Joint Submission to COP30 Presidency Roadmap on Transitioning Away from Fossil Fuels

Introduction - From Financial Architecture Reform to Territorial Economic Transformation

The transition away from fossil fuels requires more than a shift in energy systems.
It requires a systemic transformation of economic models, financial architectures, and institutional delivery systems.

The current global financial architecture remains structurally misaligned with this objective. Financial flows are still concentrated in large-scale, centralised assets, while most transition investments, particularly in buildings, local energy systems, mobility, circular economy, food systems, and water, are distributed, small-scale, and territorially anchored.
This creates a structural gap between global commitments (Paris Agreement, Global Stocktake orientation), national strategies (including NDCs, NAPs, NBSAPs and long-term strategies), and real-economy transformation potential and opportunity at territorial scale.

Closing this gap requires a dual transformation:

1. **Reforming the financial architecture** to enable localised, programmatic, and portfolio-based financing systems that effectively reach subnational governments, local SMEs, informal businesses, social and solidarity economy entities, and communities;
2. **Transforming economic systems** by supporting models that are locally anchored, socially inclusive, environmentally sustainable, and aligned with long-term resilience.

This implies a gradual but necessary rebalancing of economic systems that remain overly extractive, short-term, and insufficiently connected to the territories where impacts are experienced. **Current capital allocation patterns often prioritise short-term returns over long-term social and environmental value, concentrating benefits while externalising risks.**

A successful transition therefore requires rebalancing economic and financial systems toward:

- territorially embedded value creation,
- long-term investment horizons, and
- inclusive economic participation.

In this context, as confirmed by the recommendations of the Finance in Common System: we need a PDBs system working as "one" that includes **the "last mile banking" delivery system: national public finance players as key financial intermediaries (national and subnational development banks – NDBs/SDBs).** This aligns with the Sevilla Commitment on Financing for Development, which recommends also to localise finance by strengthening nationally-led strategies ("**country platforms**") designing a new coordination and collaboration framework based on the specifics of countries development profiles.

As per the dual approach, this "last mile banking" goes together with promoting **a "last-mile economy" that provides a care-centered, people-centered and redistributive economic logic, aligned with the objectives of the Paris Agreement and the Sustainable Development Goals (SDGs).** This is why Social and Solidarity Economy and Finance (SSEF), including cooperatives, mutuals, associations, social enterprises, community finance institutions and solidarity-based financial mechanisms, represent a critical component of transition pathways. Indeed, they are capable of:

- transforming production and consumption systems,
- mobilising local capital and trust-based financial systems, and
- generating employment and resilience at territorial level.

FMDV's previous contributions to COP30 processes, including the Baku to Belém Roadmap and the Circle of Finance Ministers' report, have consistently argued, together with the LGMA constituency, that **localizing finance must become a structural pillar of the financial architecture reform.** This includes supporting: Country Platforms for Localizing Finance, Subnational Development Banks (SDBs), FinHubs (Finance Structuring Hubs: dedicated units for project preparation, portfolio aggregation, blended finance structuring and matchmaking), portfolio-based instruments, and regulatory sandboxes.

Building on this architecture and aligning with the TAFF Roadmap framework, we consider that, together with local and regional governments, SSEF actors, especially when collaborating with Local and Regional Governments and NDBs/SDBs, form the **"last-mile economy and finance delivery system"**, translating national commitments into real, scalable transition and transformation.

Against this background, this contribution responds to the COP30 Presidency's invitation by identifying (a) systemic barriers, (b) actionable levers, (c) concrete experiences and lessons learned, and (d) differentiated pathways to ensure a just, orderly and equitable transition.

(a) Critical Barriers to Transitioning Away from Fossil Fuels

The transition is constrained by structural barriers that are not only technological, but deeply embedded in financial systems, institutional arrangements, and economic models.

A first barrier lies in **the misalignment of financial systems with territorial investment needs**.
Climate finance remains largely centralised and project-based, while the transition depends on millions of small-scale, distributed investments. These remain underfinanced due to high transaction costs, lack of aggregation mechanisms, insufficient local currency financing, and limited risk-sharing instruments.
As a result, large volumes of climate finance fail to reach the actors responsible for implementation.

A second barrier is **the weakness of territorial delivery systems**. Existing Country Platforms and financing frameworks are often state-centric and sectorally siloed, with limited capacity to generate financeable or bankable pipelines or connect national strategies with local implementation ecosystems.

A third barrier is **structural economic dependence on fossil-based systems**, including employment, fiscal revenues, and industrial ecosystems, which creates inertia and resistance to change.
Without credible alternatives, transition pathways face structural resistance.

A fourth barrier concerns **fragmented governance**, where coordination between national and subnational levels remains insufficient, and where communities and local economic actors are often excluded from decision-making processes.

A fifth barrier relates to **social legitimacy and political economy constraints**. Transition policies that are not perceived as fair, inclusive, and beneficial risk generating resistance and undermining implementation.

Finally, **legal and regulatory constraints**, including rigid investment frameworks and exposure to investor disputes, can limit policy ambition and create uncertainty for public decision-makers.

Taken together, these barriers highlight that the core challenge of TAFF is, on top of technological substitution, the absence of integrated systems capable of financing, governing, and delivering transformation at scale and aligned with the realities of territorial implementation.

(b) Key Levers to Accelerate Implementation

Accelerating TAFF requires **shifting from fragmented interventions to integrated delivery architectures** that connect finance, governance, and real-economy transformation.

A central lever is **the transformation of Country Platforms into territorial delivery systems**, capable of aligning national commitments, international finance, and local investment ecosystems. This requires embedding subnational governments, SSEF actors, and domestic financial intermediaries within platform governance and operations.

A second lever is the deployment of **FinHubs**, which enable the industrialisation of project pipelines through:

- standardised project preparation,
- aggregation of small-scale investments, and

- structuring of portfolio-based financing aligned with MDB and JETP frameworks.

A third lever lies in building a **layered financing stack**, combining:
- National and Subnational Development Banks as system anchors;
- SSEF financial intermediaries (cooperative banks, credit unions, community finance);
- citizen finance mechanisms (crowdfunding, community investment); and
- portfolio-based instruments such as pooled vehicles, guarantees, and blended finance.

This approach is further reinforced by **the Green Climate Fund's Locally Led Climate Action (LLCA) framework**, which signals **a major evolution in global climate finance by prioritising devolved decision-making, local ownership, and direct engagement with subnational governments and community-based actors**.
As the largest dedicated climate fund, the GCF provides a strong institutional benchmark demonstrating that **scaling climate impact requires shifting from centralised financing models toward territorially anchored delivery systems.**

A fourth lever is the activation of **subnational policy and fiscal tools**, including:
- strategic public procurement,
- local taxation and incentives,
- land-use regulation,
- and regional carbon markets with revenue recycling.

Subnational governments must be recognised as **market-shaping actors** This will create a demand for transition-compatible industries.

A fifth lever is the **scaling of SSEF as economic diversification infrastructure**, particularly in sectors where transition is territorially embedded.
Across sectors, our submission identifies concrete pathways:
- community energy systems and cooperatives,
- circular economy and waste management value chains,
- agroecology and local food systems,
- cooperative housing and retrofit programmes,
- shared mobility systems,
- and decentralized water and sanitation services.

This sectoral architecture should explicitly include **Nature-based Solutions**, especially where community-led restoration, agroecology, watershed management, mangrove rehabilitation, and community forest governance combine mitigation, adaptation, biodiversity co-benefits, and livelihoods in ways that are highly compatible with SSEF delivery models.

These levers demonstrate that accelerating TAFF depends on connecting financial innovation, institutional reform, and territorially grounded economic transformation.

(c) Experiences, Best Practices and Lessons Learned

A robust body of implementation experience demonstrates that the transition away from fossil fuels becomes effective when it is organised through **integrated territorial delivery systems**, rather than isolated sectoral or project-based interventions. These experiences demonstrate that the issue is not the absence of solutions, but **the need to scale and connect them.**

1. Country Platforms for Localizing Finance: from coordination to delivery
Pioneer Country Platforms developed under the **Finance Your Cities initiative** **(Cameroon and Madagascar),** supported by FMDV, UCLG, ADEME and the European Union ,illustrate how nationally-led platforms can evolve into **operational delivery systems**.
These platforms have:
- embedded **multilevel governance** (ministries, subnational governments, financial institutions);
- structured **territorial investment pipelines** aligned with national priorities;
- mobilised **public development banks and domestic financial intermediaries**;
- and supported the identification of **locally anchored, climate-relevant investment portfolios**.

Lesson: Country Platforms become effective when they move beyond coordination toward **pipeline generation, financial structuring, and territorial anchoring**.

2. FinHubs: industrialising project preparation and aggregation

Experience from project preparation ecosystems shows that one of the main bottlenecks in climate finance is not capital availability, but **lack of financeable/bankable pipelines**.

The FinHub model developed by FMDV addresses this gap by:

- embedding **project preparation and financial structuring units** within national and subnational systems;
- standardising documentation, safeguards, and financial models;
- aggregating small-scale projects into **portfolio-based investment vehicles**;
- and aligning pipelines with **MDB and JETP programming requirements**.

Lesson: scaling transition requires moving from "projects" to **programmatic, standardised, and aggregated pipelines**, supported by permanent technical infrastructure.

3. Subnational Development Banks and domestic financial intermediation

Experiences documented through the **Global Alliance of Subnational Development Banks'** and FMDV's Casebook (20 cases, 2 regions, 9 countries) show that SDBs play a decisive role as **last-mile financial intermediaries**.

They:

- provide **local currency financing** adapted to subnational borrowers;
- aggregate projects into **bankable portfolios**;
- channel international finance toward local investments;
- and reduce transaction costs for distributed assets.

Concrete examples across Africa and Latin America demonstrate how SDBs:

- finance municipal infrastructure,
- support local economic sectors,
- and increasingly engage in climate-related investments.

Lesson: domestic financial intermediation is essential to connect global finance with territorial economies.

4. SSEF-driven sectoral delivery systems

Sectoral experience shows that SSEF actors are not simply "supporting" transition from the margins. In a number of sectors, they already operate **tested delivery models**, often in partnership with local and regional governments, public development finance institutions, and citizen capital. What makes these models particularly relevant for the TAFF Roadmap is that they combine climate outcomes, social legitimacy, local ownership, and practical implementation capacity.

In community energy, cooperative and citizen-owned utilities have already demonstrated how renewable deployment, efficiency services, and local ownership can be combined in one territorially rooted model.

They play a key role in **distributed renewable energy and energy access**, particularly in contexts where centralized systems are insufficient.

- In Kenya, **cooperative-based and community-driven solar systems**, often supported by microfinance and pay-as-you-go models, have enabled large-scale off-grid electrification in rural areas, combining energy access with local economic development.
- In Bangladesh, **the Solar Home Systems programme implemented** by Grameen Shakti deployed millions of systems through a model combining microcredit, local technicians, and community ownership, becoming one of the largest decentralized renewable energy programmes globally.
- In France, **the Enercoop network has grown into a federation of 13 cooperatives**, with around **112,000 customers**, **67,000 member-shareholders**, and electricity sourced from **more than 524 production sites**, around half of which are owned by citizens or local authorities. The model goes beyond electricity supply: it also provides services for energy sobriety, photovoltaic deployment and building renovation, which makes it especially relevant for TAFF pathways that need to connect renewable energy, efficiency, and citizen participation rather than treating them as separate markets.

Mechanism: blending microfinance, cooperative organisation, and decentralized infrastructure delivery
Climate relevance: emissions reduction, resilience, energy access

In waste, circular economy and zero-waste systems, SSEF experience is even more demonstrably mature.

In Pune, the **SWaCH** cooperative grew out of a pilot that integrated **1,500 waste pickers** into door-to-door collection and later evolved into India's first wholly owned cooperative of self-employed waste collectors. Today it covers around **1,000,000 households daily**, integrates **4,000+ waste pickers**, and reports more than **82,000 tonnes of recycled waste annually**, alongside specific reuse, composting, e-waste and "nirmalya" collection schemes.

These are not abstract principles: they are concrete mechanisms for emissions reduction, landfill diversion, labor formalization, and municipal service delivery. Pune's model also shows how **SSEF innovation can support zero-waste urban policy**, not only livelihood support.

This should be read alongside broader **zero-waste city experiences**. Milan's large-scale separate biowaste collection system, rolled out citywide in stages and supported by detailed service design, pilot phases, household kits, and continuous performance tracking, has shown that even a dense metropolitan area can achieve very high rates of organic waste capture. Reuters reports that nearly **500 municipalities in Europe** are now working toward zero-waste certification, while better city-wide waste management can reduce urban emissions materially.
These examples are important because they show that waste transition is not only about recycling infrastructure; it is about **governance, service design, source separation, reuse systems, and civic participation**, all areas where SSEF actors are often central.

In Brazil, **national policies such as the National Solid Waste Policy formally recognise waste-picker cooperatives**, enabling their integration into municipal systems and scaling recycling rates.

In Bogotá, waste-picker associations have been **integrated into public service provision** following constitutional rulings, ensuring remuneration and formalisation while improving recycling

Mechanism: cooperative service delivery, municipal contracts, inclusion policies
Climate relevance: methane reduction, circular economy, emissions avoidance

In agroecology and climate-compatible food systems, the evidence base is now strong enough to support a scale-up argument. FAO's evidence review of agroecological approaches in low- and middle-income countries found that, across 50 articles and 77 cases, crop yields were higher in 63% of cases reporting yields, while adaptation-related indicators such as crop diversity, income diversity, reduced pest infestation, and reduced income variability were positive in 70% or more of cases. This matters for TAFF because it shows that agroecology is not only a social movement or normative preference: it is an evidence-based transition pathway.

At the level of organizational form, SSEF food-system models such as **Community Supported Agriculture (CSA)** also deserve explicit mention. A 2024 assessment of CSA farms in Flanders examined their agroecological performance and sustainability, showing that cooperative or solidarity-based producer–consumer arrangements can provide a tested institutional vehicle for climate-compatible local food systems. This is precisely the type of mechanism that can be linked to public procurement, school feeding, and territorial food planning within TAFF country platforms.

In Brazil, public procurement programmes such as **Programa de Aquisição de Alimentos (PAA)** link smallholder cooperatives to institutional markets, supporting agroecological production while improving food security.

In Senegal and across West Africa, agroecological cooperatives supported by farmer organisations and NGOs have demonstrated improved soil health, climate resilience, and income diversification.

In India, large-scale agroecology transitions such as Andhra Pradesh's community-managed natural farming programme rely on **self-help groups and cooperative structures** to scale climate-resilient practices.

Mechanism: cooperative production, public procurement, community extension systems
Climate relevance: carbon sequestration, reduced inputs, resilience

In housing and building retrofit, SSEF actors have also pioneered tested mechanisms that address one of the largest sources of emissions while building social trust and local implementation capacity.
In Greater Manchester, **Carbon Co-op and People Powered Retrofit** have developed a householder-led, cooperative and not-for-profit model that provides end-to-end support for retrofit design, contractor procurement, retrofit coordination and quality assurance. This is significant for TAFF because it demonstrates that community-rooted retrofit models can do more than awareness-raising: they can build local markets, reduce household risk, and translate climate objectives into implementable neighborhood-scale programmes.

In Uruguay, the **FUCVAM model** has delivered tens of thousands of cooperative housing units through mutual aid, collective ownership, and public financing, with increasing integration of energy efficiency.

In South Africa and Thailand, community-led upgrading programmes supported by savings groups and cooperative structures (e.g. **Asian Coalition for Housing Rights**) have improved housing conditions while strengthening local governance and climate resilience.

Mechanism: cooperative housing, community finance , public support
Climate relevance: energy efficiency, urban resilience, reduced material footprint

In Mobility, shared and cooperative transport systems
SSEF models are increasingly visible in low-carbon mobility systems, particularly in urban and peri-urban contexts.

In India and Philippines, transport cooperatives are being used to organise and modernise informal transport systems, including the transition to cleaner vehicles.

In Latin America, cooperative and community-based transport services provide accessible alternatives to private vehicle dependence, often linked to local economic systems.

Mechanism: cooperative fleet ownership, service organization, public regulation
Climate relevance: reduced emissions, modal shift

In water, ecosystem restoration and nature-based solutions, community-driven models are particularly important because they often combine adaptation, livelihoods, and stewardship. Here, TAFF should explicitly recognize that **Nature-based Solutions (NbS)** frequently overlap with SSEF methodologies: they depend on collective governance, long-term stewardship, local knowledge, and blended social–ecological value creation.

FAO's Forest and Farm Facility highlights community-led NbS as key to resilience and notes that scaling them requires long-term finance that supports local organization and capacity, not only infrastructure. Recent examples include community-led mangrove restoration and management in El Salvador, where insurance-linked finance, community women's organizations and ecosystem restoration were combined, and evidence from Ghana's **CREMA** approach, which shows how community-led ecosystem management can strengthen preparedness, livelihoods and climate resilience. Broader evidence from Nature Climate Change also shows that community forest governance can generate synergies among carbon, biodiversity and livelihoods.
In Mexico and Nepal, **community forest management systems** have demonstrated strong outcomes in carbon sequestration, biodiversity protection, and livelihoods
In Indonesia, community-based mangrove restoration initiatives combine ecosystem restoration with local income generation and coastal protection.
In Kenya, water user associations and community groups manage watersheds and irrigation systems, improving resilience to climate variability.

Mechanism: collective resource governance, community finance, ecosystem stewardship
Climate relevance: carbon sinks, adaptation, biodiversity co-benefits

Taken together, these cases show that the issue is no longer whether SSEF actors can contribute to TAFF. The evidence shows that they already do so through **tested delivery systems**: cooperative renewable energy and efficiency services, waste-picker and zero-waste systems, agroecological producer-consumer arrangements, cooperative retrofit services, and community-led ecosystem stewardship. The real challenge for the COP30 Roadmap is therefore not invention, but **recognition, integration, and scaling through the right institutional and financial architectures**.

Lesson: SSEF actors are not marginal; they constitute **existing, scalable delivery systems** for distributed transition sectors.

5. Portfolio-based and blended finance approaches
Experiences across MDBs, climate funds, and development finance institutions show that:

- **aggregation mechanisms** (pooled funds, portfolios) reduce transaction costs;
- **blended finance** improves risk-return profiles;
- and **guarantee instruments** unlock private and local capital.

These approaches are particularly effective when combined with:

- FinHub-supported pipelines;
- and domestic financial intermediaries.

Lesson: financial innovation must focus on **structuring and aggregating demand**, not only mobilising supply.

6. Subnational market creation and public policy leverage
Experiences from cities and regions demonstrate the power of:

- **strategic public procurement** (e.g. fleet electrification programmes);
- **place-based economic strategies**;
- and **divest-invest approaches** shifting capital allocation.

These instruments:

- create demand for low-carbon solutions;
- accelerate local market development;
- and signal long-term policy direction.

Lesson: subnational governments are not only implementers — they are **market shapers**.

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Across these experiences, a consistent pattern emerges:

- **institutions structure delivery (Country Platforms, FinHubs);**
- **finance is intermediated domestically (SDBs, SSEF finance);**
- **and transformation occurs through territorial economic systems (SSEF sectors).**

The central lesson is that transition succeeds when financing, governance, and economic systems are aligned at territorial level.

(d) Just, Orderly and Equitable Transition Across Diverse Realities

A just, orderly and equitable transition must reflect the diversity of national and territorial contexts.

First, **differentiated pathways are essential**.
Countries vary widely in fossil dependence, fiscal capacity, institutional strength, and development priorities. Transition strategies must therefore be adapted in sequencing, pace, and instruments. Especially, Country-led platforms should help shaping differentiated designs as per their proper definition (national leadership). This will also be a touchstone to monitor the influence of international development partners in the framing of these platforms and the risk of reproducing past pitfalls of harmonizing without consideration to innovative, culturally-rooted policy and action designs.

In practice, differentiated transition pathways require differentiated delivery architectures:

- Countries with high fossil dependence require platforms capable of structuring economic diversification and labour transition programmes.
- Emerging economies require investment systems combining infrastructure development with territorial economic ecosystems.
- Low-income contexts require decentralised delivery models anchored in communities and SSEF systems.
- Advanced economies must accelerate capital reallocation through financial system reform, including subnational balance sheet strategies and divest-invest approaches.

Second, **the transition must be territorially grounded**.
Impacts are felt locally, and solutions must be designed and implemented at that level, with local and regional governments playing a central role.

Third, **economic diversification must be at the core of transition strategies**, particularly in fossil-dependent regions.
This requires investment in alternative sectors, many of which are driven by SSEF actors.

Fourth, **inclusive financial systems are critical**, ensuring that finance reaches MSMEs, informal actors, and communities, and that ownership of transition assets is broadened.

Fifth, **social contract and participation are indispensable**.
Just transition requires:

- inclusion of workers and communities in decision-making;
- equitable distribution of costs and benefits;
- and recognition of local knowledge and capacities.

Sixth, **risk management must be integrated**, including:

- social protection and reskilling;
- place-based economic resilience strategies;

- and legal safeguards to protect policy space.

A differentiated framework can therefore be articulated across:

- fossil-dependent economies requiring diversification;
- emerging economies requiring territorial infrastructure;
- low-income contexts requiring decentralized solutions;
- and advanced economies requiring accelerated capital reallocation.

A just transition is achieved when climate ambition is operationalised through territorially grounded delivery systems, inclusive financial architectures, and differentiated economic pathways aligned with national realities

Conclusion - From Commitments to Delivery Systems

The transition away from fossil fuels will be defined not only by the scale of finance mobilised, but by the systems through which it is structured, intermediated and delivered

This submission demonstrates that:

- the key challenge is not only mobilising capital, but structuring it for territorial impact;
- the transition depends on integrating financial architecture reform with real-economy transformation;
- and effective implementation requires recognising subnational governments and SSEF systems as core delivery infrastructures.

Country Platforms, FinHubs, layered financing systems, and SSEF ecosystems together provide a coherent architecture capable of bridging the gap between global commitments and local transformation.

This is the pathway through which TAFF can move from ambition to implementation, anchored in territories, financed at scale, and grounded in just and inclusive economic systems.