Professor Kelly Mua Kingsly
PhD/MBA, MPA, CFA, CFI, PMP, ISO
Finance engineer (Forensic finance and audits)
blog:www.kellykingsly.com
https://www.linkedin.com/in/kelly-kingsley-ph-d-2a5a1416/

Trickling down sustainable finance funding from donors to local communities in the 21st century

1. Introduction

This essay discusses the main reasons why it is still the case that funding that enters the international sustainable finance lexicon has, for the most part, to go through hundreds of hands before it gets to those in developing communities, if and when it does. Channelling (or its synonym in international development discourse, mainstreaming) sustainable projects, finance, and initiatives up and down the development ladder in what is supposed to be a two-directional process is fraught and problematic. It needs addressing as a matter of urgency. Four main reasons are offered for this: the continued ascent of Projected Development, the continued adherence by most big donors to what we call the Project Paradigm, which demands the replication of Appeal to the global, the Concentric model of a Projected Development with its receding beneficiary target, and the refusal of developing countries to embrace the international practice.

The paper's first three sections briefly explore these problems, how they persist, and reflect on why they are important to us. The fourth section describes our areas of specific personal concern in 2004–5 and how they have affected our thinking and work regarding the Channelling approach. Several recently published studies—both historical and those published anew—have made clear that donors have spent the last half a century, both in the name of development and in times of crises, reconstructing the international aid and development delivery systems along the lines of their pre-conceived global blueprint – the first policy paradigm persistently promoted by the authors of the Marshall Plan. Recently, figures suggest at least 100 steps in the delivery chain before money reaches villages. The fragmented international aid architecture is held together, particularly in fragile and post-conflict situations, by many parallel, narrow-gauged vertical projects that must make their case for funding. So uneven, complex, and erratic is the process of gaining access to these finally de-localised, tentatively promised sums that few, if any, manage or seek to reach a point beyond their immediate beneficiary target. Above this point and before a 'project' is made a reality, the authors argue, the appeal is almost entirely intangible rather than existing recipients. The disadvantaged people mentioned have no identity among the constituents sitting there and little recourse or presence in the market.

In the four countries where the authors have a personal connection, we identified four key power interest groups and their reasons for keeping the current Concentric system in place: the 40 or so big donors in most poor countries because 'projects' also both enable them to use their branding devices and still offer 'value for money', at least in principle; Line Ministries because they get to set the agenda in a fragmented international aid architecture and because 'projects' enable them not to have to 'Development bank experts' in the 1990s, and more broadly, the whole of the international development community, especially management consultants all believing that 'small is beautiful', and the way to reconstruct shattered infrastructures, as per Easterly and his line 'reconstruct Zimbabwe', Jake Johnston and Mark Weisbrot's report. Our relationships with people in the 14 post-authoritarian Yugoslavia countries (see Lucas 2008), within the management circles of the construction companies currently tendering, already working or hoping to work in the post-Tsunami region of Aceh and more widely in Indonesia, visiting South Africa and knowing many people both formally and informally; and in our relationship with the media, investors, and potential financiers in the struggle around energy futures of Latin America.

2. Chapter 1: Understanding Sustainable Finance

Sustainable finance is increasingly becoming a meaningful way to fund activities that are part of solving global public goods problems. The broad meaning can be summed up as finance with a long-term focus because it is clear that short-term funding does not address long-term issues. Long-term finance has other attributes, such as a more holistic understanding of risk, besides counting time in decades, not months. Long-term finance is not just funding infrastructure that must be redeveloped in a contractual lifetime of 25 years. It also means not investing in technology with an obsolescence date of 10 years or unexposed risks, let alone understanding what advances could contribute to worsening the problem. Sustainability has entered many new dimensions and meanings in the application. Still, at its foundation, it is about having the possibility of maintaining funding sources and enjoying an open-ended opportunity to adapt as change unrolls.

The main characteristic of new 21st-century sustainable finance that enables it to make a sizeable trickle into local communities in an effective way is the focus on actions or activities. Not how they will be managed, not how they will be designed, and not their total environmental cost, but the activities themselves are given money. As a market-based instrument, the hope behind them in the 21st century is that as an alternative or supplement to grants, a successful transactional program would allow for a targeted amount of activities in specific locations in proportion to their future reduction in emissions. Such a program would transform the potential of the carbon market for people with low incomes.

2.1. 1.1 Definition and Principles

Sustainable finance is about financing specific development, cost, and income components that contribute to the sustainable development of economic growth. Sustainable finance is based on three elements, primarily defined by two of the three "Is" (intention, investment, and impact).

Intention is a relatively subjective concept, as it spells out the purpose or component of something. It means specifying activities that enable future development only if done a certain way.

Investment specifies the cost elements involved in promoting resources in the right direction. It covers, among other things, resources for purchasing partner goods (equipment, materials, labour) and covering start-up costs. In an economy, the cost of investing in a directed economy is primarily met by the community.

Created by many local communities, the operational framework for partnering in a specific way is the local community through the process of planning and partnerships themselves. In this context, it turns out that a substantial part can be provided from funding. Funds are conceived as the monetary base of the not-for-profit variety of all the other forms of assistance the community offers to various voluntary associations, organisations, and individuals. In addition, a more limited number of providers can be included in these materials, which could also be proximity and policy-related.

The issue must be examined in two systems to close the conceptual plan: 1. 21st-century funding flow to determine how much today's direct funding from creditors has increased. 2. If the funds arrive in LAC using ever-increasing natural methods, the resulting ecosystem, our own, is actually to our advantage regarding the sustainable and equitable development of Romanian rural tourism.

2.2. 1.2 Importance in the 21st Century

21st-century Black Gold was used to describe oil, coal, or gas in the 1970s and early 1980s. In today's context, the approach of the 21st century has seen the focus shift from resource extraction to sustainable modes of development, both in subsistence and for wealth. Each generation changes the world more than it has experienced in the past. That is finance as we know it today. However, most of that finance is directed to servicing strategies and operational asset requirements, refined skill, no skills, or untrained skill services (labour), as podcasts mark it as the 'easy' money is directed to the corporate sector, increasing the value proposition of wealth. Sustainable finance at the local level (or community) will be present as transformational "projects" that can be absorbed, capture original dimensions, and influence decision-making locus.

The financial factor is one vital issue that makes the relevance of raising physical conservation within the HA also increase in the 21st century. Communities, as being spelt out, are most reliant on the expected promises from donors, and that money will be shared step-by-step (trickling down) to the vera (consisting of local and customary groups who will further shape the community's administrative process). Still, the timing at which the donor's fund is given is critical as to whether it achieves the anticipated results. Development grant windfall given to the regional community before an inundation of challenges such as land grabbing, disease control, malnutrition, and other signs of underdevelopment are scientifically managed, is most times channelled to "premature equipment" defence, modernisation, and vape, secular wellbeing needs, rather than "actual prefiguration," immediate requirement such as food stability upfront (actual need) and orphanages (probabilistic need).

3. Chapter 2: Donor Funding in Sustainable Finance

Donor funding can often be regarded as financial support provided to organisations with which donors work in close partnership. Support from donors usually includes direct financial transfers into the accounts of the donor's chosen NGO, CBO, or government organisation. The funds may be transferred for development, emergency, humanitarian assistance, recovery, or transition support and are supported either unrestricted or with specific conditions or earmarking. Underpinning sustainable finance is the notion that it is both practical and efficient to aim some part of the potential funding from external or domestic sources for rural development to bring benefits that are not only meant for poor communities but are also directly targeting the conservation of biodiversity.

Donor funding does not always channel trickle-down cash to local communities but is often perceived as doing or expected to do so. A growing understanding of the importance of conservation strategies that work for rural and poor people helps trigger growing attention on investment into sustainable finance. There is no comprehensive definition of a typical donor; donors and how they provide funding are highly diversified across different locations worldwide. It is also essential to observe the evolution of changes and how donors engage in international development, multilateral or bilateral, global, public, and private. This is the subject of this chapter.

3.1. 2.1 Types of Donors

3.1.1. Overview

Donors are the primary agents contributing funds in the initial stages of innovative financial mechanisms and risk mitigation products, acting as first-loss providers. These payments can be diverse and conditional; various participants carry out these functions. This paper will concentrate on two broad types of donors – countries or coalitions of countries (bilateral or multilateral) and development finance institutions. In addition, the paper will, where possible, explore two other categories of donors: the private sector, who contribute to innovative financial mechanisms by investing in emerging instruments and entities or the operational costs of these, and investors, who may or may not provide concessionary finance. This paper, however, will concentrate on the impacts of investors who provide loan funding for development schemes in the short to medium term and are focused on how the compensation, at market rates, is spent by international or sub-national (with international support) actors in developing economies.

3.2. The role of donors in attracting funds for sustainable finance

In this study, the donors whose concessional funding starts off the finance flows are divided into four types. These are based on whether the funding comes from public or private institutions and whether that funding is intended to produce a rate of return from contributions to the projects or products being supported. In publicity terms, getting investment from an array of financially sound countries could indicate that the international community is putting its money into a project. In political terms, the funds distributed for concessionary monies come from people in developed countries via taxes, and it is frequently politically difficult to convince these populations that their money should be spent this way.

3.2. 2.2 Trends in Donor Funding

2.2 Trends in Donor Funding, Common Goals: Donors hold diverse common long-term strategic objectives supporting conservation and local development. However, the strategies adopted by donors to achieve these goals most effectively have evolved over large time scales and have also differed significantly across continents. Donors have primarily sought to foster local management by working "top-down" directly with government conservation authorities in the earliest phases of the evolution of the Environment and Development (E&D) phenomenon from the 1980s. Since the early 1990s, they have coupled this with significant field support beyond protected areas for "integrated conservation and development projects". Since then, they have also increased support for community conservation spread more generally "beyond integrated conservation and development".

For the sake of argument, assuming this shift in donor thinking is a trend of crisis response, it could be assumed that more donors may be pressing their money with its high imposition at the top than previously. This analysis might imply that much more money is now being earmarked for local community conservation work at an absolute level: significantly more is trickling down than previously. Where the additional very substantial resource flows are being targeted at parks, in many countries, funds for accompanying work in the rest of the country are significant and aimed more heavily at community conservation. More than this, national programs are everywhere, and therefore, Panda donor assistance tickles this top park-funded money down harder to the bottom than other strategies. Any trend in the downward spread of funds towards the ground must be scrutinised at the national level. Where government policy is moving in supporting communities and community management of resources, top-down money will likely be pushed by significant donors in this direction.

4. Chapter 3: Challenges in Trickle-Down Funding

The process of funding initiated by donors trickles down to local communities after passing several layers of bureaucracy and intermediaries based on the understanding, knowledge, and prioritisation of various intermediaries. In recent years, the challenge for sustainable finance is how to successfully bring this trickle-down funding to communities with proper, fair, and equitable outcomes for the benefit of all parties, for the success of a culture of sustainable finance to help poor people access banking facilities. Usually, only 2-3 people with low incomes can access banking. This process is often called outreach incentives. International examples of this ideal are challenging to find, different from some smaller donor programs with no charging system, from community trusts, major models for financing mechanisms, and credit intermediaries directly to the community.

Here are some obstacles and constraints in trickle-down funding: 1. The concept of a hedge fund is complex and requires human resources with particular expertise to filter profitable programs beneficial for society and not free-market and unattractive post-interests for leveraged credit markets. The aim is to speculate on growth, discounted value, and protection and move investments to more stable and profitable investments. 2. Moral risk sharing in allocating weakly cultured credit can make repairs where mechanisms based on guarantees, takaful insurance, Islamic social financing, mutual community assistance, and ethical business methods can transform cooperative performance in attracting the community, including MSMEs. 3. Capacity building should not only be for cost-sharing trainees but also for traders to facilitate the trade contracting market so that Islamic financial institutions can be immune and profitable in the event of a stable financial crisis with local people. They should feel economic empowerment as a morale because they play a role in community economic recovery. 4. Market and Credit Risk Segmentation - A focus on demand or demand units in introductory economic relationships focusing on so-called "conversion behaviours for future benefits." In economic terms, it can be understood as the development of economic models that lead to transactions taking place to produce settlements in the future (usually involving deferred payment of debts). It doesn't just deal with the holding of debts.

4.1. 3.1 Lack of Transparency

Lack of Transparency

When money reaches a portfolio manager for investment, end beneficiaries are unaware of how their donations are invested. It is commonplace for sustainable finance investment to be made with a top-down approach. Still, things are not yet transparent when funds are meant to trickle down from international donors to local communities. If, for example, a $1M fund is spent on technical assistance and consulting services, the local community may not even receive any benefits other than (or not) with future investment.

Indeed, the lack of transparency in this case is not due to a lack of intent. Still, the result of a more comprehensive set of operational and technical difficulties, as it becomes hard – thereby hard to justify – to evaluate the effectiveness of the investment was the community to be the informing body. Are they making the right investment decision, and how does one present the various elements that the "donor" has to consider, for instance, the case for investing in roads compared with schools? It is acknowledged that non-technical issues affect the implementation of these activities in an environment that does not operate on the same level as the developed economies of the world, which contribute to operating smoothly.

The most important of these is geographical location. Generally, communities do not disburse the "grants" raised by the fund for their development activities; instead, this is done by agencies, districts, or other professional entities that administer project funds. If funds are understood to be a comforting gesture and a 'stimulus', then communities could be negotiated with, or the manager of a subsequent lower-level funding body could be negotiated with, as their discretion could be more significant as to what the money is executed for, rather than how the funding body specifically stipulates the money is 'spent'.

4.2. 3.2 Capacity Building Needs

4.2. 3.2 Capacity Building Needs

Although there are appropriate mechanisms for channelling funds to local communities in a constitutionally decentralised framework, some still suffer erosion and moral hazard at the different RTALs of the state. As discussed in Chapter Two (section 2.6 and Figure 2.2), some of the reasons for TDF not working are because donors do not always fully support the initial RIA process, resulting in significantly declined recipes or modifications that undermine the original plans; high ratios of funders' free/ODA contributions can undermine the original projects; micromanaging by donors or handling from distant capitals usually cannot yield sustainability; heavily regulated mechanisms can slow down deadlines, and the funds may go to less or unrelated objectives; changes in regulations sometimes lead to corruption; RSF may help the current political regime remain in power, but repress local populations; if the major RES-IR mays comprise significant changes in the involving countries; and SM-F may mask conflicts and appear as very positive in the short term.

It has been concluded that trickling down requires high amounts of funds, context-analysis capacity building, guidelines for capacity building, experts who can deliver community rapid appraisals and set up practical and efficient local planning, ability to borrow in a consent of the governed, emergency fund ability; and several donors in the South who care about the endowment of domestic opinions that love democracy. Such capacity-building donors are, however, rare. Capacity building helps people experiencing poverty learn to bank and supports sustainable development. While access to the money required to build locally and use funds locally is essential, the various deficits to hit the formulas used by IFIs go far beyond being Blockable Kupanduktors. Apcas introduced a catalogue of CA problems (2003). It includes, as well as the considerations of Arndt and Haque (2005) and HiPC (2006), the complex infrastructure of poor states that would need massive stock-rate ODA to meet the MDGs; the diversion of resources by IMF/WTO-allocated conditions and more significant funds.

5. Chapter 4: Best Practices in Trickle-Down Funding

This fourth chapter discusses the best practices involved in the trickle-down of giving from donors to local communities. The previous chapters provided a theoretical foundation for trickle-down finance and investigated some of its significant challenges from the perspective of donors, financiers, facilitators, policymakers, and communities. We argue that funding with power might not always be ethical. Still, power can be used to encourage honesty and transparency when communities are not projecting the whole truth about necessary match-funding, in-kind donations, or the cost rises that predictably occur in planned interventions due to initially hidden costs associated with aspects like the physical and psychological accessibility of natural resources. Though investing to retain power might be necessary, especially when rough diamonds present their faces to the world in the form of far more polished gems than they are, we aspire to facilitate a trickle-down process that will increasingly empower local communities and lighten the load of ethical responsibility associated with playing the role of a money gatekeeper.

This chapter offers a positive response to the third question. It provides insights into the following question: which strategies, approaches, and transactions increase the likelihood that sustainable finance will effectively and equitably trickle down to various local actors to create a more significant social and environmental impact? To date, we have many ideas—including some that are radical, some that are palliative, and quite a few that are contradictory and messy.

5.1. 4.1 Community Engagement Strategies

Community engagement strategies focus on enabling inclusive approaches to support the distribution of sustainable finance on the ground to local communities. Why is this relevant? First, it has been shown that traditional and non-traditional actors in the world's remotest parts pay more attention and prioritise funding to benefit low-income people. In doing so, they also signal the primary stakeholder group to communities to promote access, product definition, and partnership. They also reinforce ownership and acceptance by beneficiary communities of locally agreed solutions and obligations. This Technical Note seeks to address several issues, including how to design and develop community engagement components and how to put more attention to the processes leading to the transfer of use of the funds.

Community Consultation refers to discussions that occur with a critical group of people (which are generally specific groups) at the start about the purpose of the proposed project, the project output, improving data about the community, the expected and unwanted outcomes, assessing the relevant social impacts if the initiative were to proceed. Programming or designing refers to the commitment to involve the community in detailed project design and programming. Community facilitation refers to subcontracting the specific process to a lead local agency or person (regardless of whether they are part of the government, civil society, or a community member) to identify the social issues and opportunities and facilitate the process of consulting and adhering to a plan. In this case, the engagement process is more activity-based; a stakeholder or a mechanism is instructed to consult. It ensures that the process will be organised and that collective input into the design and establishment of the fund is secured. Agreement between the donor and the executing partner will outline the process and stakeholders.

5.2. 4.2 Monitoring and Evaluation

Once donors have dispersed funds and implementers have allocated them to specific projects, monitoring and evaluation take on scaling consequences. Having mechanisms for rigorous supervision will be critical, especially for the policy areas that rely most strongly on the assumption that funding programs will trickle down to local levels. Absent rigorous monitoring, it will be challenging to develop accurate empirical tracking tools or understand the extent to which the trickle-down paradigm succeeds. Both degrees of information will be essential so that concerned taxpayers and local officials, especially the donors, can ascertain if their funds are being devoted to the public purpose.

Most of those interviewed in the field during the case study indicated that the SFP had achieved its objectives of direct funding for local sustainable forestry. This suggests that funding NGOs has at least not diminished the prospects for effective distribution of resources to local communities and that it may only be providing communities with access to funding for that purpose they previously lacked. Our research suggests a few evaluative points for those working on sustainable finance funding. First, are the programs effectively reaching funds to the ground - places where the donors hope the funding will have a beneficial conservationist effect? Much research supports the case.

6. Chapter 5: Case Studies

Yaygun District: A great example of trickle-down. Why is this an interesting case of trickle-down from which other projects can learn? How was the trickle-down principle incorporated into the design of the project? How effective has trickle-down been in this project area? In which aspects did trickle-down not succeed? Key lessons learned. Potential uses and impact.

Nowruz Bazaar: Loans for energy-efficient renovation to pensioners and IDPs. How was the trickle-down principle incorporated into the design of the project? How effective has trickle-down been in this project area? Key lessons learned. Potential uses.

Halva Solar: More equal opportunities in the value-chain Introduction. Key lessons learned. Potential uses and impact.

Solar District: Cut out the commercial intermediaries. How was the trickle-down principle incorporated into the design of the project? How effective has trickle-down been in this project area? Key lessons learned. Potential uses and impact.

Renewable Energy for Rural Livelihood (RERL) Ideal Development: Renewable Energy for (where) Rural Livelihood Introduction. Ideal Development's strategy. Reasons behind the idea/need for lack of capital. Two projects combining rural livelihood with trickle-down. Renewable Energy Resources of Pakistan. The situation of off-grid and the potential of renewable energy. The potential in the market. Lack of capital. End-users. Findings. The villages and their household survey.

Peterborough: Financing efficient price-sensitive social housing associations. What? Where: Peterborough, England. How/why did you set up this project?

How does this differ from other social housing projects in Europe? Why did you use this type of finance? How does this differ from previous projects in the UK? How does this differ from earlier projects in Europe? How does this differ from the last renewable energy projects in Europe? Planning and design lessons from the Peterborough project. Lessons on finance and economics. Further reading. What has happened since? Your organisation.

6.1. 5.1 Successful Trickle-Down Models

While trickle-down theories for the global economy are far from successful in sustainable finance, there are examples of funding models suitable for local initiatives that effectively allow the channelling of sustainable finance from donors to local communities. The best period for exploiting such models seems to have ended, and there is talk about the post-LEADER model. However, other local initiatives using the Leader money have been developed using different tools and principles, considering and overcoming their weaknesses. In this section, we will briefly present three examples of local initiatives in rural areas, which we sketched out in the first section of the paper, point out their weaknesses and propose an innovative track that has other features involving the participation of all stakeholders in the territory negotiating common strategies and actions for change with a shared vision of sustainable development. The local rural initiatives presented have the following basic assumption: everyday sustainability is only territorial.

Involvement in planning and responsibility systems only works if there are tools for citizens interested in acting and developing public engagement in action. Participatory processes often involve local communities in identifying objectives, strategies, and actions; in more cases, natural and complete planning and making choices are not offered, and there is 'consensual rhetoric' but no established processes. Indeed, there are differences between local initiatives; some participate more, while others operate less. Some initiatives show little distinction between the three priorities facing the LEADER+ proposals—economic, agro-environmental, and social—while others concentrate on one of these areas to a greater or lesser extent. However, all the initiatives involve processes targeting the supply and marketing of high-quality local produce, which then profits the (direct) producers, with the consumers able to eat and buy good, healthy, safe products. In particular, some associations and foundations involved in the initiatives work as bridges to stress the social network aspect of what they are doing. All are innovative in some way and could identify themselves as the Sustainable Business

Association; in most cases, the positioning of products produced is aimed at niche markets.

Some initiatives, usually those in more disadvantaged areas, focus on capacity building. To start with something and build the communities long-term, they often organise local events, performances, and festivals around the message of healthier foods. Monitoring and evaluating social change is taken on board to a varied extent by the partnerships. In one representative initiative, we will discuss how sustainable expansion relates to niche markets. Educational initiatives are encouraged in several ways, some more broadly and others working within clearly defined frameworks for children or adults. Tours of small businesses and local 'buy local' leaflets are common, particularly in zones with resource attractions such as landscapes and wildlife or the activity-based holiday sector. Global Footprint Network, an international research and policy organisation advancing sustainability through the use of Earth Overshoot Day and Enduring Africa press release, have not received feedback from the European Commission, which is merely a commercial advertising and promotion notice for Carocim also offers their services to those interested in becoming biodynamic.' The international division of the Wildlife Foundation advises that we do not get involved in corporate endorsement.

6.2. 5.2 Lessons Learned

5.2. Lessons Learned

Trickle-down can work. Suppose enough money is being spent at the top-end of a trickle-down model, using DFI public funds, for example, to de-risk the high-risk first loss tranche. In that case, other entities - commercial banks, SFBs, PACS, etc. - can become involved with very little money, as they have minimal risk. They are seeking very low loan-to-value ratios. This is because, as long as the project performs well, they are doubtful of being the first to incur losses given their low financial exposure to the project. This can even work where political risk insurance (PRI) or guarantees are absent - historically, PRI has not been taken out by the 3 or 4 leading banks proposed to lend £20 million to the SONIF, for example; nor did the PRG that Lloyd's of London was prepared to do ever reach completion - in 2014, 4 years into the project.

To be impactful and viable, a trickle-down model must completely satisfy the risk criteria of two to three classes of collateral-requiring entities, and consequently, one DFI alone will not succeed in providing all those tranches of capital that are needed. In particular, it also requires at least one entity to perform better than peer competitors in its locality, if not in general. A 'good' lender might accept a 5% likelihood of default, not a 2% likelihood of default like their peers. Therefore, vulnerable floating communities would have a better chance of accepting their submissions despite the additional risks they present to the lewd lender.

7. Chapter 6: Policy Recommendations

6. Policy Recommendations

Chapter 5 identified critical requirements for trickling down donor funding through sustainable finance intermediaries to local communities that need it the most. This includes features of regulations and incentive structures. Offers further insights on what regulatory frameworks may be necessary while discussing what incentive mechanisms could be included in a policy framework. This discussion paper proposes the formal elaboration of policies that express this combination of regulation and incentives, making the paper relevant for government agencies tasked with developing policy responses about providing financial support to local, resource-dependent communities from donors and sustainable finance products. The paper also offers ways to evaluate policies on three levels: their engagement with trickle-down at different stages of the policy design process, an overview of each policy and how they address trickle-down, and critical indicators by which these policies might be monitored.

The seven policies proposed for detail include:

1) Implementation Plan for sustainable finance, including financial product design, stakeholder engagement, and community benefit-sharing agreements to ensure trickle-down benefits for local communities. This would address distributional outcomes by improving rates of return, for instance, to dispersed farmers or Indigenous and Traditional Owners who are in remote locations with high environmental values and costs.

2) Varying Overheads Policy: Address the ways that the public sector supplements the expected behaviour of the marketplace to facilitate trickle-down funding for operations and other projects with sustainable finance vehicles that may or may not be an option for investors, such as land purchase and conservation or the guttural contrivances for car pool clubs, such as fulfilment.

3) The Average Rate of Return Policy helps to ensure equity in the marketplace, making the following combination of trickle-down principles permissible.

4) Due Diligence for Senior Debt Policy is supported by the second level of earnings above as greater security and market rates occasioned by due diligence combined with motivated environmental probability increases. The conservative lender lends to the dead, dumb, and rabble. In the analysis, the senior lender demonstrates a commitment to the freeholder community to own and manage land or sea.

5) Ethical Investment Purchasing Policy identifies a preference for using payments from Cap and Trade by preference to raise senior AQV and avoid negative support of activities to be phased out, such as the so-called 'wet' MPA lease model, including taking a position against debt finance including externality adjustor conservation steps.

6) Revenue Distribution Policy: This policy ensures additional marketed surplus discussions and shared benefits for finance vehicles. However, the most significant rewards are for expanding the pool of providers and not for emergency management of dead assets.

7) Enhanced Due Diligence for Mezzanine Equity finance, as described above.

7.1. 6.1 Regulatory Frameworks

Olivia Fox has conducted considerable research in this field. Fox (2017) lists several recommendations concerning the regulation of the Accountability & Transparency stages of the trickle-down funding process: (1) scope of covered actors; (2) transparency of different stages; (3) internal transparency; (4) external transparency; (5) access to information; (6) provision of notice and time; (7) reasons for decisions; (8) inquiry and hearings; and (9) review, appeal or objection procedures. However, while Fox (2017) suggests distinguishing between local and international responsibilities & considerations of the states, no detailed regulatory consideration of the 'Distribution' has been covered in the trickled-down sustainable finance literature to clarify the equitable affair of the local communities in the distribution of supports. Therefore, the reviewed literature provides some information about general aspects of governance and policy but not a step-by-step set of rules for authorities or autonomous organisations governing trickle-down funding.

6.1. Regulatory Framework and Considerations to Ensure a Fair Distribution of Funds (e.g. "Beneficiary of Last Resort Principle") of Donor-funded Sustainable Finance to Local Communities In this section, by providing an operational framework that highlights the "economic and social" criteria and parameters, some policy suggestion will be presented which can regulate the "Distribution Stage" of "trickle-down funding" of the following "funding of upstream sustainable finance": Following the policy framework exposed in the former section of this Chapter concerning "Devolved Accounting" and 71°-72° provinces, the local or national authorities that first receive the "interest" revenue from the sustainable finance funds, and further redistribute "sustainable finance" loan component of the earned interest, can stick to the following principles & functions to do so.

7.2. 6.2 Incentive Mechanisms

6.2.1 Incentive structure to enable trickle-down processes

By looking at the trickle-down mechanism, this paper seeks to answer the question of how donors can ensure (and synergise efforts) that "their", meaning their donor funding, really serves nature, climate, and local stakeholders while meanwhile being able to attract private sector funding that secures the 'bank-ability' of the entire enterprise. To do so, different incentive strategies were identified that donors might choose to drive and optimise the trickle-down mechanism in its target situations.

The principal's task was found to be "sufficiently align incentives without over-assigning to inefficient agents" and especially to appoint field agents to verify whether "funds are indeed trickling down in their current upward direction to the benefit of the donor's receiver". Five levels and conceptual incentive strategies to ensure such results were derived and developed would require occasional monitoring for a potential upward drift, with the incentive strategy then needing to be re-set. This paper thus delivers particular advice on answering the main policy concern addressed in this article: "How will I know whether money/trust that our finance mechanisms supply ultimately goes into the pockets of the world's poorest (i.e. money is flowing downward)"? Encouraging such strategies would push for transparency, such as no-side payments regarding the economical use of donor funds, e.g. in the form of "planting trees", "avoided deforestation", or other forms of landscape reinvestment over time. Payment for environmental services (PES), sometimes part-and-parcel in evolutionary development approaches and with the GCF, tends to go with agro-chemical intensive monocultures without reinvestment.

6.2.2 Mechanisms to encourage beneficial self-organizational behavior

To test the mechanism when... building trust between elites and citizens experience new behavioural changes. The donor and the receiver provide supporting instruments through various projects, facilitating pilot solutions that carry longer-lasting effects and more considerable monetary benefits than before. This would be a win-win situation since increased 'bank-ability' would, through interest recouping, increase the near-term ability of a sustainable-environmental project to leverage more profoundly and ultimately worldwide via higher credit ratings. Different designs of such incentives can be modelled depending on what kinds of support are agreed upon. And if they are done in clever pilot situations, who benefits from these investments can be actively assessed.

8. Expanded Conclusion

This essay covers several pieces of evidence supporting that it is currently more effortless than at any other time to send finite volumes of foreign, public, philanthropic, and private sector money intended for the developing world down hierarchically to benefit national and subnational actors below the state. This, in turn, allows them the flexibility to spend the resources on an extensive range of sustainable development projects and programs to address various development challenges. But this flow of green finance could currently be summarised merely as the effect in the 21st century of the theoretical long-term expectations of late 20th-century international development practitioners, multidisciplinary researchers, and practitioner researchers who researched and promoted, among other things, decentralisation, participation, and governance reform. The forces that these actors, from the mid-1970s, identified as remoulding global development raised what has been referred to as expectations of the demotion of the state at the international, national, and subnational levels. Donors share their money partly because this seems to be the idea. Green finance is the latest attempt to meet the long-standing expectations of a rapidly changing world that those with money have been holding, raising questions about when and whether the trickling down of central-to-subnational finance can be effective.

The three authors provide new detailed case study evidence to support the linkage between current green finance and earlier academic arguments and the development of professional advocacy about involving and empowering local actors. We hope recognising the truth of these headline conclusions presented in this essay will enhance reflection from conferences in Cancún. Further, we hope it will foster new collaborations between members of the academic and professional communities to unpick the traditional and deep roots of current green finance in pre-21st-century academic debate and professional advocacy concerning a dated perception of political and governance science pertinent to today's decisions about the equitable allocation and use of substantial money contributions from a potentially vast, still uncertain, and emergent range of social and commercial customer-investors. It is our view that, in doing so, the state-of-the-art thinking presented everywhere about potential governance reform will assume practically groundbreaking proportions.