Climate Funds Update

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CLIMATE FINANCE REGIONAL BRIEFING: SMALL ISLAND DEVELOPING STATES

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The Small Island Developing States (SIDS) together bear next to no responsibility for climate change, but their geographical, socioeconomic and climate profiles make them particularly vulnerable to its impacts with many already suffering from devastating losses and damages due to extreme climate events. Spread across three regions, the 39 SIDS nations have 621 project approvals totalling USD 3.5 billion from multilateral climate funds between 2003 and 2025.[1] While approved funding for the SIDS has increased markedly in the past few years, it fulfils only a small part of actual needs. Since 2015, the Green Climate Fund (GCF) has been the largest contributor to SIDS. In 2025, USD 464 million was approved for projects in SIDS. Some 82% of this is programmed by the GCF, which also accounts for the 18 largest projects in SIDS. Further scaling up of both climate adaptation and mitigation finance to the SIDS is vital – both to address the vulnerability of SIDS inhabitants by making agriculture, biodiversity and infrastructure sectors more resilient to climate impacts, and to shift the energy mixes of SIDS away from fossil fuels. At the same time, SIDS are considered among the primary recipients of new funding efforts for addressing loss and damage, including through a dedicated new Fund for responding to Loss and Damage (FRLD) under the UNFCCC operationalised at COP28, and in evolving broader funding arrangements.

Introduction

The 39 United Nations (UN) member states classified as SIDS (which together constitute about 1% of the world's population) form a distinct group of developing countries.[2] In addition, there are 18 non-UN members or associated members of regional commissions considered SIDS.[3] SIDS tend to share a number of challenges, including limited capacity to raise domestic resources, high energy and transportation costs and increasingly high risk premiums for access to capital due to climate change. While there is spatial and seasonal diversity of climate change impacts, high vulnerability to climate variability, extreme climate events, ocean acidification and sea-level rise is common among all SIDS (IPCC, 2021), which collectively have contributed only 0.5% of historic global carbon dioxide emissions (IPCC, 2022). Adaptation measures are critical in most of the SIDS in agriculture and fisheries, coastal environments, biodiversity, water resources, human settlements, infrastructure, and health sectors (UNFCCC, 2005; Thomas et al., 2020), which is reflected in the ambition of their nationally determined contributions (NDCs) with a majority focus on adaptation actions (UNDP, 2022).

However, barriers and limits to adaptation also contribute to additional tens of billions in finance needed to address the greater levels of both economic and non-economic loss and damage already occurring in SIDS (Mycoo et al., 2022). Oceans, which have absorbed 90% of the excess heat from greenhouse gas emissions over the past 50 years, are pivotal in the global fight against climate change (UNCTAD, 2024). With SIDS being 'large ocean states', covering around 20% of global exclusive economic zones (EEZs), a focus on blue economy frameworks and nature-based solutions balancing growth with ecosystem health is important for SIDS' improved resilience against climate change (Senaratne, 2024). Spanning three regions – the Pacific; the Caribbean; and the Atlantic, Indian Ocean and South China Sea (AIS) – the SIDS present a wide variety of contexts. Geographical differences and varying socioeconomic contexts influence the climate change vulnerability profiles of the SIDS. For example, only 2% of Papua New Guinea's terrestrial land is below five metres above sea level, while 100% of the Maldives and Tuvalu lies below five metres, rendering these nations critically vulnerable to flooding and sea-level rise (UN-OHRLLS, 2020).

Table 1: Climate funds supporting SIDS (2003–2025, USD millions)

Fund	Amount approved	Projects approved
Green Climate Fund (GCF-IRM, GCF-1, GCF-2)	1,755.1	56
Least Developed Countries Fund (LDCF)	326.4	70
Global Environment Facility (GEF-4, 5, 6, 7, 8)	260.3	119
Adaptation Fund (AF)	227.2	56
Pilot Program for Climate Resilience (PPCR)	218.6	22
Global Climate Change Alliance (GCCA)	144.4	27
Clean Technology Fund (CTF)	142.7	9
Scaling Up Renewable Energy Program in Low Income Countries (SREP)	83.3	15
Forest Carbon Partnership Facility (FCPF)	78.4	9
Special Climate Change Fund (SCCF)	59.7	10
Adaptation for Smallholder Agriculture Programme (ASAP)	9.0	3
UN-REDD Programme	6.9	2

Most SIDS are middle-income countries, but their economies are often small and gross national income (GNI) varies widely. Many are also highly indebted, with adaptation and recovery costs for climate impacts demanding a much higher share of national income and production than for most other country groups (Canagarajah, 2024). Seven of the SIDS are categorised as Least Developed Countries (LDCs). The profiles of emissions also vary between the SIDS, although most produce relatively low emissions. Combined, the SIDS only account for 1% of global carbon dioxide emissions; nevertheless, as many SIDS rely heavily on fossil fuel imports for energy, a transition to sustainable energy sources should continue to be a priority (IRENA, 2024). SIDS have often driven climate ambition in international contexts, such as the push for the 1.5°C goal of the Paris Agreement and initiating the campaign for the International Court of Justice (ICJ) advisory opinion. The landmark decision issued in July 2025 affirmed that states have binding legal obligations under international law to protect the climate system, including a duty to prevent significant climate harm (ICJ, 2025).

Where does climate finance come from?

Twelve multilateral climate funds are active in the SIDS (Figure 1 and Table 1). A total of USD 3.5 billion was approved for 621 projects between 2003 and 2025. In 2025, the biggest contributor of finance was the GCF, which has cumulatively approved USD 1,755 million for SIDS since 2015. At quite a distance, as the second largest contributor, is the Least Developed Countries Fund (LDCF), which has approved USD 326 million, followed by the Global Environment Facility (GEF), which has approved USD 260 million in SIDS. The GCF's 56 projects represent 50% of SIDS funding. In addition, the GCF is supporting 223 readiness programmes in SIDS amounting to USD 186 million. The GCF's importance as the largest multilateral source of finance for the SIDS is thanks to an allocation framework that commits 50% of its resources in grant equivalent terms to go to adaptation and at least half of this to support LDCs, SIDS and African states. This allocation floor, which is routinely surpassed, should secure disproportionate GCF funding support for SIDS for the foreseeable future.

Figure 1: Climate funds supporting SIDS (2003-2025)

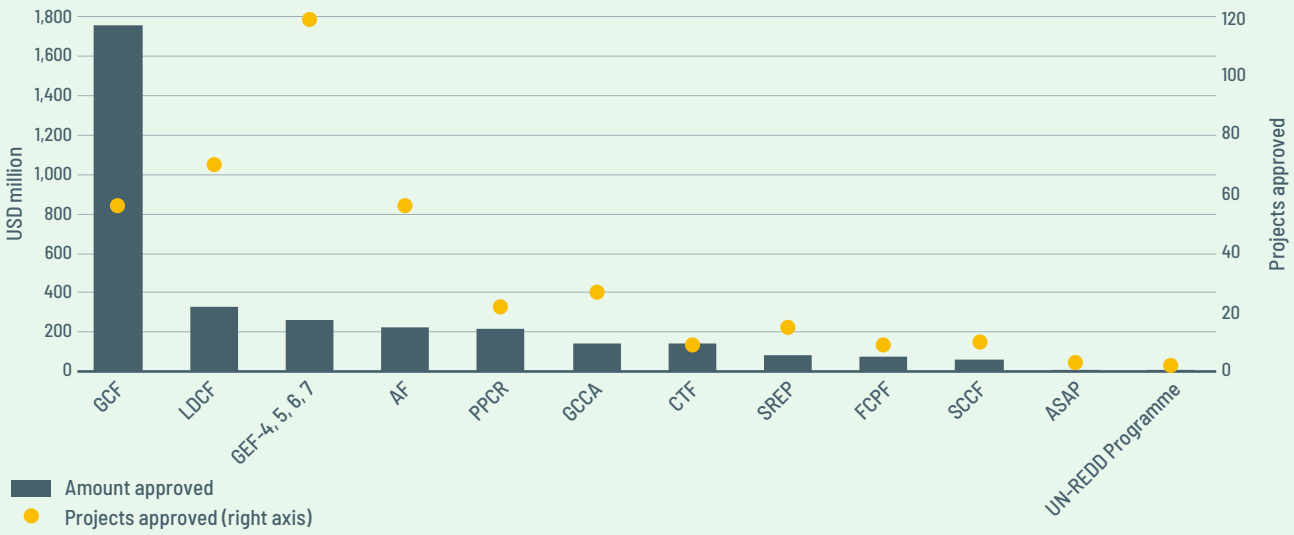
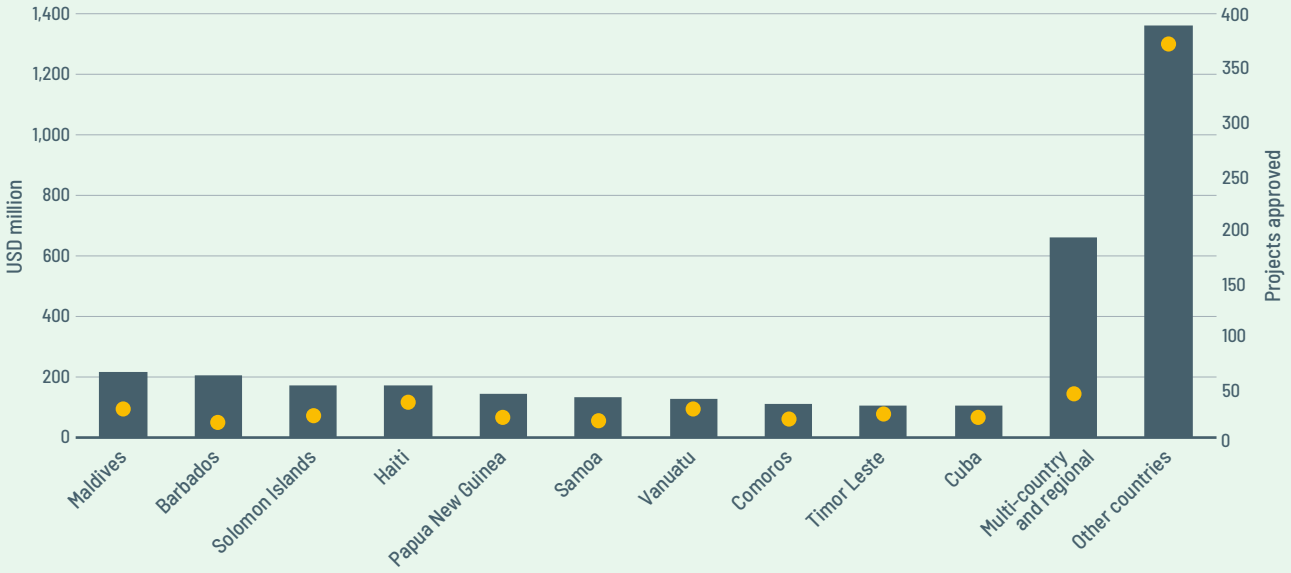


Figure 2: Top ten recipient countries by amount approved (2003-2025)



Grants make up the majority of climate finance in the SIDS and will remain important, particularly for adaptation actions. To date, over three-quarters of SIDS climate finance from the multilateral climate funds is grant-based (84%), with concessional loans and guarantees a much smaller proportion of the total (14%).

Bilateral climate finance also flows to the SIDS. Such climate finance complements the multilateral climate fund flows. This includes the bilateral climate funds of Germany, Norway and Australia, which are active in the region.[4] Bilateral funds are not tracked by Climate Funds Update (CFU), however, given their relative lack of transparently available detailed information of current activities and spending.

Who receives the money?

Pacific SIDS receive the largest share of approved climate finance from multilateral climate funds (USD 1.47 billion, or 42%). The Caribbean follows closely with USD 1.41 billion in project approvals (40%), while AIS SIDS account for USD 618 million (18%). Approvals for the SIDS regions are dominated by adaptation finance. The Pacific and the Caribbean SIDS also benefit from REDD+ (reducing emissions from deforestation and forest degradation plus the conservation and sustainable management of forests and enhancement of forest carbon stocks) finance (with 7.5% and 3.4% for this objective, respectively).

The Maldives has received the most finance of any of the SIDS, with USD 216 million approved for project activities, followed by Barbados with USD 202 million. Support for the Maldives is relatively evenly distributed across funds, with the GCF and CTF having the highest approval levels at USD 81 million and USD 75 million, respectively. In contrast, almost all funding approved for Barbados (more than 96%) comes from the GCF, amounting to USD 195 million.

Table 2: Approved funding across themes (2003-2025)

Theme	Amount approved (USD millions)	Projects approved
Adaptation	1,964.8	209
Multiple foci	788.2	298
Mitigation	586.2	100
REDD+ (reducing emissions from deforestation and forest degradation, forest conservation, sustainable forest management and the enhancement of forest carbon stocks)	158.4	14

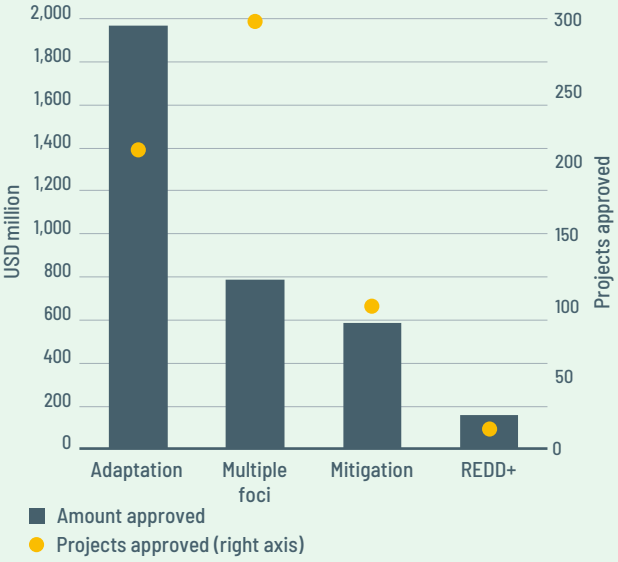
What is being funded?

A total of USD 1,965 million or 56% of climate finance in the SIDS contributes towards adaptation efforts (Table 2 and Figure 3). Of the remaining funding, 23% contributes to projects with multiple foci, 17% to mitigation and 4% to REDD+ projects. The focus on adaptation finance is consistent with the SIDS' high adaptation needs.

In 2025, 43 projects in SIDS were approved totalling USD 464 million. This includes projects from the Adaptation Fund (AF) (3), GCF (26), the Global Environment Facility (GEF-8) (8), LDCF (2), SCCF (2), CTF (1) and SREP (1). The vast majority (69%) of full projects were adaptation-focused and funding is 78% grant-based. The two largest SIDS projects in 2025 were approved by the GCF, including a regional programme supporting tuna-dependent Pacific island communities to adapt through sustainable fisheries management and economic diversification (USD 107 million) and one REDD+ project to provide results-based payments for verified emission reductions in Papua New Guinea (USD 63 million). With the second highest level of

funding approved for SIDS in 2025, the LDCF launched two national programmes focused on strengthening climate resilience of key transport infrastructure in São Tomé and Príncipe (USD 13 million), as well as one project aimed at enhancing access to water supply in the Comoros (USD 9 million). Under GEF-8, eight projects were approved, six of which focus on supporting Biennial Transparency Reports and strengthening national capacity to implement the enhanced transparency framework (totalling USD 16.8 million). In addition, the SCCF approved one programme to enhance the adaptation of fisheries, marine ecosystems and coastal communities across five Caribbean islands (USD 12.6 million), as well as one programme to strengthen resilience across food systems in the Maldives (USD 2.6 million). The AF approved three new projects aimed at enhancing community resilience and adaptive capacity in Grenada (USD 10 million), Belize (USD 5 million), and through a regional programme for Pacific islands (USD 5 million). In 2025, the CTF also approved a programme to promote the use of renewable energy in public buildings in Grenada (USD 8.5 million), while the SREP approved a project to expand solar photovoltaic capacity in Haiti (USD 2.5 million).

Figure 3: Approved funding across themes (2003-2025)



Box 1: Climate finance in the LDCs of the SIDS

As of December 2025, seven SIDS are LDCs: Comoros, Guinea-Bissau, Haiti, Kiribati, Solomon Islands, Timor-Leste, and Tuvalu.[5] To date, USD 899 million in climate finance from multilateral climate funds has been approved for project activities within LDC SIDS, representing 26% of total SIDS funding. Over a third of finance for LDC SIDS comes from the GCF (41%), with 30% from the LDCF. Grant financing, totalling USD 802 million (or 89%), is particularly important for LDCs as increasing debt can leave countries more exposed to macroeconomic shocks. Over 61% of climate finance in the LDC SIDS is dedicated to adaptation projects. All LDC SIDS also qualify as fragile or conflict-affected states, thereby aggravating their vulnerability to the social, economic and environmental effects of climate change.

References and further reading

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Endnotes

1. 1) Antigua and Barbuda, 2) Bahamas, 3) Barbados; 4) Belize; 5) Cabo Verde, 6) Comoros*; 7) Cook Islands, 8) Cuba, 9) Dominica; 10) Dominican Republic, 11) Fiji, 12) Grenada, 13) Guinea-Bissau* 14) Guyana; 15) Haiti* 16) Jamaica; 17) Kiribati*; 18) Maldives; 19) Marshall Islands; 20) Federated States of Micronesia, 21) Mauritius; 22) Nauru; 23) Niue; 24) Palau; 25) Papua New Guinea; 26) Samoa; 27) São Tomé and Príncipe; 28) Singapore; 29) St. Kitts and Nevis; 30) St. Lucia; 31) St. Vincent and the Grenadines, 32) Seychelles, 33) Solomon Islands*; 34) Suriname; 35) Timor-Leste*; 36) Tonga; 37) Trinidad and Tobago; 38) Tuvalu*; 39) Vanuatu. LDCs are denoted by *.
2. Where countries are no longer considered SIDS, the approved amounts of funds tracked by CFU are recorded in their entirety in the regional briefings. For example, Bahrain's approvals moved from the SIDS to the MENA brief in 2023.
3. For the list of SIDS and their regional categorisation see both https://www.un.org/ohrlls/content/list-sids and https://sdgs.un.org/topics/small-island-developing-states#list_of_sids
4. In 2014, the last year when CFU was able to track bilateral climate funds, cumulative bilateral flows to the SIDS since 2008 included USD 28 million from Germany's Internationale Klimaschutzinitiative (IKI, international climate initiative), USD 66 million from Norway's International Climate and Forest Initiative (NICFI) and USD 3 million from Australia's International Forest Carbon Initiative (IFCI).
5. Vanuatu and São Tomé and Príncipe graduated from the LDC category at the end of 2020 and 2024, respectively. Funding approved for Vanuatu under the climate funds tracked by CFU is included from 2003 to 2020 as LDC SIDS financing, with financing approved from 2021 onward excluded. Since 2025, projects recorded for São Tomé and Príncipe are no longer categorized as LDC SIDS financing.

The Climate Finance Fundamentals are based on Climate Funds Update data and up to 2021 also available in French and Spanish at **www.climatefundsupdate.org**

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