

# The promise of direct access to climate finance

Evidence and lessons from LDCs and SIDS

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Least Developed Countries (LDCs) and Small Island Developing States (SIDS) are particularly vulnerable to the impacts of climate change. Two of the most important funds providing climate finance for LDCs and SIDS are the Adaptation Fund and Green Climate Fund. Both funds offer ‘direct access’ to climate finance, which allows countries to access funding using national organisations, bypassing multilateral agencies and banks, and thereby empowering countries and helping to foster greater climate justice. This paper explores the persisting challenge of unlocking direct access finance for LDCs and SIDS, and puts forward recommendations for reforms that might improve access for national-level entities to these two funds.

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# Abbreviations

<b>FRLD</b>	Fund for Responding to Loss and Damage
<b>GCF</b>	Green Climate Fund
<b>GCF-2</b>	GCF's second replenishment
<b>GCF-3</b>	GCF's third replenishment
<b>GDP</b>	Gross domestic product
<b>GEF</b>	Global Environment Facility
<b>IEU</b>	Independent Evaluation Unit
<b>LDCs</b>	Least Developed Countries
<b>LIFE-AR</b>	LDC Initiative for Effective Adaptation and Resilience
<b>LLA</b>	Locally led adaptation
<b>NDA</b> s	National Designated Authorities
<b>NIE</b> s	National Implementing Entities
<b>PSAA</b>	Project-specific Assessment Approach
<b>SAP</b>	Simplified Approval Process
<b>SIDS</b>	Small Island Developing States
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>USP-2</b>	Updated Strategic Plan (of the GCF)

# Summary

Least Developed Countries (LDCs) and Small Island Developing States (SIDS) are particularly vulnerable to the adverse effects of climate change, and also have significant capacity constraints that curtail their ability to respond to these effects. Their particular needs and concerns are acknowledged under the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement (2015), which include specific language around meeting the funding needs of these vulnerable countries.

Both the Adaptation Fund and Green Climate Fund (GCF) offer 'direct access' forms of climate finance to meet this need. This approach allows countries to access finance using national organisations, bypassing the need to rely on multilateral agencies and banks, and thereby empowering countries and helping to foster greater climate justice. Yet these channels remain underutilised, with systemic barriers often limiting their uptake. As a result, less than 10% of GCF finance and only 23% of Adaptation Fund finance is currently channelled through national-level entities. These challenges are especially acute for LDCs and SIDS: alarmingly, as of January 2026, 60 of the 76 eligible LDCs and SIDS still lack a single national direct access project from either fund.

The long-standing challenge of improving direct access has been widely acknowledged and various efforts have attempted to address this issue. These have predominantly focused on improving accreditation, and several LDCs and SIDS have national-level accredited entities with the Adaptation Fund or GCF (sometimes both). However the bottleneck persists, with few of those entities achieving funded projects. This paper explores this persisting challenge of unlocking finance post-accreditation, arguing that the bottleneck is a two-sided problem that cannot be resolved through country-level capacity building alone, and we put forward recommendations for reforms that might improve access for national-level entities to these two funds.

**Country-side constraints** include limited human resources, 'small bureaucracy' realities (in other words, challenges exacerbated by the size of a country) and capacity bottlenecks. Even very technically competent national entities struggle with the volume of documentation, multi-sectoral coordination and rigorous data demands required for a single GCF

proposal. This creates a restrictive 'economy of bureaucratic learning', where success is concentrated among a few countries familiar with fund procedures, leaving the majority further behind.

**Fund-side constraints** include procedural rigidity, risk-averse project appraisals and a preference for large-scale, 'bankable' projects. International intermediaries still control nearly 80% of GCF funding, highlighting a persistent misalignment between the stated ambition of country ownership and operational practice. While the Adaptation Fund's grant-based model better supports smaller, locally driven interventions, procedural burdens still hinder uptake. Readiness activities from both funds, while necessary and valued, are often transactional rather than transformational. They build foundational policies but fail to address the 'implementation gap', leaving countries underprepared to manage finance directly. This research argues for a shift from a 'readiness-first' to a 'readiness in practice' approach, where project implementation itself serves as the mechanism for building durable national capacity. This approach allows technical support to be provided in real time, aligned with the realities of small bureaucracies.

The Adaptation Fund's locally led adaptation (LLA) mechanisms and the GCF's updated accreditation approach represent important recent progress. It is too early to assess their impact on portfolio composition and the entrenched dominance of international intermediaries. However, previous experience suggests that procedural innovations alone may not be sufficient to overcome deeper structural constraints. This research found that a 'legacy model' still prevails in the internal culture and operational policies of the funds, particularly in relation to project appraisal standards, documentation requirements and risk tolerance. As a result, even where

accreditation and project preparation are pursued in parallel, national entities may continue to face significant challenges in meeting project approval requirements and securing timely disbursement. Much of the effort to date has focused on 'making countries ready' for the funds. Yet, without an equal effort to make the funding models appropriate for and accessible to LDCs and SIDS, these efforts will remain insufficient.

Direct access provides a mechanism for building country capacity to absorb funding and manage large-scale climate responses — for 'readiness in practice'. However, the current climate finance landscape operates on a readiness-first assumption, suggesting that LDCs and SIDS must be 'made ready' through years of training and accreditation before they can be trusted to manage finance directly. This research argues for a fundamental reversal of that logic. Direct access should not be the reward at the end of a long process, but rather the mechanism to enable countries to design, manage and implement their own context-specific solutions for resilient and sustainable outcomes.

Looking forward, 2026–2027 presents a critical strategic window. The momentum created by the reforms under the GCF's new executive director and the GCF's third replenishment (GCF-3), the Adaptation Fund's next strategic phase and the operationalisation of the Fund for Responding to Loss and Damage (FRLD), all create opportunities to catalyse and embed structural reforms. For LDCs and SIDS, simplifying and expanding access to non-debt, grant-based finance is not merely technical; it is essential for climate justice and resilience.

## 1.

# Introduction: climate finance for LDCs and SIDS

LDCs and SIDS have large needs for international climate finance. They are highly vulnerable to climate impacts (IPCC, 2023), requiring large investments to build the resilience of their populations. By definition, these countries cannot meet these financial needs on their own. As such, they are prioritised for support under international climate agreements. With their low gross domestic product (GDP) per capita in the case of LDCs, and narrow and highly vulnerable economies in the case of SIDS, these countries collectively contribute only a scant share of global greenhouse gas emissions — with LDCs accounting for approximately 3.3% and SIDS around 0.6% of total emissions in 2019 (IPCC, 2023, Figure 2.10). Yet, these countries shoulder disproportionate climate impacts. This limited responsibility combined with their high vulnerability to climate change means that the provision of climate finance to LDCs and SIDS is not only a matter of development finance, but also a core issue of climate justice.

The Adaptation Fund and GCF are each key sources of funding for climate action in LDCs and SIDS. Other multilateral funds, such as the Least Developed Countries Fund and the Special Climate Change Fund, also provide climate funding, with the former specifically targeting LDCs and the latter supporting SIDS and other vulnerable countries. However, these funds are

administered through the Global Environment Facility (GEF) and provide financing only through established GEF-accredited agencies, without an equivalent direct access modality for national entities. By contrast, the Adaptation Fund and GCF allow national and subnational organisations to access funding directly, bypassing international intermediaries. Accredited national and regional entities undergo a process that assesses their fiduciary, environmental, social and operational standards to ensure they can manage projects effectively. However, direct (that is, both national and regional) access entities<sup>1</sup> currently receive less than 26% of GCF funding, with national-level entities receiving only 9.5% of all GCF funding allocated as of January 2026 (Green Climate Fund, no date-b). For the Adaptation Fund, the balance is only somewhat better, with national-level entities receiving 21% of all funding allocated to date (based on our analysis of Adaptation Fund data (Adaptation Fund, no date-b)). This paper therefore focuses on the Adaptation Fund and GCF to examine the barriers and opportunities for strengthening direct access for national entities in LDCs and SIDS, a key mechanism for enabling country-led adaptation finance.

Reducing the challenges of accreditation is often cited as necessary to improve these proportions and increase the flow of funding to countries directly. In fact, of the

<sup>1</sup> The Adaptation Fund and GCF use different terminologies for direct and international access entities. For example, the Adaptation Fund refers to National Implementing Entities (NIEs) and Regional and Multilateral Implementing Entities (RIEs and MIEs, respectively), whereas the GCF refers to Direct Access Entities and International Access Entities (DAEs and IAEs, respectively). To avoid confusion, throughout this paper we will avoid using these acronyms and will use full descriptions (for example, national-level entities) unless referring to a specific category of entity used by one of the funds.

67 national-level entities who have been accredited to the GCF for 22 months or longer (of all types — beyond LDCs and SIDS), 38 are yet to receive any funding. This only includes those entities who were accredited before the end of March 2024, to ensure we are only counting entities for whom enough time has passed that a project proposal might reasonably be expected to have made it through the project development and approval processes. In contrast, there are fewer national-level entities accredited to the Adaptation Fund without projects — only two entities accredited for this same length of time do not yet have a funded project. However, as with the GCF, at the Adaptation Fund the direct access projects that have been funded are concentrated in a small number of countries, which have often had repeated success. This means that across both funds, most countries are yet to have a direct access project funded.

This research explores non-accreditation-related barriers across these two funds, especially for LDCs and SIDS. The purpose of the research is to provide insights to LDCs and SIDS on how to navigate post-accreditation funding pathways with the Adaptation Fund and GCF, as well as to put forward recommendations for reforms that might improve access for national-level entities to these two funds.

It is important to note that both funds have increasingly focused their efforts on improving access. However, these efforts are yet to have a demonstrable impact on the funds' portfolios, and for the GCF in particular, the historical processes that have led to the overwhelming allocation via 'international entities' are likely to have a lasting legacy and require additional efforts to overcome. It is hoped that this research can help to inform those efforts.

This paper is structured as follows: this section summarises the existing literature on climate finance access and challenges for LDCs and SIDS, particularly through the Adaptation Fund and GCF. This is followed by a short description of our research methods, and both the quantitative and qualitative findings. The paper concludes with a discussion and set of recommendations.

## 1.1 The broader climate finance architecture for LDCs and SIDS

The international climate finance landscape is a complex system designed to facilitate the flow of funds from 'developed' to 'developing' countries<sup>2</sup> to support climate action. While the overall volume of finance for the most vulnerable countries has grown in recent years, a significant gap persists between

the financial needs of these countries and the funding available (Nor and Mohamed, 2024; United Nations Environment Programme, 2025). According to the Organisation for Economic Co-operation and Development (OECD) (2024), climate finance for LDCs surpassed US\$20 billion for the first time in 2022, reaching US\$21.2 billion, while finance for SIDS has more than tripled since 2016 to reach US\$3.2 billion in 2022. Between 2016 and 2022, LDCs and SIDS benefitted from an annual average of US\$14.2 billion (17% of total climate finance) and US\$2 billion (2%), respectively. Importantly, adaptation finance represented a larger share of climate finance for these countries than for developing countries as a whole. In addition, both SIDS and, to a lesser extent, LDCs, received a higher share of grants — rather than loans or alternative debt instruments — compared to other developing countries. Despite these positive trends, these increases still fall far short of the funding required to meet countries' stated needs, including as expressed in their Nationally Determined Contributions (NDCs). Moreover, these trends reflect climate finance as a whole; recent research on the climate funds specifically suggest that LDCs and SIDS are not funded at appropriate rates relative to other categories of countries — see Section 1.3.3. The persistence of institutional, procedural and capacity barriers continues to constrain effective access and use of global climate finance, particularly in translating allocations into projects that meet local priorities.

## 1.2 The role of multilateral climate funds: the Adaptation Fund and Green Climate Fund

### 1.2.1 The Adaptation Fund

Established in 2001 under the Kyoto Protocol and launched in 2007, the Adaptation Fund is a foundational element of the international climate finance architecture. It is uniquely funded by market mechanisms — previously a 2% share of the proceeds from the Clean Development Mechanism (CDM) and now in the process of transferring to a share of proceeds from carbon credits issuance fees — along with voluntary contributions from governments and private contributors. This funding model, including a funding source untied to contributor preferences, has been credited with giving the Adaptation Fund a greater degree of independence from funder countries and more control by developing countries, who also make up a majority of the Adaptation Fund board (McGinn and Isenhour, 2021). As of the end of 2025, the Adaptation Fund has committed

<sup>2</sup> In this publication we use the terms 'developed' and 'developing' countries to refer to the specific sets of countries responsible or eligible for funding as part of the commitments made under the international climate agreements.

approximately US\$1.5 billion to climate adaptation projects (Adaptation Fund, no date-b), with a standard full-sized, single-country project having a maximum budget of US\$10 million. The fund's primary mandate is to finance "concrete adaptation projects and programmes" that have visible and tangible results on the ground (UNFCCC, no date). A defining feature of the Adaptation Fund is its pioneering of the direct access modality, which empowers developing countries to directly receive and manage project funds through accredited National Implementing Entities (NIEs), bypassing international intermediaries and fostering greater country ownership and institutional capacity. The fund has additional funding streams for accredited NIEs to access grants for innovation, learning and project scale-up.

The Adaptation Fund adopted the LLA principles<sup>3</sup> in 2021 and has established the LLA Aggregator programme designed to channel grants for LLA to national, regional and multilateral accredited entities. The Adaptation Fund board made a decision to merge the window for 'Enhanced Direct Access' into an expanded and enhanced window for single-country LLA programmes/projects. The funding available through the single country grants is up to US\$5 million per project/programme, which is in addition to the current cap of US\$40 million per country. With the LLA-focused windows, the Adaptation Fund aims to go beyond what can be achieved through the direct access modality alone by "devolving decision-making in the programming of internationally allocated funds to national and sub-national levels" (Adaptation Fund, no date-a). These relatively new funding windows are designed to embed the principles of LLA from the outset. While the concept is widely praised for its intent and potential to deliver improved access to, and greater agency for local communities in using, climate funds, the long-term effectiveness and performance are yet to be seen — these are expected in the coming years, as the projects are implemented and completed.

## 1.2.2 The Green Climate Fund

The much larger GCF is positioned as a central pillar of the international climate finance architecture established under the UNFCCC. With US\$10 million projects considered 'micro' projects at the GCF and large projects those with budgets over US\$250 million, the GCF has committed almost US\$20 billion since its governing instrument was approved at the 2011 United Nations Climate Change Conference (COP17). The governing instrument outlines a mandate to support developing countries in their transition to low-emission, climate-resilient development pathways (Cullen, 2025; UNFCCC, 2011). The fund operates on a 'country-driven' model, aligning its investments with the

national climate priorities of developing nations outlined in their NDCs and National Action Plans (NAPs) (Green Climate Fund, 2024). In recognition of their particular vulnerabilities to the impacts of climate change, the GCF also has a commitment to allocate at least 50% of its adaptation funding to LDCs, SIDS and African states.

Like the Adaptation Fund, the GCF employs two main access modalities: direct access and international access. The direct access modality is designed to strengthen national institutional capacity and foster greater country ownership (Green Climate Fund, 2021), while the international access modality channels funds through international accredited entities such as multilateral development banks and United Nations (UN) agencies (Qui et al., 2021) — as with the Adaptation Fund. The fund has also developed several additional modalities that may be used by either direct or international entities. These include the Simplified Approval Process (SAP), intended to be a streamlined mechanism for small-scale projects up to US\$25 million, particularly for direct access entities. This was advocated for by LDCs and SIDS. There is also the Project-specific Assessment Approach (PSAA), which allows an institution to be assessed for accreditation in relation to a single project, with the accreditation assessment and project approval processes undertaken in parallel. Under this approach, the institution is assessed only for the purposes of delivering the specific project, rather than receiving full institutional accreditation, though the institution may subsequently apply for full accreditation if desired. In addition, Enhanced Direct Access is designed to allow direct access entities to channel GCF funding themselves, without needing GCF approval for each subgrant. This therefore offers greater ownership and control by countries.

In late 2023, the GCF's new executive director launched the fund's '50 by 30' vision to accompany the GCF's Updated Strategic Action Plan 2024–2027 (USP-2) (Green Climate Fund, 2025). The 50 by 30 vision aims to increase the GCF's speed and scale to allow it to manage a capitalisation of US\$50 billion by 2030, while USP-2 is a more detailed set of programming directions and priorities for GCF's second replenishment period. A key element of both 50 by 30 and USP-2 is the goal to significantly increase the volume of resources programmed by direct access entities and to increase the predictability of GCF finance. In 2025, the fund also committed to establishing a GCF regional presence, to increase its impact.

## 1.2.3 Accreditation and project approval processes

The premise underpinning the fundamental funding model used by the Adaptation Fund and GCF is that

<sup>3</sup> [www.iied.org/principles-for-locally-led-adaptation](http://www.iied.org/principles-for-locally-led-adaptation)

funding is only provided via organisations that are accredited — with the exception of funding via the PSAA pilot at the GCF. This means that accreditation is a critical hurdle for access, a precursor step that must be completed before countries move on to the step of accessing funding. Unfortunately, the often cumbersome accreditation processes mean that accreditation itself is unattainable for some national entities, thereby preventing them from accessing funds directly.

For both funds, a national entity must have the support of the country's 'designated authority' to the fund, with applications then reviewed by each fund's accreditation panel and final approval resting with the respective board. A key aspect of this process is that until recently, accreditation was valid for only five years, requiring implementing entities to apply for re-accreditation. The GCF's revised accreditation framework has repealed this requirement, with accreditation now granted indefinitely (subject to compliance and monitoring). However, re-accreditation after five years remains at the Adaptation Fund.

Once accredited, the project approval processes for both funds are also complex and time-consuming. Each fund has a separate multi-stage process involving review by the respective secretariats and technical review committees before consideration by the respective fund boards. While some attempts have been made to ease these lengthy and onerous processes, challenges and barriers remain, many of which are felt acutely by LDCs and SIDS because of their specific contexts.

## 1.3 Known challenges and barriers to accessing funds for LDCs and SIDS

This section summarises the known challenges documented in the existing literature. Despite the stated priorities and mechanisms of multilateral funds like the Adaptation Fund and GCF, the literature reveals a persistent and complex set of challenges that hinder LDCs and SIDS from effectively accessing climate finance. These barriers are often interconnected, creating "vicious cycles" that compound the difficulty of project development and implementation (Theokritoff et al., 2023). While broader, external factors — most notably the chronic undercapitalisation of climate funds — also shape the overall scale and speed of finance delivery, this paper focuses on a set of institutional and procedural barriers that remain salient even in scenarios where funding availability is not the primary constraint. These barriers are particularly relevant for understanding why access by national and subnational entities continues to lag behind stated policy objectives.

### 1.3.1 Institutional and capacity hurdles

Limited institutional and human capacity in LDCs and SIDS is often a fundamental barrier, which can

exacerbate the slow pace of both accreditation and project implementation (Samuwai and Hills, 2018; Theokritoff et al., 2023). Studies reveal a "massive readiness gap" between countries in the Asian subregion and those in the Pacific, with many SIDS lacking the technical expertise to develop 'bankable' projects that meet the strict requirements of international funds (Samuwai and Hills, 2018; 2019). These capacity constraints often interact with other barriers, such as a lack of information, further complicating the process (Theokritoff et al., 2023). For example, while the GCF's direct access modality is intended to empower countries, its stringent requirements and slow processes have been found to prevent it from establishing strong local connections in Pacific Island countries (Owens et al., 2025). This issue is compounded by the fact that readiness support provided by the funds has not led to a significant increase in approved projects for LDCs (Djabare et al., 2021).

### 1.3.2 Financial and fiscal barriers

Domestic financial challenges underscore the importance of international funding. For example, while Caribbean SIDS have said they intend to use public funds for low-carbon activities, their ability to do so is severely limited by a lack of sufficient domestic finance and a constrained fiscal space (Mohan, 2022). A key factor is the high debt-to-GDP ratio, which prevents them from making the necessary investments and leveraging international funds (Atteridge et al., 2017).

The high debt-to-GDP ratios and limited fiscal space in many LDCs and SIDS severely undermines their ability to invest in climate action (Fouad et al., 2021; Kovalev et al., 2024; Mohan, 2022). Limited fiscal space also affects countries' capacity to co-finance projects, a requirement often stipulated by multilateral funds, creating a financial barrier to entry even when technical capacity might be present. Although the SAP was intended to improve access to climate finance for SIDS, there has been very limited success in terms of simplifying the requirements or accelerating approvals for smaller countries (Gonzales et al., 2020; Independent Evaluation Unit, 2025; Qui et al., 2021).

### 1.3.3 Mismatch in allocation and need

Despite SIDS being disproportionately vulnerable to climate change, they have been proportionally less successful than other vulnerable country groups in accessing GCF funding (Treichel et al., 2024). While the GCF has a mandate to prioritise SIDS, according to one review these nations have only received about 10% of the total funds allocated (Wilkinson et al., 2023), demonstrating a significant gap between the stated goals and the reality of allocation. Similarly, GCF's structural innovations have yet to adequately benefit the most vulnerable Pacific communities (Owens et al., 2025). The UN (2022) concludes that

the status of SIDS as a 'special case' does not translate into effective prioritisation or allocation of funds in practice. The allocation of funds to certain sectors also poses a challenge. While loss and damage is a critical issue for SIDS, most of the available climate finance is skewed towards mitigation, leaving a funding gap for recovery and rehabilitation efforts (Chandra et al., 2023). Similarly, although the GCF was meeting its overall goal of allocating 50% of its adaptation finance to LDCs, SIDS and African states, for LDCs, as of 2021, significantly more funding was going to mitigation than adaptation (Djabare et al., 2021). This is despite the clear adaptation needs of, and prioritisation by, LDCs. The Adaptation Fund has a clear mandate to deliver exclusively on adaptation, so it is not susceptible to this criticism. But its much smaller size and scale severely constrain the fund's ability to adequately meet countries' funding needs.

### 1.3.4 The challenge of post-accreditation access

The literature indicates a significant gap in research regarding the challenges that persist for countries **after** they have been successfully accredited, with the cumbersome nature of project-level access also a key barrier (Anantharajah, 2019; Ciptet et al., 2013). This is compounded by the mismatch between donor interests and recipient needs, with a preference for large-scale, 'bankable' projects that may not align with the urgent, smaller-scale adaptation needs of local communities in LDCs and SIDS (Kovalev et al., 2024; Nasir et al., 2017; Treichel et al., 2024). As a result, even accredited countries may experience long delays or project rejections, leading to frustration and a potential loss of momentum in climate action.

## 1.4 Summary and research approach

Together, the literature on the Adaptation Fund and GCF highlights a persistent and significant gap between the climate finance needs of LDCs and SIDS and their ability to access it. Despite their mandates to prioritise these vulnerable nations, systemic institutional, capacity and financial barriers continue to hinder access to these funds.

Some of these challenges are well recognised by the funds themselves. The GCF in particular has acknowledged the consistent criticisms of

protracted review processes, onerous and ambiguous requirements from countries, and insufficient country ownership of projects (Green Climate Fund, no date-a). In recent years, both funds have increasingly focused their efforts on improving access, both for locally led climate action and for interventions by national-level entities. The GCF has undertaken an internal restructure, committed to reducing the time it takes to review concept notes and funding proposals to nine months, and has revised its accreditation framework. The board discussions around revising the GCF's accreditation framework were particularly framed around the need to increase funding for direct access. However, as the literature shows (see section 1.3), the barriers to direct access are not limited to the accreditation process itself but persist even once a national entity is accredited. The Adaptation Fund has also demonstrated its recent focus on ensuring its funding reaches the world's most vulnerable populations, through its LLA Aggregator programme, which has devolved decision-making power (Adaptation Fund, 2025). Although the approval times and barriers for access at the Adaptation Fund seem less challenging, access to the fund is still concentrated among a limited number of countries and there remain many countries that are yet to have a national-level direct access project approved by the fund.

This research is therefore focused on the post-accreditation challenges of direct access, centred on the experiences of and lessons from LDCs and SIDS. It is based on a review of both academic and grey literature, as well as quantitative analysis of funding provided to date. These findings were supplemented by interviews with key actors from LDCs and SIDS, as well as with the Adaptation Fund. The national-level actors included National Designated Authorities (NDAs) — government institutions that liaise between the country and the funds — and national entities accredited to the two funds. While most of the interviews were with a single representative, others included two or even three representatives from across the relevant agencies and entities. Although several of the representatives and countries we spoke with were happy to be identified, others wished to remain anonymous; to preserve their privacy, we have anonymised all of the countries we spoke with. If countries are named in this publication, this is informed by publicly available data rather than statements made in interviews. The basic country demographics of those we spoke with are summarised in Table 1.

Table 1. Country demographics of interviewees

<b>COUNTRY OR FUND</b>	<b>COUNTRY CATEGORY AND REGION</b>	<b>NUMBER OF REPRESENTATIVES</b>
Country A	SIDS (Atlantic, Indian Ocean and South China Sea)	1
Country B	LDC and SIDS	1
Country C	LDC (Africa)	1
Country D	SIDS (Pacific)	1
Country E	LDC (Asia)	1
Country F	LDC (Africa)	1
Country G	LDC (Africa)	3
Country H	SIDS (Caribbean)	2
Country I	SIDS (Caribbean)	1
Adaptation Fund	All	1

# 2.

## Findings

This section presents findings drawn from a review of the literature, quantitative analysis of data from the Adaptation Fund and GCF, and qualitative analysis of interviews conducted with representatives from participating countries. In general, there is more literature on the GCF and it also tended to be the focus of more responses to questions posed in interviews with countries. As such, our findings are more focused on the GCF. This was not our intention at the outset of this research, but reflects the data that we gathered. Where possible, we have tried to emphasise the similarities and differences between the funds, but only insofar as the evidence gathered allows.

### 2.1 Overall picture of national direct access in LDCs and SIDS

Of the 154 countries who are eligible to receive funding from the Adaptation Fund and GCF,<sup>4</sup> almost half (76 countries) are either SIDS (39), LDCs (44) or both (7) (see Appendix 1 for a full list). As of January 2026, the total funding allocated across the two funds studied to date was almost US\$21 billion. The GCF, as the larger fund, allocated the bulk of that amount — around US\$19.3 billion, compared to the Adaptation Fund's approximately US\$1.5 billion.

The prospect of direct access has been consistently welcomed by Non-Annex I countries, reflecting long-standing frustrations with intermediary-led delivery models. Historically, the majority of climate finance projects in LDCs and SIDS were implemented through international agencies, often involving high implementation fees, limited national ownership and little lasting strengthening of domestic institutions. Against

this backdrop, direct access has been viewed not only as desirable but as essential for shifting power, building long-term national capacity and reducing dependence on costly external intermediaries.

The strong demand for direct access is reflected in accreditation patterns across the funds. At the GCF, more than half (89) of the 161 entities accredited to the fund are from national-level entities. This is despite the recognised challenges posed by the GCF's accreditation approach.<sup>5</sup> The Adaptation Fund has seen similar enthusiasm for direct access accreditation, with 41 national-level entities accredited from 38 countries out of 65 accredited entities in total. Countries were also explicit about the perceived benefits of direct access. For example, Country H noted that it “gives us greater country ownership, and it allows us to align with our country policies.” This is important, with direct access providing countries with the opportunity to increase their ownership of the climate initiatives they implement, through the process of implementation itself. Countries view this as a key part of capacity building and institutional strengthening at both national and local levels, as articulated by the LDC Group in their submission to the UNFCCC on guidance to the GCF in late 2025 (LDC Group, 2025). However, the enthusiasm for direct access cannot be met by accreditation alone. Accreditation is only one step towards accessing climate finance; once accredited, entities must then develop project proposals that are approved by the respective boards. It is this second phase of access — the step that culminates in the allocation of funding — that has proven a huge challenge for national-level entities.

Despite there being more national-level entities accredited to each fund than regional and international entities combined, far more of the funding is allocated

<sup>4</sup> These are the 'Non-Annex I' countries: countries that are Parties to the UNFCCC and are not included in Annex I, and that are eligible for financial support under the Convention.

<sup>5</sup> The GCF adopted a revised accreditation framework in mid-2025, but the effects of this will not be known until at least 2027, as it will be phased in over the 12-month period to October 2026.

to international entities. This difference is particularly stark at the GCF, which has passed almost 80% of all the funding it has allocated to date via international

entities and less than 10% to national entities, with the remainder allocated to regional entities (see Table 2). For the Adaptation Fund, this is slightly more balanced,

Table 2. Funding to LDCs and SIDS via the Adaptation Fund and GCF (in US\$)

	NO. OF ADAPTATION FUND PROJECTS	ADAPTATION FUND FUNDING ALLOCATED	NO. OF GCF PROJECTS	GCF FUNDING ALLOCATED	TOTAL NO. OF PROJECTS	TOTAL FUNDING ALLOCATED
<b>Total</b>	<b>219<sup>#</sup></b>	<b>\$1,493,334,096</b>	<b>336<sup>*</sup></b>	<b>\$19,353,472,254</b>	<b>555</b>	<b>\$20.85bn</b>
National direct access for all countries	77	\$342,294,811	52	\$1,831,132,972	129	\$2.17bn
Regional access for all countries	26	\$244,713,943	33	\$1,820,397,401	59	\$2.07bn
International access for all countries	116	\$906,325,342	245	\$15,367,701,305	361	\$16.3bn
PSAA funding for all countries	N/A	—	6	\$334,240,576	6	\$0.33bn
<b>Total for LDCs and SIDS**</b>	<b>99</b>	<b>\$654,572,796</b>	<b>191</b>	<b>\$7,475,607,580</b>	<b>290</b>	<b>\$8.13bn</b>
National direct access for LDCs and SIDS	27	\$119,295,611	24	\$922,161,132	51	\$1.04bn
Regional access for LDCs and SIDS	16	\$136,274,485	22	\$549,983,996	38	\$0.69bn
International access for LDCs and SIDS	56	\$399,002,700	142	\$5,905,642,091	198	\$6.3bn
PSAA funding for LDCs and SIDS	N/A	—	3	\$97,820,361	3	\$0.098bn

<sup>#</sup> This does not include the 'Adapting Biodiversities (ABC) Regional Programme for Latin American and Caribbean Cities Adapting to Climate Change through Locally Led Actions' project approved at the Adaptation Fund's 45th Board meeting in October 2025, as information on the specific countries in which this project will be implemented was not published at the time of analysis.

<sup>\*</sup> Four projects that have been withdrawn or are no longer funded for various reasons (FP038, FP054, FP065 and FP104) are not included here.

<sup>\*\*</sup> For multi-country projects that include at least one LDC or SIDS, these totals include the proportions allocated to LDCs and SIDS (in other words, project budgets are assumed to be evenly distributed between each of the countries and the portions of projects that are for countries that are neither LDCs nor SIDS have been subtracted). There are five Adaptation Fund projects marked as global (AFCIA phases I and II, ASIF, ISGAP and the Adaptation Fund – UN Environment Special Financing Window in Support of Innovation for Adaptation) for which specific countries have not yet been identified and so 76 LDCs and SIDS out of 154 total eligible countries was used as the proportion to estimate the allocation to LDCs and SIDS.

with 61% of all funding allocated to date via international entities and 23% via national entities. These figures are similarly stark for LDCs and SIDS. At the GCF, only 12% of all funding for LDCs and SIDS is allocated to national-level entities, while at the Adaptation Fund, this figure is slightly higher at 18%. While better by comparison, this is less than the proportion of total funds the Adaptation Fund allocates to national-level entities more broadly.

In total, across both funds, only 51 projects have been allocated to national-level entities in LDCs and SIDS. These projects are concentrated in just 16 countries (see Appendix 1). This means there are 60 LDCs and SIDS that are yet to have a single national-level direct access project funded by either the Adaptation Fund or GCF.<sup>6</sup>

While the accreditation approach was noted as a bottleneck to direct access by Country A, accreditation is not the end goal, nor the only impediment to funding access. The specific challenge of post-accreditation processes — particularly at the GCF — can be seen by looking at the number of entities that have been accredited but have no projects approved. In this comparison, we only consider entities accredited before March 2024, to allow sufficient time for a project from an accredited entity to be funded:<sup>7</sup>

- While 86% of all entities (at the national, regional and international level) accredited to the Adaptation Fund have a project funded, only 56% of all accredited entities have a funded project at the GCF

(see Figure 1). This implies that post-accreditation is a challenge at the GCF for all entity types.

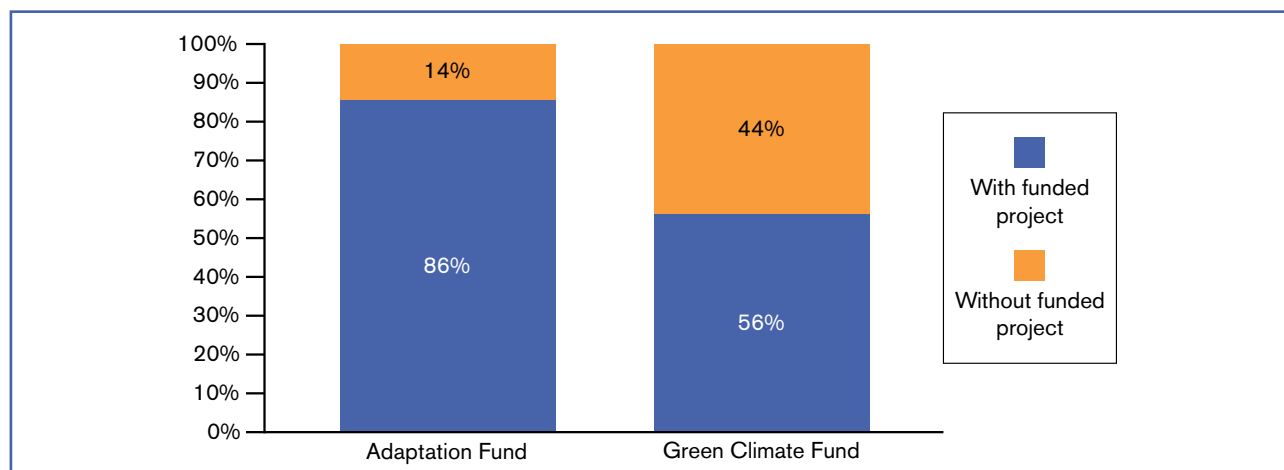
- However, regional- and international-level accredited entities have similar degrees of success in terms of gaining funding across both funds, with 75% (18) of the 24 current entities accredited to the Adaption Fund having a project funded compared to 70% (43) of the 61 entities accredited to the GCF (see Figure 2).
- It is when comparing national-level entities that the stark difference is revealed. 94% (31) of the 33 current national-level entities at the Adaptation Fund have had a project funded, compared to only 43% (29) of the 67 entities accredited to the GCF (see Figure 3).

These figures suggest that there are particular and significant obstacles to national direct access funding at the GCF.

## 2.2 LDC and SIDS success with direct access is concentrated

LDCs and SIDS are much less likely than other countries to have a national-level entity accredited: only 17 LDCs and SIDS have a national-level entity accredited to the Adaptation Fund and 21 to the GCF. In total, only 26 out of the total 76 LDCs and SIDS

Figure 1. All accredited entities with and without funded projects



<sup>6</sup> Note: the GCF allows some national-level direct access entities to implement projects in multiple countries. In this report, funding for such projects is counted as national-level direct access funding, but a country is only considered to have a national-level direct access project if the implementing national entity is from that country. For example, FP228, implemented in Cambodia by the nationally-accredited Korea Development Bank, is counted as national-level direct access funding in an LDC but not as a national-level direct access project for Cambodia. Similarly, FP061, implemented in Antigua and Barbuda, Dominica, and Grenada by Antigua and Barbuda's Department of Environment, is counted as national-level direct access funding in SIDS, but Dominica and Grenada are not considered to have national-level direct access projects. This is to reflect that part of the purpose of direct access is to build the capacity of national-level entities and increase country ownership, which is not the case for projects in which the national entity is not a part of the country in question.

<sup>7</sup> The project development and approval process can take time — the average amount of time has fluctuated over the GCF's life and differs between categories of countries, so we have used the average number of days reported by the GCF Independent Evaluation Unit's evaluation of the fund's effectiveness in LDCs, which listed the average number of days for a single-country project in an LDC from submission to approval, for the standard project approval process, as 660 days — just under 22 months. This is longer than the average for SIDS or African states generally (569.5 days), or for other categories of countries (495.5 days) or for multi-country projects (481 days) (Independent Evaluation Unit, 2023). In this paper, we have therefore allowed for at least 22 months for project development and approval in our assessment of the data, so entities approved at or before the 38th board meeting in March of 2024 are included in this comparison, but not those accredited at later board meetings.

Figure 2. Regional- and international-level accredited entities with and without funded projects

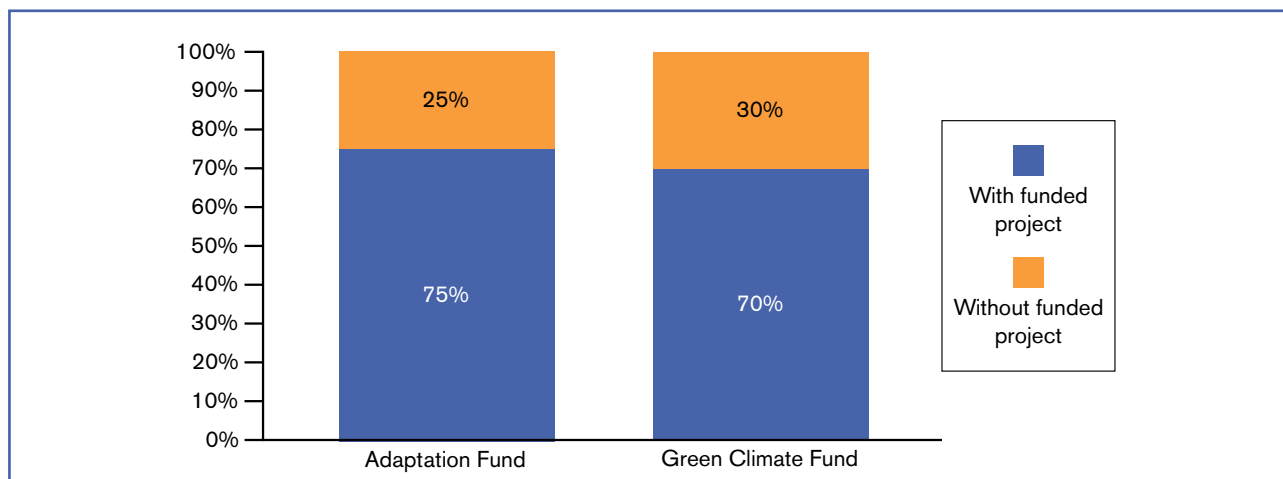
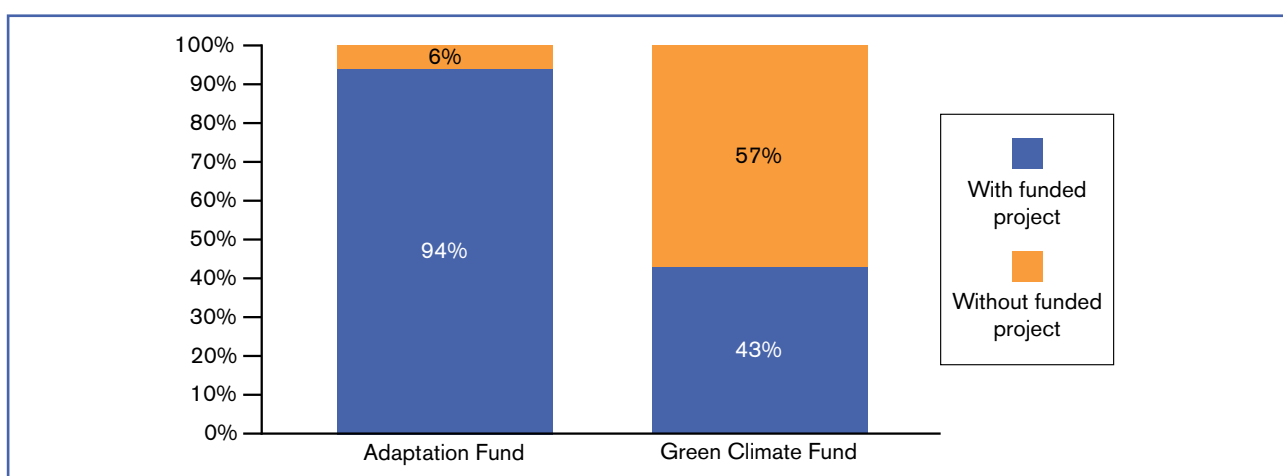


Figure 3. National-level accredited entities with and without funded projects



countries (34%) have a national-level accredited entity with either fund.<sup>8</sup> Of these, 11 have had projects funded via the Adaptation Fund and 13 via the GCF. This section outlines these entities, highlighting which countries have used the same entities across both funds and which have used different ones.

Eight LDCs and SIDS have national-level entities that have been accredited to both the Adaptation Fund and GCF and have successfully had projects funded from both funds:

- Department of Environment, Ministry of Health, Wellness and the Environment, Antigua and Barbuda (SIDS)
- Palli Karma-Sahayak Foundation, Bangladesh (LDC)
- Fonds National pour l'Environnement et le Climat, Benin (LDC)
- Ministry of Finance and Economic Management, Cook Islands (SIDS)
- Ministry of Finance and Economic Cooperation, Ethiopia (LDC)

- Micronesia Conservation Trust, Micronesia (SIDS)
- Ministry of Environment, Rwanda (LDC)
- Centre de Suivi Écologique, Senegal (LDC).

At the same time, several countries have more than one national entity accredited across the two funds (including both Rwanda and Senegal, from the list above). Countries with multiple entities have had mixed success across the different entities/funds (see Table 3). Several countries we spoke with who have, or aim to have, more than one national-level entity accredited explained that this would allow them to implement more projects concurrently — in other words, without maxing out the capacity of a single entity — while also maintaining the level of control that direct access offers. Similarly, Country H emphasised the importance of the NDAs taking an active role in supporting the selection and accreditation of national-level entities, and the way that a portfolio of national entities can work together to strengthen national capacity.

<sup>8</sup> As outlined above, of the 76 total LDCs and SIDS, 44 are LDCs, 39 are SIDS and 7 countries are both.

Table 3. The funding successes of LDCs and SIDS with multiple accredited entities

COUNTRY	ENTITY	ACCREDITED TO GCF	PROJECTS WITH GCF	ACCREDITED TO ADAPTATION FUND	PROJECTS WITH ADAPTATION FUND
<b>Bangladesh</b> (LDC)	Palli Karma-Sahayak Foundation	Yes	Yes	Yes	Yes
	Infrastructure Development Company	Recently	N/A	No	N/A
<b>Belize</b> (SIDS)	Protected Areas Conservation Trust	Yes	No	Yes	Yes
	Development Finance Corporation	Recently	N/A	No	N/A
<b>Cook Islands</b> (SIDS)	Ministry of Finance and Economic Management	Yes	Yes	Yes	Yes
	Bank of the Cook Islands	Recently	N/A	No	N/A
<b>Jamaica</b> (SIDS)	Planning Institute of Jamaica	No	N/A	Yes	Yes
	Jamaica Social Investment Fund	Yes	No	No	N/A
	Development Bank of Jamaica	Yes	No	No	N/A
<b>Nepal</b> (LDC)	Alternative Energy Promotion Centre	Yes	Yes	No	N/A
	Nepal Investment Mega Bank	Yes	No	No	N/A
	National Trust for Nature Conservation	Yes	No	Yes	No
<b>Rwanda</b> (LDC)	Ministry of Environment	Yes	Yes	Yes	Yes
	Development Bank of Rwanda	Recently	N/A	No	N/A
<b>Senegal</b> (LDC)	Centre de Suivi Écologique	Yes	Yes	Yes	Yes
	La Banque Agricole	Yes	Yes	Recently	N/A
<b>Tanzania</b> (LDC)	National Environment Management Council	No	N/A	Yes	Yes
	CRDB Bank Plc	Yes	Yes	No	N/A

There are also four LDCs and SIDS that have a national-level entity accredited and funded by only one fund and no entity accredited with the other:

- National Committee for Sub-National Democratic Development, Cambodia (LDC), one project with GCF
- Dominican Institute of Integral Development, Dominica (SIDS), two projects with Adaptation Fund
- Fiji Development Bank, Fiji (SIDS), one project with GCF

- Ministry of Water and Environment, Uganda (LDC), two projects with Adaptation Fund.

Together, these entity accreditation patterns show that countries do not see a uniform approach to direct access. An obvious model — and one often suggested by the rhetoric around the funds and readiness finance during negotiations — would be to start with a single entity, build its capacity using readiness finance, garner success with the smaller and potentially simpler Adaptation Fund, and then build on that success to access larger amounts of finance from the GCF

using that same entity. But many LDCs and SIDS are clearly taking a more strategic approach. For example, the previous lists together with Table 3 show that countries such as Cambodia and Fiji have chosen to go straight to the GCF, where potential project funding is significantly larger than at the Adaptation Fund, while countries like Jamaica and Nepal can be seen to have opted to accredit multiple entities, each with very clearly distinct remits. What this suggests is that LDCs and SIDS have a clear sense of their own funding needs and priorities, as well as the strategic proficiency to design an approach to meet them — this was also clearly demonstrated by many of the countries in interviews.

What the above also shows is how concentrated direct access is for LDCs and SIDS, with just a handful of countries successfully getting projects funded across either fund.

## 2.3 Readiness is important but not a panacea

Funding for readiness activities — in other words, activities to help build the capacity of countries and entities to ‘be ready’ to receive and programme climate funding — is provided by both funds. The Adaptation Fund’s Readiness Programme for Climate Finance particularly targets direct access, while the GCF’s Readiness and Preparatory Support Programme is more broadly focused on capacities needed to implement a country’s national climate priorities, though GCF readiness funding can also be deployed to strengthen direct access entities. As per Appendix 1, which lists the number of readiness activities funded to date by each of the two funds in each country, the GCF’s readiness budget and scope (in terms of the number of activities and number of countries reached) is far larger than the Adaptation Fund’s. Readiness activities typically include support for strengthening NDAs, developing institutional and fiduciary capacities of potential accredited entities, improving project preparation skills, and enhancing coordination and strategic planning. Countries widely recognise these activities as being valuable, both for building capacity to access climate finance and for broader institutional strengthening. However, there is not yet clear evidence that readiness alone is sufficient to increase funding for LDCs and SIDS via direct access or international channels.

Comparing the number of readiness activities to the number of funded projects listed for each country in Appendix 1 shows the expected correlation between the number of readiness activities and an increase in either national or international funding is weak at best. Uganda, for example, has one of the highest number of projects funded to date: two direct access projects — both with the Adaptation Fund — and an additional 23 regional or international projects. While the majority of those

international access projects are multi-country, this is still a very large portfolio. Yet, Uganda has received only four readiness activities from across the two funds. By comparison, Saint Kitts and Nevis has received 13 rounds of readiness funding — all via the GCF — but has only received funding for one multi-country project to date. Similarly, of the 24 LDCs and SIDS that have received readiness funding from both the Adaptation Fund and GCF — who might reasonably be expected to be the countries benefiting the most from readiness support — only seven (less than one third) have had success in terms of having a direct access project approved. This suggests that while readiness can build important capacities, additional measures are needed to translate readiness into tangible climate finance outcomes. Otherwise, direct access projects are likely to remain concentrated in countries that have already achieved success.

Despite this, a number of countries interviewed (including countries C, D, E, H and I) reported seeing real value in readiness activities. They credited specific capacities built through readiness support as contributing to their ability to access funding. For example, Country H noted: “that first readiness project that we got was the foundation for laying the policies and frameworks ... [and] developed our first country programme ... From that first readiness, we were able to identify, [and] we were able to finance some of the projects that came out of that country programme.” While the impact of readiness support has not yet been effectively quantified, these experiences suggest that readiness activities can lay critical groundwork for future climate finance success.

Countries consistently emphasised the importance of channelling readiness funds through national-level entities to build domestic capacity. All Adaptation Fund readiness activities are funded via national entities. While the GCF allows international entities to provide readiness support, the countries we spoke with clearly preferred to use their own organisations for readiness. As Country F explained: “we want to channel the [readiness] funds through our national accredited [entity] ... because, all in all, you need to really get them up to par and be able to submit a lot of national-led proposals right in the future.” However, at least one LDC reported that GCF secretariat staff discouraged using national-level entities, advising instead that regional or international intermediaries be used: “they’re still telling you ... yes, you can access it [readiness] directly, but we advise you to go through an intermediary or UN partner” (Country G). Countries found this advice frustrating, seeing it as indicative of a lack of trust in national entities’ capacities, linking to broader concerns noted below about GCF secretariat support and attitudes.

Nonetheless, there are promising indications of the potential tangible impacts of readiness support. Several

LDCs and SIDS who have received very high numbers of readiness activities — more than ten to date — have recently had a national-level direct access entity accredited, including Burkina Faso (GCF), Laos (GCF), Mali (GCF), Saint Lucia (GCF) and Togo (Adaptation Fund). While ten readiness activities is a significant commitment and, as outlined elsewhere in this paper, accreditation does not guarantee direct access funding, these examples suggest readiness support can contribute meaningfully to developing national-level capacity. Gathering further evidence on which readiness activities are most effective and under what conditions would be invaluable for supporting other countries to develop more impactful readiness plans and avoiding scenarios where countries like Chad, Saint Kitts and Nevis, and Trinidad and Tobago have very high numbers of readiness activities but no direct access or even single-country projects to date (see Appendix 1).

### 2.3.1 Success begets success

Once an LDC or SIDS has successfully navigated the climate funds' systems, they are relatively more likely to access further climate funding. This suggests that there is an 'economy of scale', or perhaps an 'economy of bureaucratic learning', that means that once countries' capacities are built, they are then better placed to use those capacities to access further funding. While countries consistently valued the provision of funding for readiness activities, the countries who have successfully accessed project funding — who have achieved this economy of bureaucratic learning — seem to have used that learning to strategically apply readiness funding to effectively fill identified gaps and maximise their identified goals. As outlined earlier, there is not yet clear evidence that readiness activities alone are sufficient to increase funding for LDCs and SIDS, via either direct access or international channels. Additionally, the overall picture of access to the GCF — in which the overwhelming majority of funding is provided via only a handful of international entities — indicates the GCF's strong historic tendency to continue to fund large-scale entities and projects (Treichel, 2024).

To broaden direct access, additional efforts will be needed; otherwise, projects are likely to remain concentrated in countries that have already achieved success. Several countries interviewed, including countries C, G, H and I, accredited their respective successes to factors such as readiness support, strategic choice of national access entity, strong NDA leadership, peer learning and exchange with regional bodies, trust-based relationships with the funds and having more liaison support from the funds. However, the specific enabling factors that would support

countries in accessing more direct access will vary depending on their individual contextual realities.

## 2.4 Single-country versus multi-country projects

The countries we spoke with were keen to point out the distinction between single-country projects — which might be implemented by a national-level entity or a regional or international entity — and multi-country projects, in which they are just one of a set of countries who are part of a large project (usually implemented by an international entity). Like single-country international access projects, multi-country projects are not generally seen as offering the same benefits to the country as direct access projects, particularly in terms of national ownership and capacity building.

Table 4 shows the group of LDCs and SIDS with no direct access projects, who also have no single-country projects, or only one single-country project implemented by an international entity. The final column of the table shows the number of readiness activities the countries had, which is often quite high. As above, this suggests that more tailored and targeted readiness activities are needed. It is significant that of these 16 countries, two — Dominica and South Sudan — had their first single-country projects approved in October 2025. At that board meeting, the secretariat emphasised the GCF's intention to focus on under-served vulnerable countries to try to ensure they have at least one single-country project by the end of the GCF's second replenishment (GCF-2),<sup>9</sup> so this is a very positive indication of the significant impact that a change in focus at the fund can have for LDCs and SIDS.

Single-country projects matter. Several NDAs that we spoke with noted how disconnected they felt from large multi-country projects that their countries were theoretically included in — though Country H was very clear that their NDA would never give a no objection letter<sup>10</sup> for a project “that does not align with our national priorities.” Country C reported that the capacity building benefits from implementing a multi-country project — especially larger projects — do not accrue in the countries themselves, but rather in the international entity. This challenge of displaced benefits goes beyond capacity building. Country J reported that in multi-country projects, the proportion of funding going to each country is often low, while Country G noted that it is extremely challenging for any one country in a multi-country project to know how much funding they will actually receive: “they are not accountable to show how much they invested in [each country] ... The biggest challenge of multi-country projects is most

<sup>9</sup> The GCF replenishment process is where donor countries periodically pledge new financial contributions to GCF funds. GCF-1 covered the period 2020–2023, while GCF-2 covers the period 2024–2027.

<sup>10</sup> A no objection letter is the 'proof' entities use to demonstrate their projects are wanted by countries and aligned with national priorities.

Table 4. Multi-country projects for LDCs and SIDS with zero or one single-country project approved across both funds compared to the number of readiness activities

COUNTRY	NO. OF MULTI-COUNTRY INTERNATIONAL PROJECTS	NO. OF SINGLE-COUNTRY INTERNATIONAL PROJECTS	NO. OF DIRECT ACCESS NATIONAL-LEVEL PROJECTS	NO. OF READINESS ACTIVITIES
<b>Chad (LDC)</b>	10	0	0	13
<b>Democratic Republic of Congo (LDC)</b>	9	1	0	10
<b>Guinea (LDC)</b>	9	0	0	11
<b>Bahamas (SIDS)</b>	5	0	0	11
<b>Seychelles (SIDS)</b>	5	1	0	7
<b>Dominica (SIDS)</b>	4	1	0	15
<b>Trinidad and Tobago (SIDS)</b>	4	0	0	13
<b>Suriname (SIDS)</b>	4	0	0	8
<b>Palau (SIDS)</b>	3	0	0	7
<b>Guyana (SIDS)</b>	2	0	0	7
<b>Niue (SIDS)</b>	2	0	0	4
<b>South Sudan (LDC)</b>	2	1	0	2
<b>São Tomé and Príncipe (SIDS)</b>	2	0	0	5
<b>Saint Kitts and Nevis (SIDS)</b>	1	0	0	13
<b>Saint Vincent and the Grenadines (SIDS)</b>	1	0	0	9
<b>Afghanistan (LDC)</b>	0	1	0	4

often the international accredited entities don't report back to countries where they operate these projects." Indeed, many multi-country projects do not even offer guarantees that all countries listed will actually benefit. Because of this, the countries we spoke to even mentioned potentially refusing any further multi-country projects, as they were seen to only benefit the credentials of the international entities and to be of little benefit to the national strategies, plans and goals of the countries in question. Countries also felt that the GCF's preferences led to faster processing times for projects led by international entities, though this did not outweigh the downsides of engaging in multi-country projects. For example, Country I stated that, while projects with regional or international entities move faster in terms of approval processing times, there are often competing priorities and only if the country has the capacity to take a very proactive approach will an individual country's

national priorities get enough attention; otherwise they felt these get diluted.

Country B reported that even in regional projects, most of the budget goes to regional- rather than country-level activities. On the other hand, some dedicated regional projects, particularly for countries with similar contexts, climatic hazards and geographies, were seen as very effective, particularly for SIDS. So this is not to suggest that all projects must be single-country projects to be effective or desirable for countries. However, all the countries we spoke to see the benefits of single-country projects, particularly direct access projects, for ensuring countries are in the driving seat, and that the design and implementation align with that country's contextual realities.

As for international access projects, Country C felt that a single-country project using an international

entity is likely to benefit the country more than a multi-country project. This is because they felt that they would have more control of and ownership over the project, in terms of local benefits and the likelihood of the project being appropriate for the local context. Similarly, Country H noted that developing a project “for six countries would take a lot more time than for a single-country project.” While countries tend not to favour international access projects, these observations suggest that single-country international access projects are viewed more positively than multi-country ones. With the right partner, single-country projects are seen to provide at least some degree of the benefits of direct access — namely, enhanced ownership and context-specific design — without requiring the full institutional capacity needed for national accreditation. However, countries were also wary of international entities rolling out projects that better align with their own priorities rather than those of the countries, and the reluctance of international entities to work in high-cost or remote locations — reflecting a perceived fund-preference for cost-efficiency over higher climate vulnerability.

## 2.5 Country capacities: what is working and what is needed?

While countries recognise the benefits of direct access and different funds, they also face a range of challenges in navigating accreditation, proposal development and project implementation. Even countries that have successfully accessed funding reported facing persistent difficulties, with many countries continuing to face limitations in in-country capacity, both in proposal development and project implementation. Country E noted that writing competitive proposals requires high-level technical expertise and access to reliable data, which is often unavailable, making it difficult to justify needs and vulnerabilities. They also observed that ambitious projects often outstrip the available institutional capacity: “Limited institutional capacity, insufficient staffing and weak systems. Many proposals cover large geographic areas with multiple activities, but the implementation capacity doesn’t match this ambition.” Countries D and F cited implementation challenges, including high staff turnover and the need to anticipate changes strategically, noting that even approved projects often experience delays.

Cross-government coordination can also be a barrier. Country E described alignment challenges when different ministries have competing priorities, while countries C and H emphasised the importance of a whole-of-government approach. Staffing changes, both within countries and at the GCF, were reported by countries C and D as slowing down progress further. Sociocultural diversity and remoteness in SIDS also

create additional layers of complexity, as countries work to ensure community input while managing practical constraints (countries B and E). Small bureaucracies with multiple responsibilities, combined with travel between islands in the case of SIDS, further reduce the time available to engage strategically with projects.

SIDS-specific challenges include fiduciary standards that do not align with small economies, leading countries to rely on international consultants and fly-in/fly-out experts. This makes building local capacity difficult, as local staff are often unavailable. Country G also noted conflicts between national legal systems and the GCF’s requirements, which sometimes require adaptations to national laws. And countries B and H expressed frustration when GCF reviews did not adequately respect NDA approvals or national priorities, creating a sense of external control over projects.

On the other hand, and extremely relevant to the readiness discussion above, countries were also very clear on what elements had contributed to their respective favourable outcomes to date. For example, for countries C and I the critical success factors included strong government capacity, effective stakeholder coordination and the strategic use of readiness support to develop these strengths. Country H also cited a robust national framework, strong governance, available climate data and institutional knowledge. What this again suggests is that LDCs and SIDS know the kinds of support they need; the question is whether the funding models can provide such targeted and differentiated support in the ways and at the times that countries need it, and without adding to their bureaucratic burdens in order to access it.

## 2.6 Access challenges and preferences at the Adaptation Fund and GCF

Countries recognise benefits in the distinct priorities of the Adaptation Fund and GCF, as well as specific challenges with each of the two funds, which in turn shape their project strategies and choices.

Countries often turn to the Adaptation Fund for smaller, adaptation-focused projects due to its relatively straightforward and faster processing times, as noted by countries E and G. Others, including country A, see the fund as critically important for SIDS in particular, given its exclusive focus on adaptation. Dedicated country allocations also provide funding certainty: if a project meets the criteria, countries know the amount they can apply for and that it should be funded. As Country G noted: “you know your quota. You know what’s available to you.” In this context, countries spoke positively about the Adaptation Fund’s increasing funding allocation per country. Additionally, Country H emphasised the fund’s responsiveness and

commitment to country ownership: “in my experience, which may be limited, I think the Adaptation Fund is far more responsive, far more committed to country ownership.” Another colleague from Country H also noted that “I think maybe their team is just a little bit more responsive [than the GCF].” Country I also suggested that the Adaptation Fund is well suited to community interventions and capacity building projects, while the GCF may be better suited to larger infrastructure projects or financing mechanisms.

A key downside of the Adaptation Fund is the re-accreditation process, which can delay active projects. Country G explained that this “doesn’t make sense when you’re running a project in good standing, and then you’re told you cannot access more money for new proposals because you’re under re-accreditation.” They further noted the mismatch in scale between accreditation scrutiny and project budgets: “This ministry is managing a budget of over maybe a billion dollars a year, and you’re assessing it on fiduciary standards of a \$5 million, \$10 million project ... and then you have to go through the same tedious process of reapplying.” The Adaptation Fund is in the process of reviewing this approach.

In contrast, Country E suggested that countries target the GCF for larger, more innovative projects with a broader scope covering both mitigation and adaptation, and for integrated projects across multiple sectors. Country G noted that the GCF is also used to scale up smaller projects from the GEF or Adaptation Fund.

However, navigating the GCF is more complex and coupled with the very long lead times necessitated by the GCF’s processes, this constituted the most frequent and vociferous criticisms of the fund in our discussions with countries. Its “significantly longer and more demanding. There are multiple rounds of questions on objectives, outcomes, implementation plans, safeguards and accountability,” noted Country E. Country F described how patience is required due to extended timelines. Country G highlighted that it is often impossible to align proposals with national strategies when approval timelines are so uncertain, and country H reported that extended timeframes challenge both project development and approval. While the GCF secretariat has committed to reducing the time it takes to review project proposals, this ambition and what it would translate to for their experiences elicited some scepticism from countries.

**“It’s too long. It’s too long. It’s too long for God’s sake!”**

Country G, on GCF project review timelines

While the GCF’s recent work to simplify the accreditation framework is appreciated, the challenges of developing projects and getting them approved

cannot be over-emphasised. These challenges are felt by all entity types. This is demonstrated by the fact that we could not find a single entity — national, regional or international — who had been accredited in the past four years who has had their first project approved. The most recently accredited entities who have successfully managed to get a project funded by the GCF were accredited by the board in late June/early July 2021. However, while post-accreditation delays are procedurally uniform, their implications are not evenly distributed. Established UN agencies and multilateral development banks — many of which were accredited early in the GCF’s operational history — continue to dominate funding allocations due to existing pipelines, institutional familiarity with GCF processes and accumulated reputational capital. By contrast, national and subnational entities, which tend to be newer entrants, lack these advantages and are therefore more exposed to prolonged approval timelines. This dynamic reflects a form of structural path dependency within the GCF system: although newer entities have been accredited, the slow conversion of accreditation into approved projects constrains their ability to operationalise direct access in practice. As a result, the very delays that affect all entities serve to reinforce reliance on legacy international intermediaries in practice — helping to explain why direct access remains strongly preferred by countries yet difficult to realise.

The Adaptation Fund does not have the same proportion of entities (national-level or otherwise) that have been accredited but that are yet to have projects approved — only eight out of the 57 entities accredited to the fund are yet to receive project funding; of those, only two are national-level entities. However, the long lag between accreditation and project approvals seems similar, with the most recently accredited entity to successfully get a project funded by the Adaptation Fund having been accredited in mid-2021.

The direct access modality at the GCF is seen as very limited in practice, with Country G describing it as “still lip service” and “still a joke,” pointing to the apparent ineffectiveness of previous GCF efforts to reform or change its practices. They noted in particular that there have only been nine projects funded through Enhanced Direct Access to date. This reflects a perceived pattern at GCF of reforms and changes not seeming to shift the dial away from entrenched practices. For example, Country A felt the GCF’s SAP helped to enable project approvals, but did not substantially reduce the transaction burden. The SAP was introduced in 2017 at the behest of SIDS and is designed to be a simpler process for approving projects that require smaller contributions from the GCF — up to US\$25 million — than the processes required for full-scale projects. The GCF’s Independent Evaluation Unit (IEU) review of the SAP in 2020 found that the modality had “not translated into simplified requirements or accelerated processes,”

and that international entities continued to dominate the GCF's funding allocations (Gonzales et al., 2020). The ostensible advantages of the economies of scale of large-scale projects are seen to be more important to the GCF than the priorities of smaller countries in this regard (Treichel et al., 2024). Despite changes to the SAP in 2022, the IEU's direct access evaluation in 2023 found that although national-level entities appreciate the idea of and efforts towards a simplified project approval process, there was not yet evidence that this had translated into appreciably improving these processes for smaller activities (Independent Evaluation Unit, 2023). This still appears to be the case, based on IEU's most recent evaluation (Independent Evaluation Unit, 2025). The GCF particularly encourages direct access entities to use the SAP,<sup>11</sup> but with somewhat muted success: 21 out of the 52 national-level direct access projects (40%) used the SAP, with only eight involving a national-level entity from an LDC or SIDS (two each in Bangladesh and Benin, and one each in Cambodia, Cook Islands, Fiji and Senegal). Of note, two of these direct access SAP projects in LDCs (one each in Benin and Cambodia) were approved in October 2025 — if the suite of projects submitted to that board meeting for approval represented a trend, then this would lead to a significant uptake in the use of the SAP.

Another concern, raised by country C, was that GCF projects must adhere to the fund's investment criteria, which may not fully align with national priorities. As country H observed: "The GCF does have specific investment criteria ... Whereas the Adaptation Fund is a little bit more open to filling the country needs." The GCF's emphasis on return on investment can inadvertently disadvantage smaller-scale projects, limiting access for countries like SIDS. While this may not reflect a deliberate preference against small projects, it highlights a structural effect of a funding model oriented towards maximising financial and impact efficiency at scale. As country H explained: "If you're going to be investing and doing all of these transactions, you want to maximise the impact ... GCF would have to do that on a much larger scale than the Adaptation Fund."

An additional challenge highlighted by the countries we spoke to regarding GCF funding was the limitations on the size of accreditation. Entities can be accredited as micro (for projects up to US\$10 million), small (for projects of US\$10–50 million), medium (for projects of US\$50–250 million) or large (for projects above US\$250 million). National entities are consistently accredited for smaller-sized projects — of the 88 national-level entities accredited to the GCF to date (including those accredited after March 2024), 50 (57%) were accredited as micro or small entities, compared to only 18 of the 70 (26%) regional- and

international-access entities. While some national-level entities are indeed much smaller than some international entities — particularly those from SIDS, where national economies may be much smaller — this is not at all universally true, with many LDCs having very large economies and their departments and ministries managing very large budgets. Several national-level entities have increased the funding amount they are accredited for, but this means another round of bureaucratic hurdles and requires multiple rounds to access larger funding amounts — a challenge perceived not to be faced by international entities.

Countries also described mixed experiences with the GCF secretariat. Some countries, such as country E, felt that the secretariat should act more as facilitators and share best practices rather than controlling the process. Others highlighted recent improvements in communication and readiness support, but noted ongoing challenges in aligning global expectations with local realities (countries B, D, F, G and H).

Tailoring available readiness support to better suit countries' needs was also repeatedly mentioned. For example, country A called for pre-accreditation support, especially for countries that do not yet have any national-level accredited entities. The GCF's updated readiness strategy for 2024–2027, which was introduced in late 2023, is too recent to assess its full impact. Countries reported only limited tangible changes so far, while also noting challenges. Issues with the new framework include its emphasis on administrative ease for the GCF secretariat — approving one four-year plan at a time — rather than tailoring support to country needs, which can be especially problematic for low-capacity countries according to country B. Country H noted a lack of clear guidance on rules and conditions governing the framework, sometimes resulting in countries unknowingly submitting projects the secretariat later deemed unacceptable. Country F also highlighted delays in rolling out the new framework: "We were waiting for these templates to be in place ... and then it took time — honestly, it took time."

Countries were divided on the potential impact of a GCF regional presence, which the GCF board committed to in 2025. Some expressed scepticism that outposts would provide meaningful autonomy or decision-making power. Country B noted the risk that: "There's no autonomy, there's no decision making. It's just like ... a representative sitting in a UN office in the region. And how effective is that going to be? And that's not really responding to what the countries are saying they need help with." Country G was even more ambivalent: "If projects are not going to be approved at the regional level, if they have to have another layer ... then we don't need it." Country G also highlighted that Adaptation Fund

<sup>11</sup> For more information, see: [www.greenclimate.fund/projects/sap](http://www.greenclimate.fund/projects/sap)

approvals are faster than those at the GCF, despite the Adaptation Fund being administered from Washington DC, without a regional presence, and having a smaller team. So while there may be other benefits to a regional presence, this view sees it as unlikely to address the primary criticism of the GCF, which is its overly complex and time-consuming processes.

Other countries were more optimistic. Country C recommended establishing multiple regional offices to improve access, while country H acknowledged that the regional desk could be very useful once fully deployed, noting that having knowledge of the “local context on the team when they’re reviewing projects is something that will prove very useful ... even someone that would normally have to fight over climate rationale and explain context would no longer be necessary.” Country H further suggested that a dedicated regional team could improve understanding of SIDS-specific challenges, noting that “there are all of those kinds of nuances [to SIDS contexts], and I think having a regional presence on a dedicated team should overcome some of those challenges.”

# 3.

## Dedicated access reforms: progress and next steps

### 3.1 Hopeful signs in existing reforms from the funds

Both the Adaptation Fund and GCF have, in recent years, acknowledged the imbalance in access to climate finance and taken steps to increase funding via direct access, particularly for LDCs and SIDS.

At the GCF, this is reflected in the express objectives of USP-2, as well as in the priorities articulated by the new executive director, who has emphasised a commitment to expediting project approval timelines and reinventing the fund's partnership model. These signals are promising and have been welcomed by countries.

However, while directionally positive, many of these reforms will take time to take effect and are unlikely, on their own, to meaningfully shift the balance of funding towards direct access. Several of the changes underway primarily address process efficiency within the GCF secretariat rather than the underlying structural barriers faced by national entities in developing and implementing projects, and they are also unlikely to affect change quickly. The new accreditation framework, for example, has now been adopted but meaningful results are not expected until 2027. Moreover, it does not address challenges faced by the many national-level direct access entities already accredited under the previous framework, many of which were approved for relatively small funding envelopes. Similarly, the new regional management structure has been approved, with

decisions on the location of regional offices expected in 2026. While some countries reported improvements in their interactions with the secretariat since this change, others noted that they were still waiting to see tangible differences resulting from these reforms.

The GCF's commitment to nine-month completion targets for project review and approval by the secretariat has also been well received. However, this commitment applies only to the time projects spend with the secretariat and therefore addresses just one component of what countries consistently describe as an excessively long and resource-intensive project development process. Without simplifying the underlying requirements themselves, countries will continue to spend substantial time and effort gathering data, commissioning expertise and producing extensive documentation to meet the GCF's rigorous standards. While such requirements may be appropriate for large, multi-country projects exceeding US\$250 million, the fact that the SAP is neither significantly simpler nor faster suggests that the GCF has yet to fully prioritise direct access and smaller, country-led projects.

The Adaptation Fund has also proposed reform within its re-accreditation process, with options presented to the board for its consideration. However, the re-accreditation process is still being implemented and remains a key point of contention for countries going through it.

More broadly, the Adaptation Fund's second medium-term strategy (2023–2027) has emphasised strengthening direct access, including increasing the country cap by US\$5 million for locally led adaptation projects (single-country LLA grants) on top of the existing US\$40 million country cap. The fund also promotes learning and innovation, and provides innovation grants to try to accelerate long-term adaptation to climate change. These are hopeful signs for countries to be able to prioritise and take advantage of such funding opportunities.

A significant indicator of change from the GCF was the composition of projects submitted to the board at its most recent meeting in October 2025, with a higher number of direct access and single-country projects than usual. Secretariat commentary suggested that a similar balance of projects could be expected at future board meetings. This shift was viewed positively by countries. However, the secretariat also highlighted the legacy effects of the former accreditation approach, under which national entities were typically accredited for much smaller funding amounts than international entities — a challenge explicitly raised by country C. As a result, even an increase in the number of direct access projects will make only marginal differences to the overall share of GCF funding received by national entities unless deliberate steps are taken to address funding scales. This could include increasing the funding ceilings for national entities or placing limits on the proportion of funding programmed through international entities.

A final reform that countries viewed as particularly meaningful is the GCF's stated aim to ensure that under-served vulnerable countries have at least one single-country project by the end of GCF-2. For countries that have struggled to access funding of any kind, this commitment represents an important shift away from reliance on multi-country or internationally implemented projects. If implemented consistently, it could help establish a minimum level of engagement, build country experience with project implementation and create a platform for future scaling.

## 3.2 Reforms and capacity building needed within countries

On the country side, the national representatives we spoke with highlighted the need to strengthen domestic systems and capacity to effectively access and implement climate finance. Country E emphasised the importance of robust climate data collection and management systems: “We need the capacity to generate and maintain our own climate datasets, so that we can better understand climate-induced impacts and monitor change over

time.” They also noted the importance of additional research and technical support.

Several countries stressed the importance of building and maintaining strong relationships between national-level entities and NDAs. Country C recommended ensuring that no objection letters are more than a procedural tick-box exercise, while countries H and I suggested that aspiring national-level entities should engage in knowledge exchange with more experienced peers: “Sometimes efforts may be more effective if they are done collaboratively, rather than as a standalone entity.” Country H also emphasised that national-level entities should maintain ongoing engagement with NDAs in order to identify priority areas, reduce duplication and design solutions that best fit the country's context: “The NDA would have all of the knowledge of everything going on in the space and will be able to provide guidance to the entities about ... which direction to go.” Country I stressed that trust-building is key and there should be strong, two-way engagement.

Some countries also recommended that national-level entities and NDAs should not rely solely on Adaptation Fund or GCF readiness programmes, but should proactively seek other sources of capacity building support. Country I mentioned they have built their domestic capacity using national resources, generated from various taxes and levies. Country H suggested leveraging external programmes to strengthen technical skills and staff capacity. Peer-to-peer learning was highlighted as particularly valuable: “If there's a country that has already gone through the process ... what were some of the comments that they gave you that made you write better concepts and so on.” Country F similarly stressed the value of countries sharing best practices and promoting leadership within regional projects to facilitate learning for others.

Coordination, both within and between countries, was repeatedly emphasised as a key factor for success. Country H concluded that “a lot of collaboration, communication, sharing, information [and] boosting capacity” is essential to ensure that national-level entities can access and effectively implement climate finance. However, country A noted the challenges for countries such as SIDA in the Atlantic, Indian Ocean and South China Sea region, for whom there are not the same kinds of regional bodies to support either cross-learning or regional projects.

## 3.3 Further fund reforms sought by LDCA and SIDA

Across the interviews, countries articulated a consistent and detailed set of reforms they would like to see from climate funds — particularly the GCF — to make access more feasible, timely and responsive to

national needs. A central concern was the length and complexity of project review and approval processes. Several interviewees stressed that “the review process should be shortened” (country E), noting that long timelines undermine momentum and strain already limited institutional capacity. Safeguard requirements were singled out as particularly burdensome, with countries emphasising the need for procedural simplification rather than a lowering of standards, and decrying the “very long and burdensome” proposals currently required (country E). Similarly, countries pointed to the complexity of implementation modalities, with calls for simplification of co-financing arrangements, which are often difficult for national entities to structure and manage, particularly without dedicated transaction support.

A related and strongly voiced concern was the perception that fund-specific criteria often override country priorities. Country C observed that GCF processes place too much emphasis on meeting institutional requirements rather than responding to national needs, noting that “it all takes too long” and that there is “too much focus on what the GCF’s funding criteria are and not enough on the national.” In contrast, the Adaptation Fund was frequently described as more country-oriented. As country H explained: “the Adaptation Fund setup is a little bit better geared towards country ownership ... whereas the GCF does have specific investment criteria that you would need to meet.” The same interviewee went on to note that the GCF can feel “a little bit prescriptive,” whereas the Adaptation Fund “gives countries the opportunity to really ... fill the country needs.”

Another recurring theme was the lack of coherence across climate finance institutions. Countries highlighted the burden created by different templates and requirements, with country G noting that “we have different templates for the GCF; for the GEF we have different requirements.” This fragmentation was seen as undermining countries’ ability to take a programmatic approach. Country B therefore proposed “allowing countries to write a concept note that they can then submit to any fund if the funds are then willing to work with countries on those concept notes.” Country F echoed the need for greater alignment across funding sources.

Countries repeatedly emphasised the need for stronger and more appropriate capacity building. They stressed that “we need stronger capacity building for proposal development and thematic understanding” (country E), but were also clear that capacity gaps are not always about technical knowledge alone. In many cases, the constraint is time and staffing. As country B put it: “Sometimes my bugbear with climate finance trainings is a consultant will come in and they will do a training ... on how to fill out a concept note ... that’s not what

countries need. It’s just they don’t have the time and the capacity to be writing those concept notes.” Instead, countries called for support that enables them to think more strategically and programmatically. This includes helping with “the bigger picture, like bringing sectors together ... how can you write a programme that would support all of those elements cohesively?” (country B).

Countries also called for more structural reforms to actively promote direct access. These included eliminating re-accreditation requirements at the Adaptation Fund, ringfencing funding for climate vulnerable countries like LDCs and SIDS, and seeing “systematic action towards building and pushing [direct] access” (country G), such as prioritising readiness support delivered through national institutions. Several interviewees expressed frustration that, despite rhetoric around direct access, national entities are still not consistently trusted or prioritised.

In addition, countries highlighted the importance of better understanding and appreciation of SIDS-specific contexts. Country B noted that “you really don’t appreciate it until you’re there and you can actually see and understand,” emphasising that metrics and assumptions designed for large mainland countries do not translate well to small island contexts. Even within SIDS, interviewees stressed that “the Caribbean context is different from the Pacific context” (country H) and that remote atoll states face very different realities from volcanic islands with close neighbours. Improved contextual understanding was seen as essential not only for better project design, but also for avoiding prolonged disputes with the secretariat, particularly around climate rationales and technical justifications.

In this context, several countries supported the idea of the funds having a regional presence, though with important caveats. While regional offices could help build contextual knowledge, their effectiveness was seen as highly dependent on the location and mandate. Countries cautioned that without sufficient autonomy, a regional presence risks becoming “just a representative sitting in a UN office” (country B) rather than meaningfully responding to country needs, and at worst, could even add a bureaucratic layer to already complex and time-consuming processes. Nevertheless, others saw potential benefits, with country H suggesting that having regional teams could reduce the need to constantly “fight over climate rationale” by embedding local knowledge into project review processes.

Finally, countries emphasised the need for more hands-on technical support from the GCF, particularly during project design. Country H noted the value of “additional technical assistance from the GCF ... specifically navigating the GCF policies [and] procedures,” especially for more complex projects involving financial instruments. While the introduction of liaison officers was welcomed, countries stressed

that earlier and more substantive engagement could “push things along a lot faster from their end and from the country’s end as well” (country H). Underpinning all of these reform requests was a clear call for the GCF to “respect and accept country priorities as articulated by the country” (country H), recognising that effective climate finance depends as much on trust and partnership as it does on procedural rigour.

# 4.

## Discussion

The findings of this research highlight a persistent 'direct access gap' within the international climate finance architecture. This is particularly acute at the GCF, and across both funds is particularly apparent for LDCs and SIDS. While both the Adaptation Fund and GCF have made significant rhetorical and procedural commitments to prioritising LDCs and SIDS in their funding, these commitments have yet to translate into a balanced portfolio. This gap is not merely a result of the initial accreditation hurdle; rather, it is sustained by a fundamental misalignment between the supply and demand of climate finance. The challenge is two-fold, characterised by a 'pincer effect' whereby the operational realities of vulnerable nations collide with the systemic rigidities of international funds.

**On the country side,** LDCs and SIDS must navigate what can be described as 'small bureaucracy' realities. Even in instances where high technical capacity exists, the sheer volume of documentation, rigorous data collection for climate rationale and the intensive multi-sectoral coordination required for a single GCF proposal can easily overwhelm a national ministry. This creates a restrictive 'economy of bureaucratic learning', whereby the expertise required to unlock funds is only gained through repeated, successful interaction with the system. Consequently, success is currently reserved for a small subset of countries that have already crossed the threshold, creating a significant risk that success begets success, while leaving more than 60 of the most vulnerable countries further behind.

**On the fund side,** there is a persistent and damaging mismatch between 'global' standards and 'local' realities. The GCF's institutional focus on large-scale, 'bankable' projects often sidelines the smaller-scale, community-based adaptation needs that are the urgent priority for LDCs and SIDS. Despite the stated

importance of country ownership, the lip service paid to direct access is starkly evidenced by the fact that international entities still command over 80% of GCF funding. This preference for international intermediaries suggests that the system continues to prioritise the administrative convenience and risk-aversion of the funds over the long-term institutional strengthening of the countries themselves.

This research further underscores a paradox whereby readiness activities, intended to bridge these gaps, often remain transactional rather than transformational. While readiness builds foundational policies, it has yet to solve the 'implementation gap' because it does not alleviate the heavy administrative burden or the prescriptive nature of project criteria. For LDCs and SIDS to move from being peripheral recipients of climate finance to central drivers of climate action, the international community must move beyond incremental process reforms. Addressing the direct access gap requires a fundamental shift in trust and a structural realignment of funding models to accommodate the unique institutional scales and urgent adaptation priorities of the world's most climate-vulnerable nations.

Addressing this gap requires approaches that move beyond individual project preparation towards strengthening the national and regional systems through which finance flows. Initiatives such as the LDC Initiative for Effective Adaptation and Resilience (LIFE-AR) point to what a more transformational readiness model could look like: one that is country-led, programmatic and focused on building enduring institutional capability, peer learning and collective problem-solving across LDCs and SIDS. By supporting nationally driven platforms rather than isolated transactions, such approaches seek to rebalance power dynamics, reduce reliance on international

intermediaries and enable countries to engage with climate funds on a more equal footing.

Looking forward, 2026–2027 represents a critical strategic window within which to address these systemic failures. As the Adaptation Fund evaluates its next phase of strategic programming and the GCF initiates GCF-3, there is a unique opportunity to embed structural reforms into the heart of these institutions. This timing aligns with a broader international push to reform the global financial architecture — a movement increasingly vocal about the injustice of asking climate-vulnerable nations to take on further debt to address crises they did not cause.

This year will also likely see the first significant disbursements from the newly operationalised FRLD, marking a turning point in the recognition of climate justice. For LDCs and SIDS, where high exposure to hazards meets low adaptive capacity, the expansion of non-debt instruments and the operationalisation of loss and damage finance are no longer just policy goals but survival imperatives. If 2026 is to be a turning point, the direct access agenda must move beyond incremental process tweaks towards a fundamental reorientation that respects national policy space, reduces bureaucratic burdens and prioritises grants over loans, to ensure that climate finance builds resilience rather than debt.

# 5.

## Conclusions and recommendations

This paper has presented research findings from IIED's study into the experiences of and lessons from LDCs and SIDS on the post-accreditation challenges of direct access. The research included three elements: a review of both academic and grey literature on the subject, quantitative analysis of funding provided to date, and interviews with key actors from LDCs and SIDS. Together, these three elements provide clear lessons about what is and is not working in terms of improving access for some of the world's most climate-vulnerable countries.

Direct access provides a mechanism for building country capacity to absorb funding and manage large-scale climate responses — for 'readiness in practice'. However, the current climate finance landscape operates on a 'readiness-first' assumption, suggesting that LDCs and SIDS must be 'made ready' through years of training and accreditation before they can be trusted to manage finance directly. This research argues for a fundamental reversal of that logic. Direct access should not be the reward at the end of a long process, but rather the mechanism to enable countries to design, manage and implement the context-specific solutions for resilient and sustainable outcomes. To bridge the current gap, the following strategic priorities are proposed.

### 5.1 Shift to 'readiness in practice'

**Use implementation as a testing ground.** This study argues that the Adaptation Fund and GCF should pivot from a model of 'preparation before funding' to a model of 'readiness in practice'. By using the implementation

of projects themselves as the testing grounds for readiness, funds can identify where additional support is needed in real time. This allows capacities, trainings and institutional strengthening to be provided as projects are rolled out, ensuring that capacity building is practical, relevant and immediately applied.

**Integrate real-time support.** To improve access for vulnerable countries, project budgets for national entities should include flexible, real-time technical assistance windows. Instead of waiting for separate readiness grants, these funds would allow countries to address institutional gaps — such as fiduciary management or environmental safeguards — as they arise during the project lifecycle.

### 5.2 Formalise the role of international intermediaries

**Evidence-based capacity building.** While there has been significant rhetoric at GCF board meetings regarding the potential for international entities to build the capacity of national-level entities, there is little evidence of this happening in practice. To address this, this study argues that funds should require international entities to provide clear demonstration of and measurable benchmarks for how they are transferring technical and administrative leadership to national organisations within multi-country or regional projects.

**Mandatory subnational management.** To ensure that international access projects do not leave a 'capacity vacuum', approval for large international access entity-led projects in LDCs and SIDS should

be conditional on a significant portion of the budget being managed directly by a national entity. This creates a pathway for the 'readiness in practice' mentioned previously.

## 5.3 Reconceptualise the purpose of climate finance

**Reconfigure priority access.** These research findings suggest that improving access for the most vulnerable countries means reconceptualising who climate finance is for and what its ultimate purpose is. If the goal is to achieve the 'paradigm shift' towards low-emission, resilient development pathways called for at the time of the GCF's creation (UNFCCC, 2011), then the system must prioritise those whose lives are most directly and immediately affected by climate change. The countries we spoke to were clear on the value and importance of ring-fenced funding for vulnerable countries. Reconfiguring who is prioritised for funding requires moving away from risk-aversion towards a model that empowers LDCs and SIDS to lead their own development.

**Streamline for 'small bureaucracy' contexts.** Recognising the 'pincer effect' articulated by this study of limited staffing in LDCs and SIDS combined with the systemic rigidities of international funds, the funds should harmonise templates and simplify documentation requirements. Reducing the sheer volume of paperwork and data collection for national entities is essential to prevent 'bureaucratic overwhelm' and ensure that direct access is a functional reality rather than a theoretical possibility.

The coming year provides an opportunity to capitalise on the strategic alignment of these priorities with global reforms and leverage the 2026–2027 window. As the Adaptation Fund and GCF move into new strategic cycles and the international community pushes to reform the global financial architecture, now is the time to move away from debt-creating instruments. Climate finance should be seen as an issue of climate justice for LDCs and SIDS — prioritising grants and non-debt support that allow countries to build resilience without compromising their fiscal stability.

# Appendix 1.

List of LDCs and SIDS and their funded projects and readiness activities across both funds\*

COUNTRY	LDC REGION	SIDS REGION	NO. OF DIRECT ACCESS PROJECTS	NO. OF REGIONAL OR INTERNATIONAL ACCESS PROJECTS	NO. OF ADAPTATION FUND-FUNDED READINESS ACTIVITIES	NO. OF GCF-FUNDED READINESS ACTIVITIES
<b>Afghanistan</b>	Asia		0	1	1	3
<b>Angola</b>	Africa		0	4	0	5
<b>Antigua and Barbuda</b>		Caribbean	4	1	1	9
<b>Bahamas</b>		Caribbean	0	5	0	11
<b>Bahrain**</b>		—	0	1	0	0
<b>Bangladesh</b>	Asia		5	8	0	8
<b>Barbados</b>		Caribbean	0	9	0	4
<b>Belize</b>		Caribbean	3	8	0	24
<b>Benin</b>	Africa		4	14	2	13
<b>Burkina Faso</b>	Africa		0	21	1	10
<b>Burundi</b>	Africa		0	5	1	6
<b>Cabo Verde</b>		Atlantic, Indian Ocean and South China Sea	0	1	1	6
<b>Cambodia</b>	Asia		2	14	0	14
<b>Central African Republic</b>	Africa		0	3	0	7
<b>Chad</b>	Africa		0	10	1	12
<b>Comoros</b>	Africa	Atlantic, Indian Ocean and South China Sea	0	5	0	5
<b>Cook Islands</b>		Pacific	3	4	0	8
<b>Cuba</b>		Caribbean	0	4	0	12

COUNTRY	LDC REGION	SIDS REGION	NO. OF DIRECT ACCESS PROJECTS	NO. OF REGIONAL OR INTERNATIONAL ACCESS PROJECTS	NO. OF ADAPTATION FUND-FUNDED READINESS ACTIVITIES	NO. OF GCF-FUNDED READINESS ACTIVITIES
<b>Democratic Republic of the Congo</b>	Africa		0	10	0	10
<b>Djibouti</b>	Africa		0	10	0	6
<b>Dominica</b>		Caribbean	0	5	1	14
<b>Dominican Republic</b>		Caribbean	2	10	1	10
<b>Eritrea</b>	Africa		0	2	0	3
<b>Ethiopia</b>	Africa		4	11	0	5
<b>Fiji</b>		Pacific	1	8	0	3
<b>Gambia</b>	Africa		0	7	0	6
<b>Grenada</b>		Caribbean	0	4	0	11
<b>Guinea</b>	Africa		0	9	1	10
<b>Guinea-Bissau</b>	Africa	Atlantic, Indian Ocean and South China Sea	0	6	0	6
<b>Guyana</b>		Caribbean	0	2	0	7
<b>Haiti</b>	Caribbean	Caribbean	0	5	0	11
<b>Jamaica</b>		Caribbean	1	7	0	16
<b>Kiribati</b>	Pacific	Pacific	0	2	0	2
<b>Laos</b>	Asia		0	14	0	17
<b>Lesotho</b>	Africa		0	5	0	5
<b>Liberia</b>	Africa		0	6	0	6
<b>Madagascar</b>	Africa		0	12	0	6
<b>Malawi</b>	Africa		0	10	1	5
<b>Maldives</b>		Atlantic, Indian Ocean and South China Sea	0	5	1	5
<b>Mali</b>	Africa		0	17	2	12
<b>Marshall Islands</b>		Pacific	0	7	0	4

COUNTRY	LDC REGION	SIDS REGION	NO. OF DIRECT ACCESS PROJECTS	NO. OF REGIONAL OR INTERNATIONAL ACCESS PROJECTS	NO. OF ADAPTATION FUND-FUNDED READINESS ACTIVITIES	NO. OF GCF-FUNDED READINESS ACTIVITIES
<b>Mauritania</b>	Africa		0	10	0	4
<b>Mauritius</b>		Atlantic, Indian Ocean and South China Sea	0	8	1	8
<b>Micronesia</b>		Pacific	1	7	2	9
<b>Mozambique</b>	Africa		0	9	1	8
<b>Myanmar</b>	Asia		0	3	0	7
<b>Nauru</b>		Pacific	0	4	0	4
<b>Nepal</b>	Asia		1	5	0	5
<b>Niger</b>	Africa		0	16	1	8
<b>Niue</b>		Pacific	0	2	0	4
<b>Palau</b>		Pacific	0	3	0	7
<b>Papua New Guinea</b>		Pacific	0	7	0	5
<b>Rwanda</b>	Africa		4	15	2	10
<b>Saint Kitts and Nevis</b>		Caribbean	0	1	0	13
<b>Saint Lucia</b>		Caribbean	0	3	0	18
<b>Saint Vincent and the Grenadines</b>		Caribbean	0	1	0	9
<b>Samoa</b>		Pacific	0	4	0	2
<b>São Tomé and Príncipe</b>		Atlantic, Indian Ocean and South China Sea	0	2	0	5
<b>Senegal</b>	Africa		7	18	2	13
<b>Seychelles</b>		Atlantic, Indian Ocean and South China Sea	0	6	0	7
<b>Sierra Leone</b>	Africa		0	10	1	8
<b>Singapore</b>		Atlantic, Indian Ocean and South China Sea	0	0	0	0

COUNTRY	LDC REGION	SIDS REGION	NO. OF DIRECT ACCESS PROJECTS	NO. OF REGIONAL OR INTERNATIONAL ACCESS PROJECTS	NO. OF ADAPTATION FUND-FUNDED READINESS ACTIVITIES	NO. OF GCF-FUNDED READINESS ACTIVITIES
<b>Solomon Islands</b>	Pacific	Pacific	0	5	0	3
<b>Somalia</b>	Africa		0	7	0	3
<b>South Sudan</b>	Africa		0	3	0	2
<b>Sudan</b>	Africa		0	5	0	4
<b>Suriname</b>		Caribbean	0	4	0	8
<b>Tanzania</b>	Africa		5	11	1	4
<b>Timor-Leste</b>	Asia	Pacific	0	4	0	6
<b>Togo</b>	Africa		0	13	1	11
<b>Tonga</b>		Pacific	0	6	0	12
<b>Trinidad and Tobago</b>		Caribbean	0	5	0	13
<b>Tuvalu</b>	Pacific	Pacific	0	3	0	4
<b>Uganda</b>	Africa		2	23	1	3
<b>Vanuatu</b>		Pacific	0	6	0	10
<b>Yemen</b>	Asia		0	1	0	6
<b>Zambia</b>	Africa		0	10	1	9

\*As per [www.un.org/ohrlls/content/list-ldcs](http://www.un.org/ohrlls/content/list-ldcs)

\*\* In this paper we have used the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UNOHRLLS) list of SIDS, which does not include Bahrain. However, Bahrain is categorised as a SIDS by the GCF, so is listed here for completeness.

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Least Developed Countries (LDCs) and Small Island Developing States (SIDS) are particularly vulnerable to the impacts of climate change. Two of the most important funds providing climate finance for LDCs and SIDS are the Adaptation Fund and Green Climate Fund. Both funds offer 'direct access' to climate finance, which allows countries to access funding using national organisations, bypassing multilateral agencies and banks, and thereby empowering countries and helping to foster greater climate justice. This paper explores the persisting challenge of unlocking direct access finance for LDCs and SIDS, and puts forward recommendations for reforms that might improve access for national-level entities to these two funds.

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