



## Climate Finance Briefing: Small Island Developing States

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Climate  
Finance **12**  
Fundamentals

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**T**he 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. Spread across three regions, the 39 SIDS nations have received USD 1,689 million from multilateral climate funds between 2003 and 2018. This amount finances 255 projects in 38 SIDS (all SIDS have received finance except for Singapore). While approved funding for the SIDS has increased markedly in the past few years, it fulfils only a small part of actual needs. The Green Climate Fund (GCF) since 2017 has been the largest contributor to SIDS. In 2018, USD 255 million was approved for projects in SIDS. A full 76% of this is programmed by the Green Climate Fund (GCF), including the largest single project, which directs USD 86 million to the construction of a hydropower facility in the Solomon Islands. Further scaling up 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.

### Introduction

The 39 nations classified as SIDS by the UN (which together constitute about 1% of the world's population) form a distinct group of developing countries. SIDS tend to share a number of challenges, including limited capacity to raise domestic resources, high energy and transportation costs and high vulnerability to climate variability, storm events, and sea level rise. Adaptation measures are critical in most of the SIDS in agriculture and fisheries, coastal environments, biodiversity, water resources, human settlements and infrastructure and health sectors (UNFCCC, 2005).

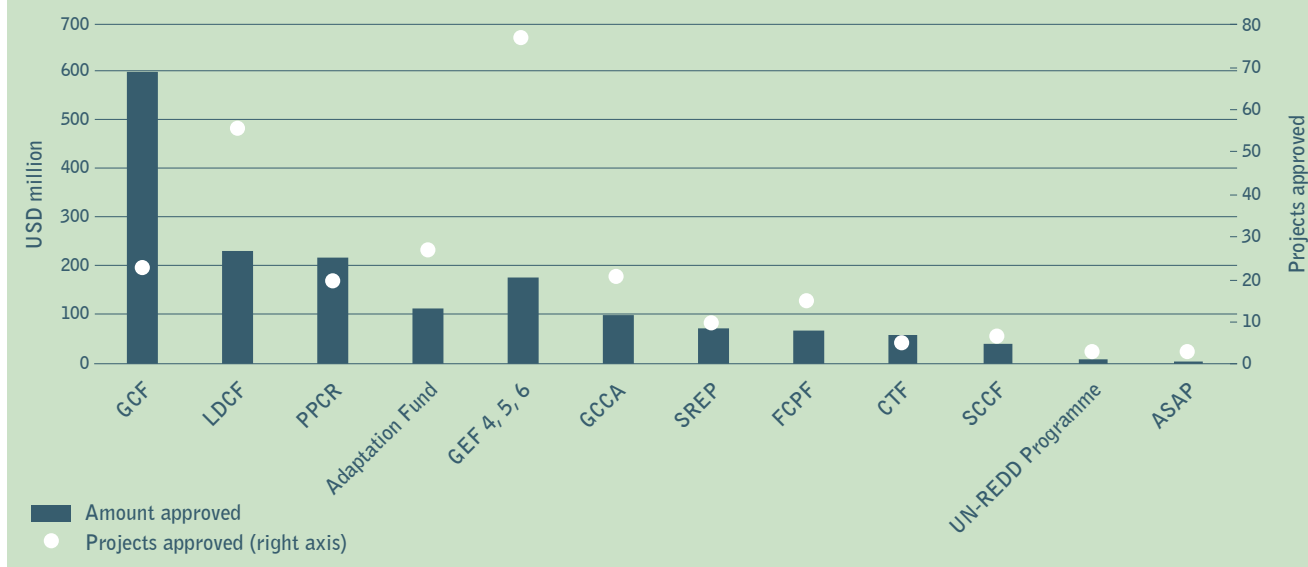
Spanning three regions - the Pacific, the Caribbean, and Africa, Indian Ocean, Mediterranean and South China Sea (AIMS) – the SIDS present a wide variety of contexts. Geographical differences and varying socioeconomic contexts influence the climate change vulnerability profiles of the SIDS. For example, only 1.8 % 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, 2013).

Most SIDS are middle-income countries, but their economies are often small and gross national income varies widely. Nine of the SIDS are categorised as Least Developed Countries (LDCs). The emissions profiles also vary between the SIDS, although most produce relatively low emissions. In 2012, the SIDS combined accounted for just 1% of global carbon dioxide emissions (U.S. Energy Information Administration, 2012). However, many SIDS rely heavily on fossil fuel imports for energy, and a transition to sustainable energy sources should continue to be a priority.

### Where does climate finance come from?

Twelve multilateral climate funds are active in the SIDS (Figure 1; Table 1). A total of USD 1,689 million has been approved for 255 projects between 2003 and 2018. This year the biggest contributor of finance is the Green Climate Fund (GCF) which has cumulatively approved USD 600 million for SIDS since 2015. The second largest contributor, is the Least Developed Countries Fund (LDCF), which has approved USD 233 million, followed by the Pilot Program for Climate Resilience (PPCR), which has approved USD 218 million for SIDS. The GCF's

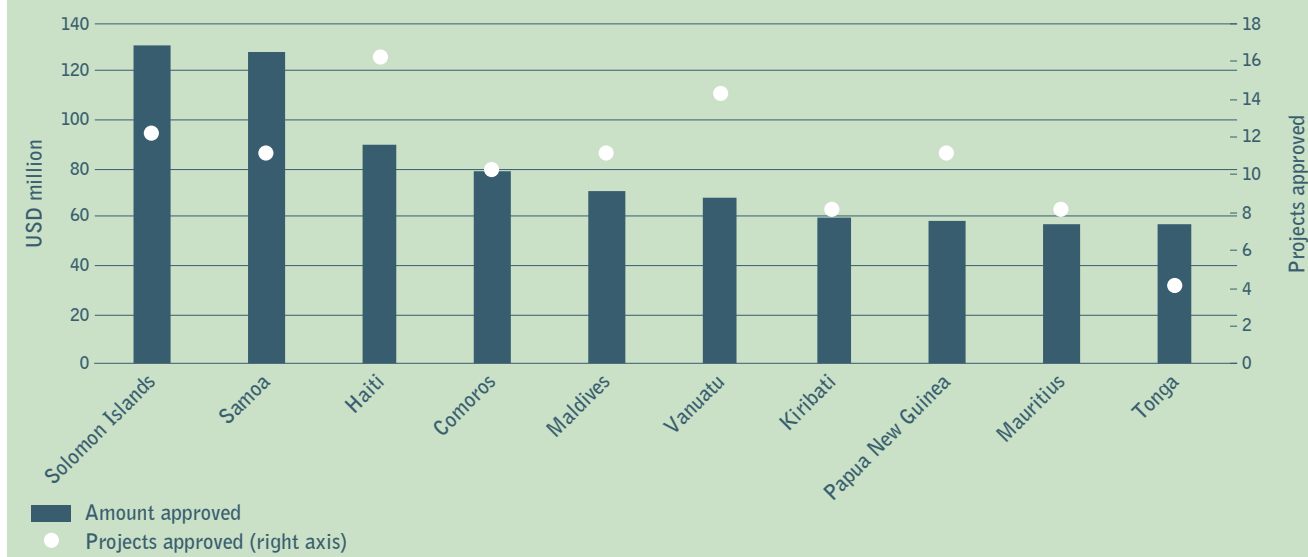
**Figure 1: Funds supporting SIDS (2003-18)**



**Table 1: Funds supporting SIDS (2003-18)**

Funds and Initiatives	Amount approved (Current USD millions)	Projects approved
Green Climate Fund (GCF)	600.0	22
Least Developed Countries Fund (LDCF)	232.8	55
Pilot Program for Climate Resilience (PPCR)	218.4	19
Global Environment Facility (4, 5, 6)	177.7	76
Adaptation Fund (AF)	114.6	26
Global Climate Change Alliance (GCCA)	99.5	20
Scaling-Up Renewable Energy Program for Low Income Countries (SREP)	70.2	9
Forest Carbon Partnership Facility (FCPF)	67.4	14
Clean Technology Fund (CTF)	56.0	4
Special Climate Change Fund (SCCF)	40.9	6
UN REDD Programme	6.9	2
Adaptation for Smallholder Agriculture Programme (ASAP)	5.0	2

**Figure 2: Top ten recipient countries by amount approved (2003-18)**



16 projects – and six readiness programmes – already represent 36% of SIDS funding. The GCF has the potential to become an even larger source of finance for the SIDS in the future, with 50% of its USD 10.3 billion pledge to go to adaptation and half of this to support Least Developed Countries (LDCs), SIDS and African States.

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 (80%), with concessional loans a much smaller proportion of the total (20%).

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, who are active in the region<sup>1</sup>. Bilateral funds, however, are not tracked by Climate Funds Update given their relative lack of transparently available detailed information of current activities and spending.

### Who receives the money?

The Pacific region has the largest amount of approved climate finance from multilateral climate funds (USD 791 million, or 47%). SIDS of the Caribbean have project approvals totalling USD 571 million (34%), while AIMS SIDS have USD 327 million (19%) in project approvals. Most SIDS regions' approvals are dominated by adaptation finance, though in the Caribbean approved mitigation finance is approaching similar totals for approved adaptation finance. The Caribbean and Pacific SIDS also benefit from REDD+ finance (7% and 3% respectively).

The Solomon Islands has received the most finance of any of the SIDS, with USD 130 million approved for project activities, followed closely by Samoa with USD 128 million. Both countries have received significant amounts of GCF funding (with USD 86 million for the Solomon Islands and USD 58 million for Samoa).

### Box 1: Climate Finance in the Least Developed Countries (LDCs) of the SIDS

Nine of the 39 SIDS are LDCs: Comoros, Guinea-Bissau, Haiti, Kiribati, São Tomé and Príncipe, Solomon Islands, Timor-Leste, Tuvalu, and Vanuatu. Together USD 596 million in climate finance from multilateral climate funds has been approved for project activities within these nations, representing 35% of total SIDS funding. Almost a third of this finance comes from the LDCF (32%) and over a third from the GCF (35%). Grant financing, totalling over USD 477 million, is particularly important for LDCs as increasing debt can leave countries more exposed to macroeconomic shocks. Almost three-quarters of climate finance in the LDC SIDS is dedicated to adaptation projects. Six of the LDC SIDS also qualify as fragile or conflict-affected states, thereby aggravating their vulnerability to the social, economic, and environmental effects of climate change.

### What is being funded?

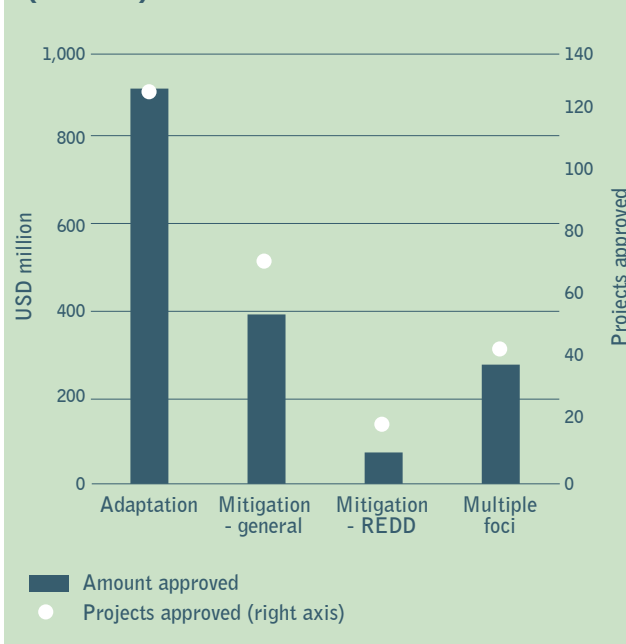
Fifty-four percent of climate finance in the SIDS contributes towards adaptation efforts, a total of USD 920 million (Table 2; Figure 3). 24% of funding contributes to mitigation, 5% to REDD projects and 17% to projects with multiple foci. The focus on adaptation finance is consistent with the SIDS' high adaptation needs.

In 2018, 26 projects were approved in the SIDS as compared to 20 in 2017. Of these, ten are adaptation focused (with a total of USD 127 million), and ten are mitigation projects (with a total of USD 63 million), one focussed on REDD+ and the remainder are cross-cutting. While five funds approved projects in SIDS in 2018, the largest six approvals came from GCF projects. This includes five projects related to the water sector, focussed on water supply and sector resilience in the Comoros, Grenada, Kiribati and Barbados, and on flood prevention and control in the Marshall Islands. Two of these projects are considered by the GCF as contributing to both adaptation and mitigation, illustrating that the water sector is not just an adaptation issue.

Table 2: Approved funding across themes (2003-18)

Theme	Approved amount (USD millions)	Number of projects approved
Adaptation	920.5	125
Mitigation	399.7	70
REDD	84.0	18
Multiple foci	285.2	42

Figure 3: Approved funding across themes (2003-18)



In addition to the series of 12 Climate Finance Fundamentals, these recent ODI and HBS publications may be of interest:

- **Clean energy project preparation facilities: mapping the global landscape.** Darius Nassiry, Sam Pickard, Shelagh Whitely and Andrew Scott from ODI provide a comprehensive mapping of the project preparation facility global landscape. The results cover 150 project preparation facilities and form the most comprehensive study of its kind to date. Available at: <https://bit.ly/2RcGuQc>
- **“Back to the Future” for GCF After Recent Bahrain Board Meeting.** Liane Schalatek from Heinrich Böll Stiftung North America goes “Back to the Future” reporting on the October 2018 Green Climate Fund board meeting and its implications. Available at: <https://bit.ly/2r5dTkj>
- **Local actors ready to act: Six proposals to improve their access to the Green Climate Fund.** Menno Bosma, Maaïke de Hon, Annelieke Douma, Daan Robben, Raju Pandit Chhetri, Titi Soentoro and Liane Schalatek, bring together Both ENDS; Heinrich Böll Stiftung North America; Aksi! for gender, social and ecological justice; and the Prakriti Resources Centre to describe six specific proposals to stimulate more and deeper debate on the crucial role local actors play in the transformative change needed to deal with global climate change. Available at: <https://bit.ly/2SdV2PH>
- **Not a Silver Bullet.** Julie-Anne Richards and Liane Schalatek look at whether insurance is fulfilling its promise and argue that in many instances it can serve as a distraction from alternative financing solutions for loss and damage. A Heinrich Böll Stiftung North America product. Available at: <https://bit.ly/2PW3aYr>
- **Financing Loss and Damage: A Look at Governance and Implementation Options.** Julie-Anne Richards and Liane Schalatek discuss categorisations of loss and damage approaches, financing options and whether existing climate funds could channel loss and damage financing. A Heinrich Böll Stiftung North America product. Available at: <https://bit.ly/2nT55wa>
- **Radical Realism for Climate Justice.** A Civil Society Response to the Challenge of Limiting Global Warming to 1.5°C. Heinrich Böll Stiftung Berlin. Available at: <https://bit.ly/2PYfGqs>

Visit our website for more information and to contact us: [ClimateFundsUpdate.org](http://ClimateFundsUpdate.org)

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## Endnotes

1. 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 International Climate Initiative, USD 66 million from Norway's International Climate and Forest Initiative and USD 3 million from Australia's International Forest Carbon Initiative.

The Climate Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at [www.climatefundsupdate.org](http://www.climatefundsupdate.org)

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