CHAPTER 10

UNLEASHING THE TRUE POTENTIAL OF EDA

Devolving Decision Making

Patient, Predictable, Accessible Funding

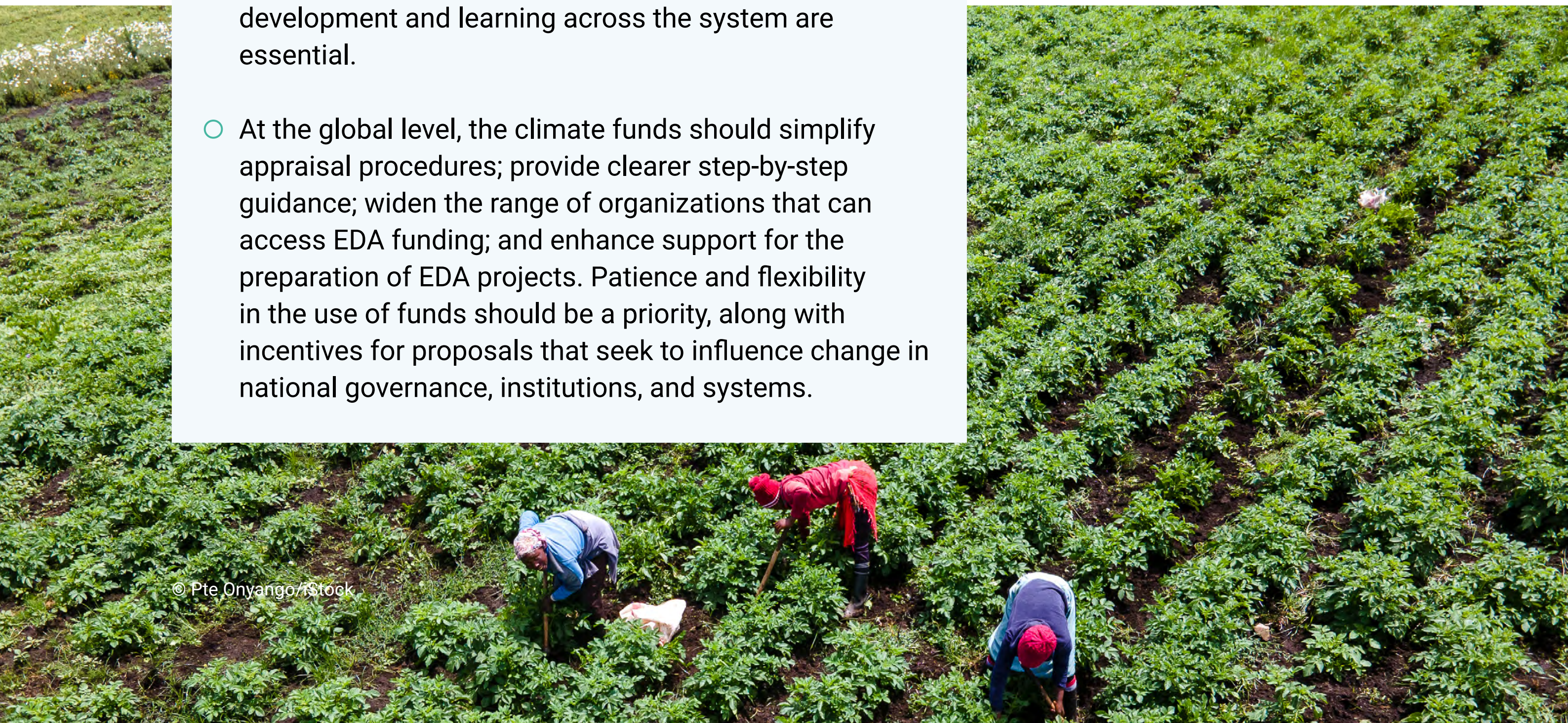
Investing in Local Capacities

Transparency and Accountability

KEY MESSAGES

- The Enhanced Direct Access (EDA) modality of the Green Climate Fund and Adaptation Fund aims to channel flexible and programmatic adaptation funding to the local level. However, challenges such as complex accreditation processes, fragmented national governance, short project cycles, weak integration into national policies, and a limited role for national governments and the private sector have limited its potential.
- So far, EDA projects have used small grants, micro-loans, and performance-based grants to fund local adaptation. These instruments vary in the extent to which they can support long-term change.
- EDA is being recast as LLA, but with the danger of being painted into a small grants and small projects corner; supporting fragmented projects rather than achieving its potential to embed LLA approaches in national systems.
- At the national level, EDA approaches should support coordinated, inter-sectoral, and institutional approaches to efficiently channel flexible resources for adaptation to the local level in ways that increase local agency to expedite adaptation. Investments in capacity development and learning across the system are essential.
- At the global level, the climate funds should simplify appraisal procedures; provide clearer step-by-step guidance; widen the range of organizations that can access EDA funding; and enhance support for the preparation of EDA projects. Patience and flexibility in the use of funds should be a priority, along with incentives for proposals that seek to influence change in national governance, institutions, and systems.

IN THIS CHAPTER



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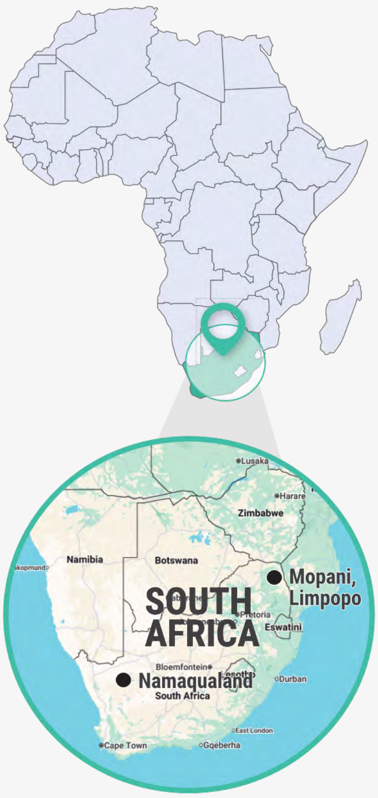
THE LADIES OF LIMPOPO REDEFINE DIRECT ACCESS

> What do you mean by direct access if it's millions of dollars going to government? Direct access is when you fund us on the ground to do what we need to do.
>
> Resident of Limpopo



The South African National Biodiversity Institute (SANBI) became accredited with the Adaptation Fund as a National Implementing Entity in 2011. It was a big step for South Africa, signaling that the country could now receive climate finance through "direct access"—without going through international agencies. But their local stakeholders challenged this milestone.

"What do you mean by direct access if it's millions of dollars going to government?" asked rural women from Limpopo, with whom SANBI was consulting for an ecosystem-based adaptation project. "Direct access is when you fund us on the ground to do what we need to do."

This set SANBI on the path to design something new—the first ever Enhanced Direct Access (EDA) project, where communities themselves would define priorities, control resources, and shape solutions.

EDA was a global experiment in the making at that stage. The Governing Instrument of the Green Climate Fund (GCF), adopted in December 2011, called for the Board of the Fund to "consider additional modalities that further enhanced direct access, including through funding entities with a view to enhancing country ownership of projects and programmes".[107] While the intention of these "additional modalities" was very much along the lines of what SANBI's local stakeholders were demanding, what exactly this would look like still remained to be decided by the GCF Board.

Working with local stakeholders, SANBI designed a Community Adaptation Small Grants Facility (SGF) where small grants—about US$ 100,000 each—would be given directly to community groups. Proposals were intentionally open-ended, and monitoring frameworks were co-created during implementation.

The gamble paid off. The Adaptation Fund approved the project in 2013, and two pilot sites were chosen: Mopani in Limpopo and Namaqualand in the Northern Cape. Instead of arriving with ready-made solutions, SANBI brought climate projections in plain language and asked farmers, women's groups, faith-based leaders, and municipalities, "How do you want to respond?"

Climate-resilient rams were introduced in Leliefontein, South Africa.

Leliefontein: A Compelling Story

In Namaqualand's Kamiesberg mountains, the village of Leliefontein became one of the SGF's most compelling stories. For over 2,000 years, local people had practiced small scale livestock farming here, and for 300 years private farmers carried on the practice. Today, livestock farming makes up 80% of the local economy and remains the heart of community culture.

But climate change was tearing at that foundation: empty rivers, sheep forced to eat toxic plants, devastating droughts, and extreme heat and cold snaps that wiped out entire lambing seasons. In 2015, a prolonged drought weakened herds, and 80% of lambs and 10% of productive ewes died during a relatively mild cold spell.[108] Overgrazing, predators like caracal, and the threat of disease added to the pressure. Even when animals survived, smallholder farmers struggled to access markets dominated by commercial producers, who set quality benchmarks that were difficult for smaller cooperatives to meet.

This resulted in a cycle of vulnerability: weaker livestock, poor market access, and shrinking incomes left both the livelihood and the culture of the community exposed to increasingly frequent and severe climate hazards.

The Biodiversity and Red Meat Cooperative (BRC) Land and Livestock Adaptation project was designed by the community against this backdrop, with support from Conservation South Africa (CSA). The BRC was a cooperative of 53 members (80% women), chaired by Auntie Katrina Schwartz, a farmer and community leader, working in partnership with Gondwana Alive, an organization that served as the project's local implementing agency.[109]

To address the challenges that the climate was throwing at them, the community chose to introduce indigenous and semi-indigenous sheep and goats that were hardier than commercial breeds and better suited to extreme heat, cold, and disease, while still holding market value. Farmers adopted rotational grazing and improved veld management to restore soils and reduce overgrazing, ensuring water and grazing for livestock in changing conditions.[110] The project also invested in youth training, livestock health, and grading standards. Auntie Katrina's leadership ensured every decision reflected community priorities.

The BRC evolved into the Conservation Stewardship Program after project funding ended, expanding to include farmers from surrounding villages. To sustain the impacts of the project, CSA and Meat Naturally pioneered mobile auctions, bringing buyers directly to rural communities to cut crippling transport costs and level the playing field against larger commercial producers. "These mobile auctions—they can go to the people and bring markets to these particular farmers who historically would have not had this chance," says Thabang Phago, then-Deputy Director for Project and Proposal Development at SANBI.

In South Africa, farmers were able to access markets through mobile auctions that reduced costs.

From Leliefontein and the other projects designed by communities under the grant from the Adaptation Fund, SANBI learned that EDA was a powerful idea, but not simple to implement.

In particular:

- **Timelines** were long, and moving from concept to approval took years.
- **Capacity gaps** meant many local groups needed Facilitating Agencies or an Executing Entity to manage six-figure grants (see Chapter 8 in the *2022 Stories of Resilience* report).
- **Planning costs** for training and institution-building were high, but essential.
- **Governance layers** and compliance with Adaptation Fund requirements slowed things down but also forced deeper engagement with the community.
- **Local government buy-in** was uneven; once funding ended, there was confusion over who was to oversee maintenance of infrastructure.

- **Trust** was easier to establish when working with organizations like CSA, which had a long-standing relationship with the community, and had been building the foundation for just such a project for years.

The biggest lesson, however, was in building something that endures. "If you want small projects to last, you have to embed them in bigger systems that endure," says Mandy Barnett, who was the Implementing Entity Coordinator at SANBI. She highlights the value of starting small to experiment and test assumptions—and then scale. A project proposal for US$ 5 million is being prepared for the Adaptation Fund, to scale up the SGF to four new provinces. The goal: a permanent, national system for community-led adaptation finance.

If you want small projects to last, you have to embed them in bigger systems that endure.
Mandy Barnett, Implementing Entity Coordinator at SANBI

WHAT IS ENHANCED DIRECT ACCESS?

EDA is a funding approach pioneered by the GCF in 2015 and formally adopted by the Adaptation Fund in 2018, based on earlier Adaptation Fund projects that already applied EDA principles. It builds on Direct Access, which enabled national and sub-national accredited entities to bypass multilateral intermediaries and receive funds directly. EDA goes further, devolving funds to local governments and communities, making them agents of change instead of passive beneficiaries.[111]

Under EDA, accredited entities receive a grant and establish national mechanisms for on-lending or on-granting climate funds to support multiple smaller subprojects that are implemented locally. This flexible programmatic approach allows funding decisions to be made locally, based on pre-agreed criteria.[112] As local entities manage and execute projects, they build capacity and systems that enable their access to finance over the long term.

Key advantages of EDA include:

- Enhanced country and local ownership.
- More effective use of financial resources.
- Stronger involvement of local organizations and other stakeholders.
- Flexible and context-specific approach.[113]

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EDA means increased local and country ownership and greater flexibility for funding decisions to be made locally.

The modality is closely aligned with locally led adaptation (LLA) as its key goal is to provide patient, predictable funding that is easier for local actors to access. Its decentralized programmatic design lets accredited national entities direct resources to the local level through subprojects—without listing each one in the initial funding proposal or going back to the climate fund for approval. Instead, decisions can be made in-country, using pre-approved selection criteria.[114]

This flexibility was aimed at closing the gap between global funds and national and subnational actors. The goal was to shift decision-making closer to those directly affected, and make climate finance more agile, responsive, and better able to deliver results where they are needed most.[115]

In practice, some actors have come to view EDA as a tool to empower national institutions, with decision-making retained at the institutional or government level; and LLA as a more explicit approach to devolve power and resources further down to the community level. However, defining EDA and LLA in this way limits the potential of both. EDA was explicitly created to give agency to local actors (including, but not only, national and local governments) in decision-making, while LLA needs an institutional and government-led approach to achieve scale. Defining LLA as functioning outside of national and institutional systems runs the risk of restricting it to fragmented and project-based silos. Defining EDA as functioning only at the government or institutional level, meanwhile, limits its potential to influence systemic change to support scaled up LLA.

Ideally, EDA should be the funding modality for governments and communities to pilot and embed LLA approaches into national systems. However, most EDA initiatives remain relatively small, without the deeper institutional backing needed for long-term growth.

The tools used by EDA projects to deliver the funds locally, such as small grants, micro-loans, and performance-based payments (see Table 1), vary in the extent to which they support long-term change. Small grants give communities the means to act, but too often the support ends when the money runs out. By contrast, revolving loan funds recycle resources, allowing more people to benefit over time without depending on fresh injections of donor funding, while supporting those who cannot access larger loans but still need financing for resilience measures.

TABLE 1. How the GCF and Adaptation Fund Channel Funds to the Local Level under EDA

INSTRUMENT	HOW IT WORKS AND PROJECT EXAMPLES
Small grants	One-time financial support given directly to communities, civil society organizations, cooperatives, or small and medium-sized enterprises that does not need to be repaid. Typically ranging from US$ 50,000 to US$ 500,000. Most common finance instrument used in EDA. • Adaptation Fund's Building Community Resilience via Transformative Adaptation • GCF's Climate change adaptation solutions for Local Authorities in the Federated States of Micronesia • GCF's Empower to Adapt: Creating Climate-Change Resilient Livelihoods through Community-Based Natural Resource Management in Namibia • Adaptation Fund's Practical Solutions for Reducing Community Vulnerability to Climate Change in the Federated States of Micronesia
Micro-loans	Very small (often under US$ 5,000) short-term loans. Repayment schedules usually short and affordable. • GCF's Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing states • Adaptation Fund's Enhancing Climate Resilience of Rural Communities Living in Protected Areas of Cambodia
Revolving loan fund	Pool of money lent to beneficiaries (for instance, a group, or households) at low or zero interest for adaptation measures. When borrowers repay the loan, the money goes back into the revolving fund and is re-lent to others. • GCF's Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing states • Adaptation Fund's Integrated approach to physical adaptation and community resilience in Antigua and Barbuda's northwest McKinnon's watershed • Adaptation Fund's Reducing the Vulnerability by Focusing on Critical Sectors (Agriculture, Water Resources and Coastlines) in Order to Reduce the Negative Impacts of Climate Change and Improve the Resilience of These Sectors • Adaptation Fund's Enhancing resilience of communities to climate change through catchment-based integrated management of water and related resources in Uganda
Performance-based payments	Payments are made only when pre-agreed results are achieved. For example, hectares restored or number of households with resilient housing. Payments flow through existing country financial systems to local governments. • GCF's Local Climate Adaptive Living Facility in Benin • GCF's Local Climate Adaptive Living Facility Plus in West Africa (Burkina Faso, Ivory Coast, Mali, and Niger)

Performance-based grants use existing financial systems and institutions, thus strengthening them. Results so far have been strong. But these grants carry a risk: organizations with more resources and capacity to demonstrate "performance" may continue to capture funding, while the most vulnerable—who need support most—remain excluded.

Where EDA can show its true strength is in embedding climate finance within national and local governance systems. Done well, this approach could do more than expand access for local actors—it can become a lasting framework for resilience; one that continues to support vulnerable communities long after individual grants and pilots have ended, and one that builds the efficiency and effectiveness of national institutions to support adaptation.

At the same time, it can provide a pathway to translate the LLA Principles into practice, ensuring that adaptation efforts reflect the realities and priorities of the people they serve.

EDA UNDER THE GCF AND ADAPTATION FUND

The GCF launched a US$ 200 million EDA pilot in 2015. As of July 2025, seven projects had been approved and were underway, using about US$ 125 million. The GCF's EDA funding window is open to accredited Direct Access Entities (DAEs) with the right systems in place for awarding grants or managing funds through mechanisms like on-lending.

GCF is formalizing its approach to locally led climate action (LLCA) to scale high-quality, locally focused investments, with a strong emphasis on devolved decision-making and finance. LLCA is being built into the GCF's funding processes through: supporting countries and partners to integrate LLCA upstream via the Readiness Programme; shaping the pipeline by identifying LLCA opportunities and advising on design for locally led impact; and fostering innovative, programmatic approaches in partnership with the global LLCA community. GCF plans to finalize and publish the framework by the end of 2025.

GCF's approach focuses heavily on devolved decision-making and finance to support locally led climate action.

The Adaptation Fund adopted the EDA modality under its 2018–2022 strategy, setting an annual allocation of US$ 20 million and US$ 5 million per project or program for EDA projects, with substantial stakeholder engagement and capacity-building components in the project design. In 2025, under its 2023–2027 mid-term strategy (MTS-II), the Adaptation Fund Board decided to merge the window for enhanced direct access into an expanded and enhanced window for single-country LLA projects/programs,[116] with six projects, totaling nearly US$ 28.9 million in climate finance, approved by the middle of 2025. EDA funding through the Adaptation Fund now flows in three main streams:

- **Single-Country LLA Window**: Up to US$ 5 million per project/program, available to accredited national, regional, and multilateral implementing entities (NIEs, RIEs, MIEs). Project formulation grants (PFGs) up to US$ 150,000 help with early-stage work like risk assessments and gender studies, plus an optional extra US$ 100,000 for upfront support for effective involvement of local actors in the design of the project.[117]
- **Regional LLA Window**: Up to US$ 30 million for projects involving at least three countries, with PFGs of up to US$ 265,000 for projects over US$ 5 million, plus US$ 15,000 per additional country, up to a maximum of US$ 350,000.[118]
- **LLA Aggregator Window**: The Global MIE/RIE Aggregator program was launched for channeling grants for LLA to non-accredited entities through MIE/RIE programs. Program size is decided by the Board based on expressions of interest (EOI) received following a call issued by the Fund. Following the most recent launch for EOIs, four implementing entities were invited by the Board to submit LLA Aggregator fully developed proposals.

While the EDA modality is a significant vehicle to drive adaptation action and impact at the local level, several challenges have hindered its growth in developing countries over the last decade.

Complex Accreditation

For an organization to qualify as a direct access entity with the Adaptation Fund or GCF, it must go through a long and complex process—often taking years. This usually requires major organizational changes and policy development to strengthen institutional governance. And even after they get accredited, many entities struggle with the heavy reporting requirements and complicated fiduciary standards.[119]

Both Funds have attempted to address this challenge. Non-accredited entities that can meet GCF's standards for delivering one climate project can also access funding through the EDA window, under the Project-Specific Assessment Approach (PSAA).[120] The GCF also offers a Simplified Approval Process—a fast-track for small-scale projects needing US$ 25 million or less and posing minimal environmental and social risks.[121] In 2005, a revised accreditation framework was adopted, aiming to streamline accreditation for efficiency and fairness, inclusivity, country ownership, accountability, and risk management.[122]

The Adaptation Fund, meanwhile, has offered a Streamlined Accreditation Process since 2015 for smaller entities that find the accreditation process challenging. They can submit alternative documentation for each standard that shows how it mitigates risk, while still respecting the Fund's policies, to access amounts less than US$ 10 million, which is the usual limit for all Adaptation Fund projects. After the entity feels it can handle larger amounts, it can have such conditions re-evaluated and possibly lifted by the Fund.[123]

Fragmented Governance

EDA projects typically involve many players—ministries, agencies, funds—all working at different levels. This can create fragmentation, overlaps, competing authority, and confusion.

Facilitating Agencies ensure that communities are heard and also play a central role in bringing all players together in multi-actor projects to support their effectiveness.

Language barriers and jargon add another layer of complexity.[124] Facilitating Agencies, like the ones used in the SANBI project described above, can play an essential role in bridging gaps, ensuring communities are heard, and helping projects run smoothly.[125]

Short Project Cycles

Building skills and capacity of local actors—whether communities, governments, or institutions—to effectively access and manage climate finance takes time. Project timelines need to accommodate upfront capacity-building and project development, as well as continued skill development over the long term so that actors can learn from experience as well as training.[126]

Limited Role for Subnational Governments

While EDA has shown promise in connecting international funds to local adaptation priorities, the role of subnational governments remains underutilized. These governments are close enough to communities to understand real needs but also have the authority and mandate to act at scale.[127] However, limited integration of climate adaptation into subnational planning processes and overreliance on international funds create barriers. Without mobilizing domestic resources alongside external support, EDA's potential impact is constrained.

Weak Integration into National Policies

For EDA to be sustainable, it must be institutionalized within national policies and aligned with country-level climate strategies such as National Adaptation Plans and Nationally Determined Contributions.[128] Currently, misalignment reduces coherence and weakens long-term impact. Without stronger integration into national plans and budgets, EDA risks being treated as a stand-alone initiative rather than a systemic approach to adaptation.

Limited Private Sector Involvement

Although EDA emphasizes inclusivity, the private sector—especially micro, small and medium-sized enterprises (MSMEs)—is still underrepresented. Small and medium firms face barriers to accessing climate finance, while investors often lack incentives to take on higher risk, smaller projects. This gap reduces opportunities to scale adaptation. Aligning financial incentives with climate resilience goals, simplifying access through results-based mechanisms, and providing targeted support and training for MSMEs could help unlock significant private sector engagement.[129]

A NEW MODEL FOR CLIMATE FINANCE

In December 2024, GCA, in partnership, with the GCF and Adaptation Fund, hosted a workshop to explore opportunities for enhanced direct access in Africa. It brought together participants from 23 African countries representing key EDA and LLA experts and practitioners, including DAEs and NIEs, who shared stories, ideas, and lessons learned.

Participants agreed that EDA could be a powerful tool for putting more decision-making power in the hands of local governments and community leaders. They also highlighted, however, the many challenges that have hindered its growth and application in developing countries. Participants discussed some of the key challenges and opportunities they face in accessing and deploying climate finance—covering topics like strengthening government systems, stakeholder involvement, and capacity-building. They highlighted valuable lessons learned from existing EDA projects.

The workshop itself became a valuable space for collaboration between the GCA, GCF and Adaptation Fund—bringing people together to tackle big, systemic issues in climate finance. Taking on what was learned and building on the partnerships formed at the workshop, GCA is integrating a strategic work program dedicated to enhancing the delivery of EDA.[130] The following key lessons were highlighted for the climate funds, and for practitioners implementing EDA.

Recommendations for Climate Funds

- **Simplify and streamline proposal preparation requirements and processes for increased accessibility to EDA finance.** Firstly, climate funds could simplify their appraisal procedures by prioritizing the level of compliance of subproject origination and assessment frameworks over predetermining the specific activities these subprojects will undertake on the ground. Secondly, funds could provide clearer, step-by-step guidance on funding proposal requirements tailored to the capacities of smaller DAEs. GCF's Simplified Approval Process and the Adaptation Fund's Streamlined Accreditation

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Participants at the EDA workshop identify key barriers and opportunities for countries to access climate finance through the GCF and Adaptation Fund.

Process are promising avenues which should be leveraged, though even they could be further simplified. Thirdly, GCF could widen the range of organizations that can receive climate finance for EDA projects and capitalize on the PSAA, which provides relevant non-accredited organizations the opportunity to submit an EDA proposal.

- **Enhance provision of technical support mechanisms and increase collaboration and coordination between funds.** Technical assistance programs such as the Adaptation Fund and GCF Readiness Programmes should consider enhancing support provided for the preparation of EDA projects that meet fund requirements and standards. Increased coordination between funds is especially relevant considering the number of DAEs and NIEs common to both funds. Further, this aligns with both the GCF and Adaptation Fund's respective mandates to ensure complementarity and coherence among the UNFCCC financial mechanisms.
- **Explore mechanisms to incentivize the involvement of the private sector in EDA.** This includes offering non-grant instruments like concessional loans, equity, and guarantees to support MSMEs that invest in climate adaptation and social inclusion (See Chapter 9). Blended finance structures can be leveraged for de-risking and scaling private sector investment, for example, by using public funds as first-loss capital. These models can establish self-sustaining financing streams while reinforcing the Principles of LLA and creating pathways for scalable, long-term climate resilience. The GCF, in particular, which can operate at a larger scale with non-grant instruments, could encourage local private sector actors to meaningfully involve themselves in developing and commercializing climate solutions and technologies by applying for EDA subprojects. This could enhance their access to credit, ultimately allowing them to scale up their markets and offerings.

Recommendations for Practitioners Implementing EDA

The following recommendations draw on SANBI's experience in implementing EDA.[131]

- **Devolve decision-making to local actors to increase agency and expedite adaptive management.** EDA should devolve decision-making to local actors to the extent that is possible, and support those impacted by climate change to directly make decisions about and during the implementation of adaptation responses.
- **Enable responses that integrate local and Indigenous knowledge and gender mainstreaming.** Together with climate science, local and Indigenous knowledge must inform vulnerability assessments and adaptive responses. A particular focus must be given to the role of women in governance and gender mainstreaming in project design and implementation.

Incorporating Indigenous knowledge in adaptation decisions strengthens local agency and ensures solutions are culturally grounded, practical, and resilient.

- **Vary grant sizes, introduce flexible grantmaking and risk management mechanisms.** Grant making mechanisms must be responsive to the requirements and capabilities of grant recipients and allow recipients to graduate to larger grant sizes and greater risks as they strengthen their financial and project management capacity. Allowance must be made for protracted proposal development and implementation time frames that allow for iterative processes. Reporting and compliance systems should use a segmented risk management perspective that does not cascade risk downwards. A one-size-fits-all approach will not work.

- **Sufficiently resource capacity development and learning as a continuous process, and across the entire system.** Capacity-building takes time and needs to be sufficiently resourced from start to finish. It must support efforts to create an understanding of climate change adaptation, as well as develop institutional, financial, and administrative competence. Reflection and learning must be supported through structured processes, and supportive environments, and lessons should inform adaptive management. Partnerships between grantees, community members, technical experts, and government can support capacity-building and learning processes and facilitate long-term project sustainability.
- **Empower sub-national government to support and sustain the mainstreaming of climate change adaptation into an ongoing social and economic development program of work.** EDA must mainstream climate change adaptation responses into social and economic development processes at the local level and empower sub-national government to support and sustain the conceptualization and implementation of local level responses.
- **Anchor LLA in EDA for long-term impact, but don't limit its potential.** Currently, LLA (which is replacing the terminology of EDA in some cases) is in danger of being interpreted as a way of channeling small grants to non-government organizations. While such projects may empower communities to drive adaptation action in the short term, projects often struggle to be sustained once funding ends. Both EDA and LLA should focus instead on redefining how climate finance is governed, from the global to the local. The strongest approach is for EDA to support countries to embed LLA in national planning, financing, and governance systems—ensuring that local adaptation is not just community-driven, but also sustainable, scalable, and aligned with national priorities.