

# The Global Stocktake as a tool for scaling up Adaptation Actions and Finance in Small Island Developing States (SIDS)

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Small Island Developing States (SIDS) are highly vulnerable to the impacts of climate change, including rising sea levels, extreme weather events, and coastal erosion. To effectively address these challenges and build resilience, SIDS require adequate and accessible adaptation finance. This policy brief outlines the importance of adaptation finance for SIDS, key challenges in accessing finance, and assesses the ways in which the GST can improve adaptation finance whilst providing recommendations to enhance financial support for climate adaptation in SIDS.

SIDS face unique and disproportionate challenges due to their small size, limited resources, and high exposure to climate risks. There is unbalanced climate finance provided for mitigation and adaptation, and there is a finance gap to cover the adaptation cost, as well as the significant barriers to accessing different multilateral, regional and bilateral financing. Adaptation finance plays a crucial role in assisting SIDS to implement climate adaptation measures, strengthen infrastructure, protect ecosystems, and safeguard the well-being of their communities. It is impossible to achieve the goals of the Paris Agreement without addressing this unprecedented financial gap in adaptation (GST TD 1.1 Summary Report).

Despite the recognized importance of adaptation finance, SIDS encounter several challenges in accessing and utilizing these funds effectively. These challenges include:

- a. **Limited Access to International Climate Funds:** SIDS often face difficulties in accessing international climate funds due to complex application procedures, limited institutional capacity, and strict eligibility criteria. SIDS approved projects only represent about 4% of total Green Climate Fund (Climate Analytics 2021).
- b. **Insufficient Financial Resources:** The existing funding mechanisms and resources are inadequate to meet the adaptation needs of SIDS. The available funds fall short of the actual requirements for implementing comprehensive adaptation strategies. The 40 SIDS nations have received USD 2.1 billion in multilateral climate funds for 388 projects from 2003 to 2020, but this growing funding only meets a fraction of their actual needs ([climatefunupdate.org](https://climatefunupdate.org)).
- c. **High Transaction Costs:** The administrative and technical requirements associated with accessing and managing adaptation finance can be burdensome for SIDS, leading to high transaction costs that hinder the efficient utilization of available funds.

- d. **Lack of Data, Information, and Capacity:** Inadequate data and information on climate change impacts, vulnerability assessments, and cost-effective adaptation measures pose challenges for SIDS in developing robust project proposals and attracting finance. There is a scarcity of substantial and specific data, including historical climatological, environmental, and socioeconomic information, as well as a lack of human resources to analyze and interpret this data (GCF IEU, 2021).

To overcome the challenges faced by SIDS in accessing adaptation finance, the following recommendations are proposed:

- a. **Simplify and Streamline Funding Procedures:** International climate funds should simplify their application processes, reduce administrative burdens, and provide clear guidelines tailored to the unique circumstances of SIDS. Flexibility in eligibility criteria and a streamlined review process will enable SIDS to access funds more effectively.
- b. **Increase Financial Support:** Developed countries and international financial institutions should significantly increase their financial support to meet the adaptation needs of SIDS. This includes scaling up contributions to existing funds, establishing new dedicated funds for SIDS, and ensuring predictable and sustained funding flows. It is also needed to increase private sector adaptation co-financing.
- c. **Enhance Capacity Building:** Capacity building programs should be prioritized to strengthen the institutional capacity of SIDS in project development, proposal writing, and financial management. Technical assistance, training programs, and knowledge-sharing platforms can empower SIDS to effectively access and manage adaptation finance. This should also include building capacity in implementation of adaptation actions as well as understanding of false solutions.
- d. **Improve Data and Information Systems:** Investments should be made to enhance data collection, analysis, and dissemination on climate change impacts and vulnerability in SIDS. Improved data and information systems will support evidence-based decision-making and enable SIDS to develop more accurate and compelling funding proposals.

Adaptation finance is critical for SIDS to effectively address the challenges posed by climate change and build resilience. By simplifying funding procedures, increasing financial support, enhancing capacity building efforts, and improving data and information systems to effectively implement better and more realistic adaptation actions, the international community can help SIDS access and utilize adaptation finance more effectively. The GST should focus on ways to define and track adaptation finance, recognize the soft and hard limits to adaptation, mainstream adaptation into domestic and international adaptation planning, and support ensuring more ambitious adaptation actions in the next round of NDCS. Strengthening the financial resilience of SIDS will contribute to sustainable development, reduce vulnerability, and secure the future of these unique and valuable ecosystems and communities.

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