public-service impacts, delivery responsibilities and transparent arrangements for onward transfers to affected territories. The Barbados Implementation Modalities should test devolved and locally led approaches and carry the lessons into the Fund's long-term operating model, including accessible small-grant and devolved-finance pathways for subnational governments, communities and vulnerable groups, with dedicated allocations or windows where appropriate.

Connect readiness and technical assistance to funding and implementation. Operationalize the FRLD Country Support System and direct-budget-support modalities with an explicit subnational readiness dimension covering loss-and-damage assessments, local data systems, institutional capacity, program preparation and nationally determined resource-transfer mechanisms.

Link Santiago Network technical assistance to these arrangements so that locally identified needs translate into funding requests developed jointly across levels of government and implementable territorial programs.

Institutionalize subnational participation in FRLD governance and delivery. Secure meaningful participation of subnational governments throughout country programming, program selection, implementation and monitoring. Pursue formal LGMA recognition within the Fund's active-observer arrangements, and ensure that future consultative forums provide structured channels for subnational governments and affected communities to inform Board decisions.

8. Just Transition Work Programme (JTWP) and future Just Transition Mechanism

Territorial implementation and finance delivery

Recognize subnational implementers and embed multilevel governance. Explicitly recognize subnational governments as just transition implementers and essential delivery partners of national governments.

Ensure meaningful LGMA representation and participation in the Mechanism's governance and work, alongside subnational participation in national just transition planning and coordination arrangements. Territorial implementation across sectors should be guided by social dialogue, rights-based approaches and equity assessments examining the positive and negative impacts of transition measures on different groups. Particular attention should be given to marginalized and disadvantaged groups, workers in informal employment and territories affected by fossil-fuel dependence, industrial restructuring and climate vulnerability.

Ensure that any agreed matchmaking function supports territorial implementation. Should Parties agree on a matchmaking function for the Mechanism, it should identify and aggregate subnational needs and connect territorial just transition programs with finance, technical assistance and capacity-building from sources within and beyond the UNFCCC, including climate funds, multilateral development banks and national and subnational public development banks. It should facilitate access through nationally determined channels serving subnational governments, and direct access where feasible under the relevant funding arrangements.

Support should include sustained project preparation and financial engineering, including through nationally appropriate Finance Structuring Hubs (FinHubs). Financing should prioritize grants and non-debt-inducing instruments for activities with insufficient financial returns, alongside highly concessional finance where appropriate, with upfront support for workforce development, social protection and economic diversification.

Assistance should also help address local revenue losses, stranded public assets and remediation costs, protect essential public services and develop new local economic and revenue bases. The function should make support reaching territories and remaining financing and capacity gaps visible.

9. The Standing Committee on Finance (SCF)

Making territorial delivery visible in climate finance evidence, guidance and accountability

The LGMA invites Parties at COP31/CMA8 to strengthen the territorial dimension of SCF work, drawing on the 2026 Forum's focus on local delivery and access and on consideration of the seventh Biennial Assessment. COP/CMA guidance to the GCF, GEF and FRLD, informed by SCF recommendations and consistent with each fund's mandate, should encourage stronger subnational access pathways, locally led and devolved delivery, domestic public intermediation, funded project preparation and transparent reporting on finance reaching subnational governments and frontline communities.

Parties, Presidencies and relevant constituted bodies should support a recurring Global Synthesis Report on Multilevel Climate Finance and Subnational Investment Needs and Opportunities, or an equivalent recurring analytical module within existing SCF-mandated reports. This work should consolidate evidence on territorial

investment needs and portfolios, finance flows and access and delivery barriers. It should inform relevant reports due in 2028, including the eighth Biennial Assessment, third Needs Determination Report, first biennial NCQG progress report and second report on doubling adaptation finance, according to their respective mandates. The resulting evidence should support future Global Stocktakes, NCQG follow-up and SCF recommendations and the development of voluntary Subnational Investment Annexes within NDCs, NAPs and other relevant planning instruments.

The SCF should strengthen methodologies that distinguish finance geographically located in territories from finance that subnational governments can access, implement or meaningfully govern. Analysis should distinguish commitments from disbursements and identify implementing entities, domestic intermediaries, financing instruments, concessionality, local decision-making roles and the ultimate territorial use of proceeds. This should make financing and delivery gaps visible and strengthen accountability for support reaching implementation.

Building on this evidence, SCF analytical work should assess how nationally determined multilevel delivery arrangements can improve access to Article 9 finance, affordability and territorial implementation, including through domestic public financial intermediation and permanent preparation capacity. Findings should inform recommendations on effective delivery arrangements and future guidance to funds.

10. COP31 Action Agenda

Advancing the Territorial Age of Finance: Launching the Global Compact for Multilevel Finance

COP31 offers a timely opportunity to turn growing institutional recognition into lasting subnational financial capacity. The GCF's Locally Led Climate Action framework provides operational guidance on devolved finance, local ownership and sustainable local capacity. The Veredas co-chairs' July 2026 informal summary records discussion of subnational public development banks, stronger local financial systems, domestic expertise and fair sharing of risks and rewards. The SCF Forum on financing climate action for water systems and the ocean took place on 21–22 September 2026, providing a relevant sectoral entry point for territorial delivery. Supported by the COP30 and COP31 Presidencies, the Global Climate Action Agenda (GCAA) connects cities, infrastructure and water resilience with finance, technology and capacity-building; its 2026 work programme explicitly prioritizes subnational finance. The forthcoming IPCC Special Report on Climate Change and Cities, scheduled for March 2027, provides a further scientific milestone for this agenda. Building on the GCAA's stated preparation for the report, COP31 should establish multilevel-framed partnerships ready to draw on its findings, once available, to strengthen subnational investment priorities, financing arrangements and national climate implementation.

The LGMA calls on the COP31 Presidency to launch the Global Compact for Multilevel Finance, in collaboration with the Climate High-Level Champions and the LGMA, as a voluntary framework of reciprocal commitments to strengthen subnational financial architectures, multilevel-framed and co-designed with subnational governments. Building on the Presidency's climate-resilient cities agenda and the S*ustainable Urban Resilience Financing Facility* (SURFF), the Compact would promote national–subnational co-design, stronger domestic financial institutions and measurable improvements in access and delivery. Existing GCAA initiatives, including the *Climate Implementation Bridge*, the *Global Implementation Accelerator* and relevant

Plans to Accelerate Solutions, together with CHAMP's finance pillar, should contribute through their respective mandates.

The Compact should support the development of funded country partnerships that connect NDC/NAP priorities to lasting subnational governments' financing capacity. National, subnational governments and financial partners should jointly agree enabling reforms, territorial portfolios and local decision-making rights. Country Platforms for Localizing Finance, subnational windows, national and subnational public development banks and municipal or subnational funds should provide adaptable institutional options. These architectures should also help mobilize domestic and international private investment for territorial climate priorities, including through national and subnational public development banks, aggregated investment portfolios and appropriate risk-sharing, while improving financing conditions for subnational governments and safeguarding public value. Funded preparation and financial-engineering capacity, including Finance Structuring Hubs (FinHubs) and intermediary organizations, should build permanent domestic expertise. Each partnership should publish its financing contributions and plan, distinguishing grants, public budgets and repayable finance, with 12–24-month milestones for preparation, approvals, disbursements and implementation.

Climate funds, MDBs, public development banks and bilateral agencies should commit to measurable improvements in subnational governments' access and financing conditions: simpler procedures, predictable preparation support, affordable local-currency finance, guarantees, risk-sharing and portfolio aggregation. The Country Platforms Hub and NDC Partnership should coordinate country-requested support; philanthropic and private partners should contribute suitable expertise, resources and innovation. Public support should benefit subnational governments and communities through transparent costs, liabilities and fair sharing of risks and rewards. Dedicated assistance should reach small and intermediate cities and less-resourced territories; grants should sustain essential public-good investments where repayment-based finance is inappropriate. These commitments should complement developed-country provision obligations under Article 9.1.

The Champions, working with the LGMA and participating countries, should convene an annual commitment and review round within existing COP and Climate Week gatherings. Ministers, mayors, governors and financial leaders should announce funded partnerships, address access barriers and account for delivery. NAZCA and partner reporting should distinguish pledges, approvals and disbursements, and finance located in territories from resources subnational governments can access, implement or govern. Tracking should cover financing terms, public services and resilience. Funded data and reporting capacity, accompanied by appropriate risk-sharing, should help prevent disclosure of climate vulnerability from further restricting access to finance. The Compact's annual review should draw on relevant IPCC findings, once available, alongside country experience, to refine investment priorities, preparation support and financing instruments. For SIDS and LDCs, this work should also contribute evidence to the Action Plan's annual High-Level Forum and its State of Climate Finance Access Report, to be published annually from 2027 to 2030, using compatible reporting that avoids duplicated burdens.

The GCAA should make effective subnational financial architectures a global public resource for replication and scale. Its Granary of Solutions and relevant PASes should document institutional models, costs, enabling

conditions, results and limitations; South–South and peer cooperation should support adaptation and replication. Evidence should inform Veredas/Xingu, SCF and Global Stocktake processes through relevant exchanges and submissions. Across the 2026–2030 cycle, success should be measured through lasting institutional capacity, accessible financing and demonstrable public value.

The Compact would advance the Territorial Age of Finance: strengthening countries' ability to raise and deliver climate ambition through financially empowered subnational governments.