

Key points

Across the global South, a diverse ecosystem of funds are pioneering ways to advance socioenvironmental justice by bringing resources to where they are needed most and supporting locally led solutions.

The financing and governance models of global South funds challenge unequal, exclusionary and extractive systems that have historically marginalised communities.

These funds' transformative potential is hampered by limited support from a global financial architecture that does not reflect the realities in which they operate.

Finance institutions should invest in the infrastructure for the locally driven solutions that global South funds create by providing adequate funding, improved access to finance and collaborative financing.

Financing social and environmental justice in the global South

Communities most affected by the overlapping climate, environmental, social and economic crises receive the fewest resources to respond to them, hindered by a global financing architecture that is not designed to reflect their realities. Global South funds are demonstrating that alternative financing models can be more effective at driving impact. At the first edition of the Global South House at the 2025 United Nations Climate Change Conference (COP30) in Belém, Brazil, these funds and their partners shared their trust-based, grassroots-driven approaches to advancing social and environmental justice. The report, 'The Global South House at COP30: Lessons, barriers and the path forward,' produced by IIED for the Global South House, offers critical lessons that lay out the foundations for transforming society into one that takes better care of people and the planet. This briefing summarises its key findings.

Shortfalls of current finance systems

As the world faces multiple overlapping crises, the people and communities most affected by climate, environmental, social and economic shocks are often leading the way in developing solutions needed to strengthen resilience, preserve critical natural resources, mitigate the effects of climate change and ensure a truly sustainable and just future. Nevertheless, having historically borne the brunt of inequalities and exclusion, they rarely have a voice, neither in the design of responses nor in decisions on how to allocate the needed resources, which seldom reach them.

Resources for justice-oriented initiatives for climate, nature and people are very limited and remain concentrated mostly in the hands of global North organisations,¹ with women,

Indigenous and other historically marginalised groups receiving an extremely low share. Such limited access to global funding often builds on the legacy of structural disinvestment that these groups and territories have faced. Shrinking civic space also limits people's access to spaces of influence and even criminalises their actions.

Additionally, the opaque decision making and stringent ways of working common to mainstream financing mechanisms perpetuate the exclusion of local communities. A lack of representation of marginalised groups in the leadership structures of financing institutions contributes to a mismatch in funding priorities. Resources tend to come tied to 'set solutions' that might not reflect local realities. Additionally, complex bureaucratic processes, strict reporting conditions and unrealistic timelines embedded in mainstream financing mechanisms act as barriers to local groups wanting to access finance

Global South funds for socioenvironmental justice offer an opportunity to drive effective change through bottom-up solutions

to support their efforts, respond to crises and make their communities more resilient to economic and environmental shocks.

In response to these limitations, financing mechanisms are being set up by or in collaboration

with communities to more effectively support local, grassroots action for climate, nature and people. A diverse range of funds across the global South are channelling finance to local communities to drive social, environmental, climate and economic solutions.

In the face of intensified socioenvironmental crises,

these global South funds for socioenvironmental justice² offer an opportunity to drive effective change through bottom-up solutions that take advantage of the knowledge, resources and capacities of communities.

The Global South House³ is an initiative by global South philanthropic networks that seeks to showcase the critical role of these locally grounded funding mechanisms and call for a more adequate global financial architecture (see Box 1). Its first edition took place at COP30 in Belém, where an eight-day programme brought together over 1,200 in-person participants representing approximately 500 organisations from 29 countries to exchange experiences and develop collective demands to transform global financing mechanisms for climate, nature and people.

How global South funds challenge mainstream financing models

The actors represented by the Global South House comprise an ecosystem of funds and

organisations — including independent, socioenvironmental, grassroots, activist, movement-accountable and community-led funds — that are pioneering models to bring resources to where they are needed most and to support locally led approaches that advance socioenvironmental justice.

From villages in Indonesia, to rural areas in Mozambique, to Indigenous communities in the Amazon in Brazil, these funds work with communities to help them respond to their needs and defend their social, economic, environmental and cultural rights. They vary greatly in size — the members of the Comuá Network in Brazil disburse between 250,000 and 25 million Brazilian real (BRL) (between US\$50,460 and US\$5 million) annually, while annual disbursements of members of Alianza Socioambiental Fondos del Sur range from less than US\$500,000 to between US\$1 million and US\$5 million (with one exception of more than US\$5 million). Furthermore, their reach is expanding quickly, showing great potential for further development. Comuá Network members' disbursements almost doubled from about BRL105 million (US\$21 million) in 2020 to BRL193 million (US\$39 million) in 2022. Similarly, Alianza members disbursed US\$14 million to grantees in 2024, almost twice the amount than in 2022. Nevertheless, keeping up with the demand for funding remains a key challenge for the funds.

The funds engage across a wide range of themes, including the defence of the territories, adaptation, sustainable livelihoods, biodiversity, forests and agroecology, food security, climate adaptation and emergency response. Their efforts, which extend beyond mobilising financial resources to include technical support and capacity strengthening, make these funds **a critical infrastructure for enabling and strengthening locally led solutions and community-driven action for climate, nature and people.**⁵

The experiences of global South funds working to advance socioenvironmental justice lay the foundations for transforming the global financial architecture into a tool for socioenvironmental justice. The first edition of the Global South House at COP30 delivered key insights on the critical role they play in developing effective solutions for climate, nature and people, and on strategies that other national and global financial actors can adopt to deliver more effective financing to address today's issues.

Global South funds share a common political project of **tackling systemic inequalities and repairing historical legacies of discrimination and exclusion.** Central to their work is

Box 1. About the Global South House founders and partners

The Global South House provides a space for global South funds and their partners to come together as a collective in global decision-making spaces. The initiative aims to enable them to advocate for a transformation of international financial flows, from philanthropy to multilateral financing, to support locally led solutions and “shift power in the funding ecosystem, ensuring that decisions and resources flow from the ground up”.⁴

The Global South House is born of a collaboration between a series of global South philanthropy networks. *Alianza Socioambiental Fondos del Sur* (Socio-Environmental Funds of the Global South or 'Alianza') comprises 17 funds across Latin America, Africa and Southeast Asia that promote socioenvironmental justice for communities within global South territories. *Rede Comuá* (Comuá Network) brings together independent grantmaking organisations in Brazil focused on socioenvironmental justice, human rights, and community development. In its first edition at COP30, the Global South House's strategic partners also included the *Rede de Fundos Comunitários da Amazônia* (Community Funds of the Amazon Network) and the #ShiftThePower movement.

challenging extractive and colonial models of cooperation and resource mobilisation, and promoting alternatives grounded in solidarity and collective wellbeing. They do so by:

- **Reaching those traditionally excluded from funding:** global South funds work directly with historically discriminated against populations and territories — including women, Indigenous Peoples, Afro-descendant communities, young people, LGBTQI+ groups and people in marginalised areas. Global South funds have a strong focus on increasing both funding access and organisational capacity for these groups, including by providing fit-for-purpose grants and tiered funding models, as well as working with informal groups or non-formalised initiatives that lack access to traditional donors.
- **Strengthening civic mobilisation for a new social contract:** they understand their role as not just technical but political, helping shape a renewed social contract through strengthened civic participation, empowered networks of resistance and mobilisation, together with the promotion of visions of wellbeing that go beyond economic metrics of growth and see communities as stewards of people and nature.
- **A support ecosystem beyond the money:** they are both contributors to and beneficiaries of a powerful chain of trust. Actions to build this trust include: providing emergency funding to those responding to crises; protecting human rights and environmental defenders; and supporting and collaborating with a network of organisations that provide legal and other forms of non-financial support to communities, as well as with volunteers and leaders. This chain of solidarity is, in turn, translated to national, regional and international levels through the work of philanthropy networks.

Additionally, global South socioenvironmental funds **replace exclusionary and burdensome models with trust-based approaches**. Transforming how financing is done makes the funds more accessible, resource use more effective and the solutions more transformational. Common strategies include:

- **Participatory decision making to support community-driven solutions:** democratic structures and community feedback are central to the model of these funds. Participatory evaluation of projects and the combination of open calls with invitation calls (where funds work directly with communities to design initiatives) shift accountability, shaping the resources to serve the priorities of the communities rather than those of the actors providing the funds.

- **Rethinking 'due diligence' in favour of capacity strengthening:** trust-based approaches help reduce the bureaucratic burden placed on communities. Funds work through simplified or adapted reporting activities and often provide financial or technical accompaniment to complete any legal or audit processes. They also combine financial support with paying for external technical services and offering capacity-strengthening activities, seeing organisational development not as a cost but as an investment.
- **A flexible and emancipatory approach to monitoring and learning:** flexibility in the use and redirection of funds reflects an interpretation of monitoring and evaluation as an opportunity for learning rather than as an imposed or punitive exercise. The review of initiatives becomes — instead of a mere reporting requirement — part of a process of political education, in which lessons help connect local efforts to broader understandings of structural challenges or drivers of injustice.

A critical missed opportunity

As global financing for climate, nature and people is subject to shifting geopolitical dynamics while global crises continue to intensify, it is more important than ever to nurture effective solutions that are grounded in local realities. Despite the proven impact of global South funds and their networks, their ability to drive change and influence policy is hampered by a global financial architecture that is not designed to reflect the realities in which they operate.

Finance remains limited, concentrated and opaque: cuts to overseas development assistance and the reorientation of climate finance towards large-scale infrastructure projects or the private sector are shrinking the already limited pool of resources available to local actors, such as global South funds — at a particularly critical time of repressed civic space and a rise in conservative and nationalist forces that are hostile to many socioenvironmental justice efforts.⁶ The few available resources tend to stay concentrated in the hands of global North organisations. Additionally, policy and finance processes continue to function through hierarchies of power that favour traditional donor priorities (mostly from the global North) rather than local realities, making it difficult for global South funds to influence decision making on allocation of resources and to mobilise sufficient support for their work.

Inadequate financial architecture mechanisms that don't reflect local realities continue to pose significant barriers to accessing funding:

costly and time-intensive accreditation processes required by mainstream donors such as multilateral funds are out of reach for most global South socioenvironmental justice funds, and minimum budget thresholds and large funding packets are incompatible with the structure of global South funds and the community-based organisations they work with. Project-based funding leaves little room for the long-term capacity strengthening and organisational development that these funds prioritise, while short project cycles and rigid expectations on delivery are at odds with these funds' vision for driving structural transformation, which requires long-term, reliable and flexible support.

Lack of trust in global South funds results in a missed opportunity for delivering transformative finance:

there is a poor understanding of the ability of global South funds and their partners to deliver at scale, and of the unequal distribution of risk across donors and partners. As a result, instead of strengthening global South funds by building on their contributions, mainstream financing mechanisms may constrain them, intensifying competition and mistrust, thereby creating a significant missed opportunity for collaboration.

Pathways to transform financing architecture

There is a mismatch between the global South funds' potential for scale and the current allocation of resources. Rethinking how financing for climate, nature and people is done requires shifting from filling gaps to building systems, in which the global financial architecture does not seek to reinvent structures but instead invests in the strong networks and knowledge existing within communities to drive transformation. Key steps to achieve transformation include:

Recognise and partner with the infrastructures created by global South funds:

national and global finance institutions do not need to develop entirely new solutions or impose external approaches to address global crises — instead, they must build equitable

partnerships with the social networks and locally led systems developed by the efforts of global South socioenvironmental funds. Financial institutions direct more financing towards these mechanisms, notably mobilising long-term, reliable and flexible core support to sustain the care and solidarity networks, trust relationships and knowledge systems that underpin the operations of global South funds and which cannot be sustained through mere project-based financing. This calls for reforming donors' governance structures to ensure decision making is driven by local realities rather than top-down approaches. Mainstream finance institutions can learn valuable lessons from the diverse participatory and democratic governance structures and trust-based philanthropy strategies that global South funds pursue.

Enable, don't hinder: financing systems must be redesigned to reduce barriers for global South funds and their partners rather than constantly forcing communities to navigate complex and inaccessible structures. Traditional donors should collaborate with global South funds by designing simpler accreditation pathways at both national and international levels and ensuring greater access to official funding schemes. They should also learn from global South funds' models to make financing more suitable for local and community-based organisations, including through smaller or more adaptable and flexible funding streams.

Explore alternative and collaborative financing schemes:

partnerships between philanthropy from the global North and global South, government and multilateral actors should explore non-competitive, collaborative funding models that combine sources, sizes and timing of funding. This includes securing bridge funding, establishing revolving fund structures, ensuring longer-term capacity support for and through socioenvironmental funds, as well as training donors and implementers on the contributions of different actors to foster innovation in funding models.

Paula Sevilla Núñez and Alexandre Apsan Frediani

Paula Sevilla Núñez, researcher, IIED; Alexandre Apsan Frediani, principal researcher, IIED



Knowledge Products

IIED's mission is to build a fairer, more sustainable world, using evidence, action and influence in partnership with others.

The Global South House is a platform for political engagement, knowledge production, and collaboration among global South philanthropy actors. It aims to advance socioenvironmental justice and place local solutions at the centre of global finance conversations.

Contact

Paula Sevilla Núñez
paula.sevilla@iied.org

44 Southampton Buildings
London, WC2A 1AP
United Kingdom

Tel: +44 (0)20 3463 7399
www.iied.org

IIED welcomes feedback via: www.linkedin.com/company/iied

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FIND OUT MORE

Our work on the Global South House is being undertaken as part of IIED's project on strengthening majority world philanthropies to transform climate and development finance. The full report on the Global South House is available at www.iied.org/22745g. Find out more about our work on this topic at www.iied.org/strengthening-majority-world-philanthropies-transform-climate-development-finance

Notes

¹ Shift the Power Movement (2024) Too Southern to be Funded: The Funding Bias Against the Global South. <https://shiftpower.org/toosouthernstofunded/> / ² This briefing distinguishes between global South funds and other finance actors. Global South funds will be referred to as global South funds, global South funding mechanisms or funds for socioenvironmental justice. The terms 'global financing structures', 'traditional sources of financing', or 'mainstream/traditional donors/mechanisms/finance institutions' are used to encompass other more traditional finance actors, such as global North philanthropies, national governments, development banks, and multilateral funds for climate, nature and people. / ³ The Global South House, First edition COP30: The Global South House at COP30, <https://theglobalsouthhouse.com/en/first-edition-cop30/> / ⁴ Socio-Environmental Funds of the Global South (2025) Funding from the Ground Up: Inside the member funds of Alianza – the Socio-Environmental Funds of the Global South. / ⁵ See: Socio-Environmental Funds of the Global South, <https://alianzafondosdelsur.org/> / ⁶ Casa Socio-Environmental Fund (2025) Where are the resources for climate? The climate finance landscape for civil society in the Global South.

