CLIMATE ANALYTICS

# The last mile:

## Turning climate commitments into action across SIDS

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Climate Analytics is a global climate science and policy institute. Our mission is to deliver cutting-edge science, analysis and support to accelerate climate action and keep warming below 1.5°C.

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# Summary

Small Island Developing States (SIDS) have long been at the forefront of global climate ambition, from championing the inclusion of the 1.5°C limit in the Paris Agreement to spearheading the landmark 2025 ICJ advisory opinion on the climate obligations of States. Their recently updated Nationally Determined Contributions (often referred to as NDC 3.0s) are no exception, and continue to be ambitious relative to the size of their economies and administrations. Despite this, SIDS face persistent challenges in translating ambitious commitments into sustained action on the ground. It is this distance between NDC commitments and the pace and extent of ultimately delivered action that is explored further in this brief.

The implementation gap is broadly shaped by two interdependent sets of factors. The first is external, and includes insufficient mitigation efforts at the global level as well as climate finance that remains inadequate in scale, predictability, and accessibility relative to needs stated in NDCs. While these factors heavily influence the ability of SIDS to deliver on their ambitions, they cannot be resolved by individual countries. This brief therefore focuses on the second set of factors, which covers the domestic institutional, financial, and technical arrangements through which governments can plan, coordinate, finance and track climate action. These factors are directly within the control of national governments and non-state actors, which also provides a shared framework through which experiences can be transferred between peer SIDS at the regional and AOSIS levels.

The brief is intended for policymakers in SIDS and their development partners, and examines three pillars of implementation where there are clear gaps:

1. Institutional coordination and enabling frameworks;
2. Climate finance mobilisation and management; and
3. Data, monitoring, and reporting arrangements.

In addition, capacity building is considered a foundational enabling component that cuts across all three pillars.

The pillars and capacity building are explored in dedicated sections that summarise trends across SIDS, establish the main gaps, and highlight national practices or principles that peer countries may find relevant. Each section is informed by a mapping of NDCs across AOSIS members, desk research, and consultations with practitioners (see Annex A). Collectively, practices explored throughout the brief that bridge the gaps identified are treated as enabling conditions for subsequent implementation efforts. While they may not directly cause specific downstream climate outcomes, they play a crucial role in creating the environment in which these outcomes can be better assessed, acted upon and monitored.

## The SIDS NDC 3.0 Landscape

This brief reviewed 25 NDCs submitted by SIDS as part of the 2035 cycle. The high-level assessment found that the NDCs remain highly conditional on international support. Those that disaggregate costs have conditional measures that range from approximately one-third to more than four-fifths of quantified needs, although part of this conditionality may be due to how domestic contributions are reported by countries in NDCs. Beyond this, details on costing and implementation arrangements vary considerably across NDCs, which can impose challenges when attempting to translate targets into bankable and implementable pipelines. Electricity generation and transportation remain priority sectors for mitigation efforts, while adaptation and loss and damage targets are increasingly integrated into the NDCs. In many instances, data limitations have resulted in some SIDS maintaining the headline targets from the previous NDC, and instead strengthening the analysis and implementation efforts behind them. While these dynamics should not be understood as a lack of ambition, they point towards the challenges faced by SIDS in ratcheting up their NDC targets every five years while ensuring that implementation efforts can match the pace.

## Pillar 1: Institutional coordination and enabling frameworks

Most SIDS already have a mechanism in place to coordinate NDC implementation, which can be a complex cross-sectoral undertaking. Their precise profiles vary, but most are typically housed within the line ministry responsible for climate change, and established through cabinet decisions or ministerial mandates. These entities tasked with coordination encounter a range of challenges, including a narrowing of their scope over time towards project validation, overlapping mandates with already-existing agencies or ministries, limited resourcing, and arrangements that are vulnerable to changes in administration. All these challenges weaken the ability of coordination bodies to secure sustained engagement, buy-in and ownership from the multiple line ministries with NDC targets and responsibilities. While regional bodies already provide valuable technical support to improve coordination efforts, structured peer exchanges on lessons learnt within regions and across AOSIS membership remain limited.

There are a range of approaches to mandate, membership, and legal anchoring that have been applied by countries depending on their respective contexts. Saint Lucia's Climate Change Act 2024, Fiji's Climate Change Act 2021, Cabo Verde's three-tiered climate governance framework, and Jamaica's Climate Change Advisory Board are all used as case studies to illustrate the variation in design choices available to fit unique country needs and institutional arrangements. Through these assessments, some key measures can be recommended to countries seeking to improve their coordination frameworks. These include:

- Assessing the existing coordination landscape;

- Operationalising a network of climate focal points in each line ministry;
- Anchoring coordination bodies through cabinet or legislation to ensure long-term sustainability;
- Securing a dedicated, budgeted secretariat; and
- Conducting structured peer exchanges through existing regional platforms to learn from the experiences in the region, and across SIDS more broadly.

**Pillar 2: Climate finance mobilisation and management**

International climate finance for SIDS remains far below their stated needs. By some estimates, all SIDS combined received about USD 3.8 billion per year in 2023-2024, which amounts to less than 3% of total funds mobilised for developing countries. Furthermore, roughly half of the finance allocated to SIDS and LDCs arrives as loans, which further compounds the narrow fiscal space and high debt-servicing burdens that many countries are already grappling with. In addition to these challenges surrounding scarcity of international climate finance, SIDS face many domestic gaps:

- Demanding accreditation, eligibility, and pre-investment requirements that can result in resource-intensive application processes that can outlast a full NDC cycle;
- A persistent mismatch between the grant-based finance needed for adaptation and public goods, and the blended instruments increasingly on offer;
- Pipelines shaped by the timing of funding windows instead of nationally sequenced priorities articulated in NDC implementation or investment plans; and
- Fragmented oversight of climate finance flows across ministries and project units.

SIDS have responded to these challenges with a range of innovations, including by creating needs-based investment plans (e.g. Jamaica's Financial Investment Plan) or establishing Climate Finance Units (e.g. Fiji) and national climate funds (e.g. Tonga). Other countries have also agreed to debt-for-climate and debt-for-nature arrangements and blue bonds, including Belize, Barbados, and Cabo Verde. The use of regional development banks as intermediaries for novel and innovative instruments has also been seen in many of the above cases.

Through these assessments, the brief recommends some key measures to countries seeking to enhance their abilities to mobilise, manage, and track financing for climate action:

- Mapping climate finance flows and designating a single entity with the responsibility for oversight functions related to climate finance;
- Strengthening national fiscal architecture, using tools such as climate budget tagging as a practical first step to mainstream climate financing considerations into national and sectoral policy planning; and
- maintaining a phased NDC pipeline in which each concept is tagged with an indicative instrument, timeline, and risk profile.

**Pillar 3: Data, monitoring, and reporting**

Few AOSIS members have a centralised and standardised system for tracking NDC progress. Data collection is instead often handled by a single officer, and processes are rarely institutionalised for efficient continuity in the event of staff turnover. Furthermore, line ministries frequently report in silos without clarity on the type of data to share, or timelines to adhere to. As a result, data collection processes are not iterative; instead they are frequently reassembled for each reporting cycle, or even for different reports within the same cycle that are supported by different development partners. Some sectors, including waste, Industrial Processes and Product Use (IPPU), Agriculture, Forestry and Other Land Use (AFOLU), and parts of transport, continue to lack quantified targets because of data constraints. In addition to all this, methods for tracking adaptation continue to be underdeveloped and in need of improvement.

SIDS have made notable efforts to navigate this challenging landscape. This is well-illustrated by Fiji's Digital Climate Transparency Tool, which shows the value of integrating inventory, NDC, and climate finance tracking into a single consolidated platform. The platform is further supported by clearly assigned data roles, a legal mandate, and training for data providers. Additionally, entities like the Caribbean Cooperative MRV Hub show how regional infrastructure can complement national systems. When the gaps and innovative approaches under this pillar are assessed together, several recommended measures emerge for countries attempting to build their data, monitoring, and reporting arrangements:

- Establishing clear ownership of NDC actions and data with the support of tools such as common templates;
- Aligning indicators and quality-assurance procedures with regional standards; and
- Integrating adaptation, gender, and SDG-related indicators into tracking systems.

**Capacity as a foundation**

All the three pillars discussed in the brief depend upon capacity at the individual, organisational, and system levels. In addition to gaps around technical knowledge, several SIDS face challenges with the size and stability of their workforce dedicated to climate action. Officials in relevant line ministries are commonly responsible for negotiations, proposals, inventories, and reporting all at once. These dynamics result in a range of capacity-related gaps, including:

- Vital skills and capacities failing to be institutionalised, and instead departing with external consultants at the end of short-term projects;
- Limited ability to absorb training and tools on top of existing workloads;
- Training whose applicability to real-world tasks is rarely measured or followed up on beyond attendance;
- Insufficient planning for the full lifecycle of imported technologies;
- Local and traditional knowledge brought into project cycles too late; and

- Fragmented donor requirements that shift coordination burdens onto national institutions in a manner that constraints capacities.

Embedded advisory models, combined with clear plans to move positions onto national budgets, offer a promising response. The brief proposes a set of principles for capacity development, which entails beginning with a country-led functional assessment of capacity constraints and needs. This can be followed by:

- Embedding learning in live tasks;
- Planning for retention and succession to mitigate consequences from staff turnover;
- Covering the full project and technology lifecycle; and
- Measuring whether functions are performed reliably over time rather than counting how much support was delivered.

**Cross-cutting lessons**

Across the pillars, the brief identifies four recurring features point to the systemic nature of the implementation gap:

- **Single-point dependency,** whereby knowledge and responsibility are concentrated in a few individuals, and through which coordination, finance, and reporting functions are exposed to turnover.
- **The influence of external support**, whereby project and funding cycles can often take precedence over national priorities in determining which implementation actions are pursued, and when.
- **Sequencing**, whereby some actions are prerequisites for future investment and scale, and should therefore take priority as first-step actions. These include measures such as establishing clear mandates, ensuring reliable data, and laying grant-funded groundwork.
- **Assessment as a starting point**, with a mapping and assessment of country-specific needs and gaps being recommended as a first step for action under every pillar in the brief.

Additionally, development partners can play a crucial supporting role in addressing constraints beyond national control by aligning with national pipeline sequencing, institutionalising capacities through consultancies, harmonising requirements, and scaling up multi-year grant-based and concessional finance with simpler access. Ultimately, no single recommendation or reform covered in the brief should be viewed as a silver bullet to implementation challenges. Irrespective of whether it is a coordination body, a climate finance unit, an MRV platform or otherwise, the different pillars must be tailored to national contexts and improve in tandem for the underlying enabling environment to thrive, and for implementation efforts to accelerate.

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# Introduction and purpose

In the 11 years since the Paris Agreement, global greenhouse gas (GHG) emissions have continued to rise, and the resulting climate change impacts have become increasingly tangible. The First Global Stocktake (GST1) in 2023 concluded that the world is off-track for the Paris temperature goal, despite meaningful progress since 2015. Substantial cuts to emissions are required in the coming years to maintain a 1.5°C-compatible pathway with limited overshoot.[1] In addition, adaptation efforts remain fragmented and inadequately implemented, while the mobilisation of finance also remains far short of what is needed (United Nations Framework Convention on Climate Change [UNFCCC], 2023). By the most recent estimates (UNEP, 2025), the available international public finance for adaptation (USD 26 billion in 2023) amounts to roughly one-twelfth of the adaptation finance needs stated by developing countries (USD 310-365 billion per year).

Nationally Determined Contributions (NDCs) serve as primary vehicles for declaring and tracking national efforts towards the Paris Agreement's mitigation goals. Two 5-year NDC cycles have already been completed, and most countries have submitted their third iteration (referred to as NDC 3.0) between 2024 and 2026, though many countries have yet to do so. Commitments have generally grown in ambition since the first submissions, with the 2025 NDC Synthesis Report finding that implementation of the new NDCs would result in a peaking of global GHG emissions before 2030, with strong emission reductions thereafter until 2035[2] (UNFCCC, 2025).

However, progressively ambitious NDC submissions have not yet translated into sufficient action to align global emissions with a 1.5°C-compatible pathway. Indeed, even as NDC submissions grew more ambitious in 2024, global GHG emissions continued to rise. The latest Emissions Gap Report by UNEP finds that current national policies remain on a trajectory that is 2-4 $GtCO_2e$ above what they would be in 2030 with full implementation of existing conditional and unconditional pledges (UNEP, 2026), while the Climate Action Tracker (2026) estimates that a combination of current policies, most recent NDCs, and binding long-term or net-zero targets would still only limit warming to about 2.1°C by 2100. The UNFCCC's NDC Synthesis Report further finds that persistent funding shortfalls continue to inhibit the realisation of NDC pledges, and that an acceleration of implementation is now needed to turn commitments into durable outcomes (UNFCCC, 2025).

[1] As it is now inevitable that global warming will overshoot the Paris Agreement 1.5°C limit, in this brief we use the term '1.5°C-compatible' to indicate pathways that minimise the scale and duration of overshoot and return below 1.5°C by 2100.

[2] It should be noted, however, that the 2025 NDC Synthesis Report analysed new NDCs submitted by 64 Parties that met the cut-off date for inclusion. These NDCs collectively covered around 30% of global emissions (UNFCCC, 2025).

Taken together, these assessments point towards what this brief will refer to as the "implementation gap," which is defined as the distance between the commitments set out in NDCs and the pace and extent of action ultimately delivered on the ground. Closing this gap requires a careful balancing act from countries, who must keep raising their ambition in line with the Paris Agreement's long-term temperature goal while simultaneously building the enabling and operational conditions needed to translate the growing ambition into effective action.

The size of this gap is shaped by two interdependent sets of factors. The first set is external, with global mitigation efforts – particularly those of major emitter countries – remaining far from alignment with a 1.5°C-compatible pathway. As a result, the climate impacts faced by the most vulnerable countries will continue to intensify in frequency and magnitude, ultimately creating new costs from losses and damages while complicating adaptation and mitigation efforts. Additionally, the finance committed by developed country Parties under the Paris Agreement and New Collective Quantified Goal (NCQG) continues to be insufficient in scale, predictability, and accessibility for ambitious NDCs to be implemented. These dynamics can significantly influence implementation efforts, but given their multilateral nature, cannot be resolved by individual countries vulnerable to climate change.

The second set of factors is domestic, and centres around the institutional, financial, and technical capabilities through which governments can plan, finance, coordinate, and track climate action. The external factors significantly influence the outer limits of what countries can deliver, and are by no means secondary. However, this brief will focus on the domestic dimension of the implementation gap because it is the one most directly within the control of national governments and their partners, and the dimension where peer experience can most readily be transferred.

Both these dimensions bear heavily upon Small Island Developing States (SIDS), which, despite being among the lowest historical contributors to global greenhouse gas emissions, are among the most vulnerable to their consequences. They have been at the forefront of climate ambition, most notably having championed inclusion of the 1.5°C target in the Paris Agreement. More recently, in 2021, Antigua and Barbuda and Tuvalu established the Commission of Small Island States on Climate Change and International Law (COSIS), which soon thereafter sought an advisory opinion from the International Tribunal for the Law of the Sea (ITLOS) on the GHG-related obligations of States Parties to the United Nations Convention on the Law of the Sea (UNCLOS). This milestone marked the first time that an international court assessed state responsibility for climate change (Bither, 2026), and was shortly followed by Vanuatu initiating the request – and SIDS mobilising a broader international coalition – that culminated in the landmark 2025 International Court of Justice (ICJ) advisory opinion on States' obligations in respect of climate change.

Beyond the realms of diplomacy and public international law, many SIDS have adopted domestic targets that are ambitious relative to the size of their administrations and economies. They have also pioneered innovative instruments to fund these ambitions,

including the Climate-Resilient Debt Clauses (CRDCs) popularised by the Bridgetown Initiative (Cravero et al., 2025), Debt-for-Nature swaps, sovereign blue bonds, and regional parametric insurance pools like the Caribbean Catastrophe Risk Insurance Facility (CCRIF).

Notwithstanding all these initiatives and successes, SIDS continue to face constraints in the delivery of their ambitious domestic commitments. While some of these constraints are external, as described earlier, there are several bottlenecks that manifest domestically and are centred around the structuring and capacity of public institutions and national systems tasked with implementing ambitious NDC targets.

To this end, this brief aims to provide policymakers and their development partners with an overview of the institutional and systematic barriers that are limiting the implementation capacity of SIDS. It examines the implementation gaps constraining NDC delivery in SIDS through four components, which are represented in Figure 1 as three pillars resting on a common foundation of capacity.

The geographical focus of this brief is intended to be broad enough to capture a wide set of approaches to common implementation bottlenecks, while also being narrow enough to provide more utility to policymakers than a broader cross-country comparison. As a result, the brief's focus has deliberately been narrowed to members of the Alliance of Small Island States (AOSIS) across the three SIDS regions, namely the Caribbean, the Pacific, and the Atlantic, Indian Ocean and South China Sea (AIS).

As noted earlier, SIDS face a distinct configuration of dynamics and constraints when attempting to implement ambitious climate action. These include, but are not limited to:

- **Narrow fiscal space and high debt-servicing burdens**, all of which have recently been compounded by the COVID-19 pandemic, successive external shocks from geopolitical instability, and tightening global financial conditions;
- **Thin administrative capacity** relative to the breadth of climate-related responsibilities, resulting in individual officials often being responsible for functions spanning international diplomacy, national policy design, local project execution, and complex financial management;
- **Geographic dispersion** (often across multiple inhabited islands) combined with small populations that are distant from major markets, which raises capital costs and complicates efforts to coordinate data collection and deliver climate-resiliency services; and
- **Acute vulnerability to the impacts of climate change**, whereby a single major hurricane or cyclone can cause widespread damage that takes years to recover from while simultaneously redirecting staff and budgets from long-term programmes to emergency response.

Notwithstanding sub-regional variations and national contexts, these conditions are shared closely enough across SIDS to allow for common diagnoses of their implementation gaps, and to provide a set of shared practical lessons.

Empirically, the piece draws on an AOSIS-wide NDC 3.0 mapping exercise (see Annex A), which was primarily used to identify broad trends and observations across the membership. This mapping is built upon by desk research into innovative implementation practices already underway in various regions, insights drawn from ongoing NDC-related technical support and engagement across SIDS, and perspectives gathered from practitioners – including intergovernmental organisations, SIDS governments, and policy analysts – working directly on these issues.

This evidence base is organised around three pillars, with each representing a core thematic component of the NDC implementation gap being faced in SIDS:

1. Institutional coordination and enabling frameworks;
2. Climate finance mobilisation and management; and
3. Data, monitoring, and reporting.

These pillars all rest on a common foundation of capacity, which is understood as the individual, organisational, and system-level capacities that determine whether each pillar can function at all. The interpretation of the dynamics shaping the implementation gap in SIDS is summarised in Figure 1 below:

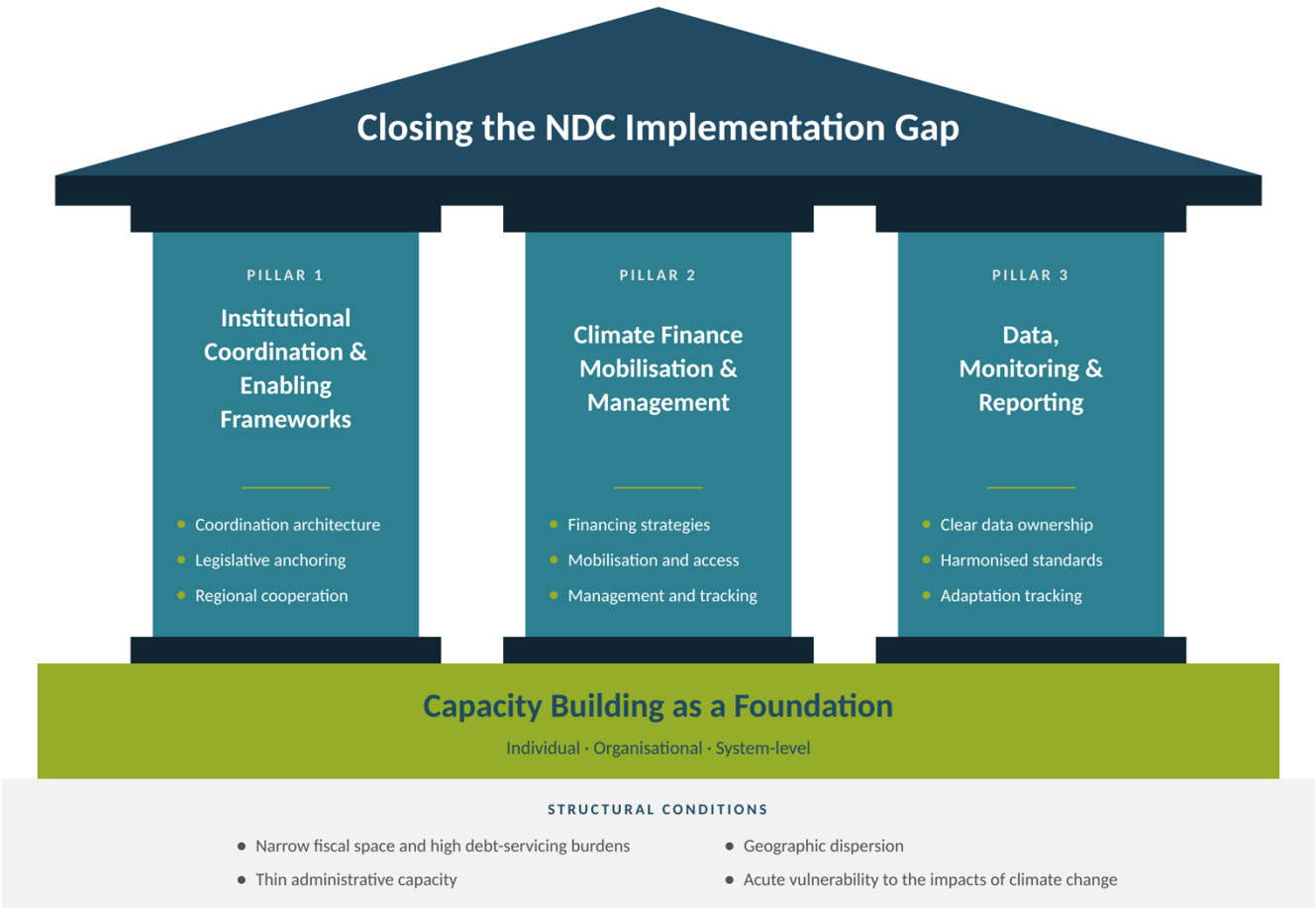



*Figure 1: Visual summary of the implementation pillars and foundations that shape the brief's structure.*

Although each of these pillars will be examined in its own section, many of the implementation barriers are interlinked. For example, it is challenging to track NDC

progress or build a credible project pipeline without robust data, and the data itself cannot be collected without requisite technical capacity. Each section synthesises relevant trends across SIDS and highlights innovative and replicable national practices observed in peer countries. The concluding section then draws out the links between all the pillars, alongside offering some concrete recommendations to address the gaps observed in each pillar.

The following sections are largely centred around documenting the institutional arrangements and (where available) their immediate outputs that facilitate climate action implementation. However, it is difficult to establish a causal link between these pillars and individual downstream implementation results such as projects completed, finance disbursed at scale, or the achievement of particular targets. Indeed, many of the national practices highlighted in the brief are at too early of a stage to evaluate their effectiveness, and most serve as enabling – not causal – conditions for accelerated implementation.

In this regard, the brief follows the logic of contribution analysis, which is an evaluative approach used when direct attribution to a single intervention is not feasible. The approach instead calls for assessing whether an intervention is a plausible and evidence-consistent contributor among several factors driving change (Mayne, 2012). The implementation gaps and interventions discussed below are therefore seen as illustrations of country-level approaches that are relevant to the contexts and constraints in SIDS, and that are relevant to the creation of an enabling framework for well-harmonised climate action.

# Where SIDS stand today: An overview of NDC 3.0

To provide a baseline for examining implementation bottlenecks, this brief first reviews the current state of NDCs submitted by SIDS. Of the 25 SIDS reviewed (see Annex A), 20 submitted NDCs between February 2025 and January 2026, with further submissions since. The remaining members had yet to formally submit a new NDC (commonly referred to as NDC 3.0) to the UNFCCC at the time of review.

In addition to their submission dates, the mapped NDCs also vary considerably in structure and costing. Around a quarter of the SIDS reviewed have quantified their investment needs in the NDC itself, with the needs being disaggregated down to individual measures in some cases. Cuba's NDC 3.0, for example, provides costing for mitigation actions down to the project level, as well as identifying corresponding timelines and responsible institutions. Several NDCs also clearly distinguish between actions delivered through domestic resources and those that are conditional upon international support. Trinidad and Tobago's NDC includes an unconditional target for the public transport sector, as well as conditional emissions reductions across electricity, industry, and transportation. Belize's NDC 3.0 also disaggregates costs for mitigation and adaptation efforts, while also distinguishing between the funding already mobilised and still needed. Another approach taken by countries is policy-based, where sector priorities and headline targets are clearly specified, but the underlying costing and financing architecture is only articulated at a high-level. While the reasoning for these differences is country-dependent, a major contributor is the fact that NDCs require specialised technical and data capacity to produce more granular sector-disaggregated costing. Notwithstanding these structural constraints, the mapped NDCs continue to demonstrate SIDS' commitment to, and appetite for, adopting progressively ambitious mitigation measures and advancing efforts towards achieving net-zero emissions.

Overall, however, the NDCs point to a continued high conditionality for the financing of implementation efforts in SIDS. Where costs have been disaggregated, conditional finance needs across countries range from roughly a third of quantified mitigation costs (Barbados) to more than four-fifths of total needs (Tonga) (Government of Barbados, 2025; Government of Tonga, 2025). Several SIDS frame implementation as almost entirely conditional on international support. Some of the key climate finance-related gaps behind these figures are examined under Pillar 2. However, it is important to recognise that several NDCs quantify international needs, but do not include breakdowns of domestic contributions to interventions, without which the targets come across as highly conditional. This perceived high conditionality of SIDS NDCs may therefore be, at least in part, a reflection of reporting practices as well as the challenges involved in tracking climate finance flows.

At the sector level, energy and transport remain the dominant mitigation arenas across nearly all reviewed NDCs. These same areas are typically among the largest costed line items in NDCs that provide such details. Additionally, most members now embed adaptation priorities and, increasingly, explicit Loss and Damage (L&D) components alongside their mitigation targets. While the NDCs retain a primary focus on mitigation activities, the growing integration of adaptation and L&D considerations into the most recent NDCs points to greater synthesis and interest in coordination between the different types of climate action and their respective interventions.

When taken together, this broad assessment of the NDC landscape points to a set of interlocking pressures. Submissions by SIDS continue to be ambitious relative to the size of their economies and administrations, but it is evident that sustaining that momentum across successive five-year cycles is becoming increasingly difficult. Some members have opted to retain previous headline targets while strengthening the data and analysis behind them, while in other cases, limited data continues to lead to entire sectors being excluded from having a quantified NDC target. This difficulty is compounded by the high conditionality of most NDCs, which intertwines the delivery of targets with finance that lies largely outside national control. Uneven or incomplete costing imposes further limits on how easily targets can be translated into investable pipelines.

Indeed, it should be noted that the NDC documents alone only provide a partial window into implementation efforts and progress among SIDS. A recent rapid stocktake conducted by UNDP and the University of West Indies reviewed mitigation and adaptation actions across seven CARICOM members (UNDP, 2025c). The assessment found that the countries have made significant progress in establishing policies and pilot initiatives, but that broader and more transformational implementation efforts continue to be hampered by limited technical capacity, weak institutional coordination, and systemic barriers to accessing climate finance. These findings closely mirror the landscape mapping of NDC 3.0s summarised above, as well as the gaps in the implementation pillars that are examined throughout this brief.

All these pressures underscore the close linkages between the ability to implement climate action and the ability to develop successively ambitious targets. The following sections consequently examine the arrangements that are foundational to delivering current targets while also setting more ambitious ones in future cycles. The sections will, in turn, explore how climate action is coordinated across government, how finance is mobilised and managed, how progress is tracked, and the capacities needed across these three pillars.

# Pillar 1: Institutional coordination and enabling frameworks

The implementation of NDCs is a complex whole-of-society undertaking. Decarbonising the energy sector, for example, requires input and buy-in from the line ministries, agencies, and non-state actors with electricity generation and transportation portfolios. Adaptation priorities tend to cut across equally diverse sectors, ranging from water and food security to infrastructure resilience. Building the data collection structures to inform actions in harder-to-abate sectors (such as AFOLU and IPPU) require interface between relevant line ministries and the ministry responsible for NDC processes and broader climate action. Even developing robust multi-sectoral project pipelines and managing the transition away from fossil fuel-dependent livelihoods requires the proactive involvement of high-level entities like Ministries of Finance, external funders with distinct reporting requirements, as well as a broad swathe of state and non-state stakeholders who are likely to be affected.

Acquiring the sustained buy-in and proactive engagement of all these stakeholders and their relevant mitigation objectives requires a clear and comprehensive institutional framework that can appropriately guide and enable all actors to approach emissions reduction in a harmonised, multi-pronged manner. In this regard, institutional coordination can be understood as a load-bearing pillar for NDC implementation which, if established appropriately, can create the structure and channels through which cross-sectoral action can be undertaken.

On the other hand, the variety of data, engagements, legislation, and procedures that accompany sector-level climate action are inherently difficult to manage, and can often result in a fragmented and stagnant NDC implementation process where key stakeholders fail to meaningfully incorporate emissions reduction efforts into their operations. In many SIDS, unclear mandates, duplicated efforts across ministries, and a perceived lack of ownership of stated targets have all resulted in weak coordination structures. These elements limit the scope for more programmatic and multi-sectoral initiatives for decarbonisation, and instead produce a more piecemeal approach centred around individual projects.

Understanding the coordination architecture gaps facing SIDS can shed better light on how to create a stronger foundation for a harmonised and multi-stakeholder approach to NDC implementation. The following subsection examines the current state of institutional coordination and enabling frameworks across SIDS, the structural gaps that persist, and examples of country approaches that could offer valuable lessons in building institutional coordination frameworks.

## 1.1 The coordination landscape across SIDS

Most SIDS today have some form of institutional mechanism in place for coordinating NDC implementation, although their structure, scope, and capacities vary considerably. Only some countries operate fully functional, standing inter-ministerial coordination bodies with defined membership and regular meeting cycles. More typically, SIDS tend to rely on informal or single-ministry arrangements where coordination happens on an ad hoc basis rather than through a standing structure. In these instances, the delivery of the NDC is largely the responsibility of the government entity holding a climate change and/or environment portfolio. While the actual efficacy and operational status of these bodies ultimately depends on national contexts, there is a clear recognition across the board of the need for entities that can enable state and non-state stakeholders to convene and coordinate their decisions and actions on climate change.

Across most SIDS, the entity responsible for NDC implementation is a line ministry rather than a cross-cutting body sitting above the ministerial structure. The environment and climate portfolios are usually bundled together, while a number of SIDS pair climate with a more specific adjacent mandate such as renewable energy (Grenada), disaster risk management (Belize), or ocean economy (Mauritius). These line ministries are typically also responsible for coordinating across stakeholders to both set and implement targets for mitigation and adaptation action.

While still rare, some countries are now entrenching these coordination mandates in formal national legislation. Two clear examples from SIDS are Fiji's Climate Change Act 2021 (Government of Fiji, 2021) and Saint Lucia's Climate Change Act 2024 (Government of Saint Lucia, 2024). In both cases, NDC coordination bodies have been established directly in statute with well-defined membership, reporting obligations, and the mandate to convene a broad range of stakeholders to advance climate action efforts. In most instances, SIDS coordinate through cabinet-endorsed plans and terms of reference, or a ministerial mandate rather than dedicated national legislation.

Regional mechanisms are also emerging as consistent enablers of NDC implementation in SIDS, with their precise roles varying by region. In the Pacific region, entities like the Pacific NDC Hub, the Secretariat of the Pacific Regional Environment Programme (SPREP), and the Pacific Community (SPC) are frequently referenced in NDCs. Pacific Islands Forum Leaders have taken a step further through the Framework for Resilient Development in the Pacific (2017–2030), which endorsed an integrated approach to climate change and disaster risk management (Pacific Islands Forum Secretariat, 2020). The Framework offers stakeholders at the country and regional levels guidance and support to implement climate change and disaster resilient development in the Pacific region, and in doing so, fosters further alignment and discussion on climate action in the region.

Efforts to institutionalise coordination at the regional level are also ongoing among AIS countries, which established the AIS Coordination Mechanism in 2025 with a mandate to

promote the pooling of technical expertise, strengthen SIDS-SIDS and South-South cooperation, and enhance advocacy for AIS SIDS at the global level.

Such initiatives and entities are also abundant in the Caribbean region, where the Caribbean Community Climate Change Centre (CCCCC) serves as the official repository and node for climate change data and policy guidance in the region. The organisation is also responsible for managing the Regional Framework for Achieving Development Resilient to Climate Change, which guides collective adaptation and mitigation action across the Caribbean Community's (CARICOM) member states. The organisation also works to coordinate the delivery of broader CARICOM climate change responses and support initiatives. There are multiple other regional bodies that support coordination efforts in more targeted areas of climate action, including the Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE), Caribbean Disaster Emergency Management Agency (CDEMA), and the Caribbean Cooperative MRV Hub (CCMRVH).

The coordination enabled by these different entities encompasses supporting the execution of NDC-relevant activities, providing technical and financial support, and facilitating cross-island exchange of knowledge and lessons. Ultimately, however, the extent to which these bodies coordinate NDC rollout across countries varies by region and country. At the national level, regional support most often takes the form of technical facilitation through embedded advisors, funding for coordination processes, and capacity-building support.

## 1.2 Where coordination falls short

Having discussed the value and current landscape of institutional coordination for NDC implementation, this subsection will examine the areas in which coordination efforts face the greatest pressure. The gaps in this pillar have been organised around three broad categories: architecture, legislative anchoring, and regional support.

### Coordination architecture

The effectiveness of coordination efforts largely depends on the national framework in place for convening various stakeholders and implementing the NDC. A tailored, clearly structured, and sufficiently resourced approach can accelerate the mainstreaming of mitigation targets within and across sectors. By extension, coordination mechanisms that are not fit-for-purpose can result in fragmented and duplicated efforts, narrower options for mobilising funding, and weaker tracking of implementation progress for future adjustment.

As a result of small administrations, limited staff, and several competing priorities within and across ministries, most SIDS find it difficult to establish a mandated body with clearly defined terms of reference, broad membership, and reporting lines explicitly focused on coordinating the formulation and delivery of NDC targets. Even where such bodies do exist, many have seen a gradual narrowing in their scope and activities from an initial focus on convening stakeholders to steer cross-sectoral implementation efforts, to solely

validating individual projects. Others are stymied by limited resources, and others still are operating alongside bodies that have overlapping mandates and an unclear division of roles. In such a coordination environment, SIDS struggle to sustain engagement across sectors and stakeholders with the common aim of realising NDC targets.

The broader NDC 3.0 literature reinforces this point, finding that NDCs gain traction across government when the development, execution, and ownership of targets are shared across ministries, as well as when the targets are linked to broader national development plans that can further secure the engagement and buy-in of line ministries. When these linkages are weak, ministries tend to instead focus on the delivery of their existing mandates, given the lack of clear guidance or incentives on mainstreaming NDC actions (OECD & UNDP, 2025a).

Effective implementation of NDCs therefore requires nationally agreed targets to align with, which cascade into sectoral strategies, ministry workplans and national budget cycles. To this end, facilitating horizontal coordination across line ministries and sectors is crucial to overcoming gaps related to this pillar.

### Legislative and regulatory anchoring

Beyond the existence of frameworks and entities guiding coordination, the mandate and legal authority that empower a coordinating body can greatly influence its ability to harmonise NDC implementation across an economy. How such a body is constituted, what its mandate empowers, and the support it receives are all factors that can determine the efficacy of an entity in configuring NDC implementation.

Within SIDS, coordination bodies typically exist as a function or subdivision of the line ministry responsible for the national climate portfolio and/or NDC development. The coordination of NDC implementation generally relies upon cabinet-endorsed plans, terms of reference, or a ministerial mandate as opposed to dedicated national legislation. While this may be sufficient to meet certain mitigation targets in specific national contexts, the anchoring of coordination in statute can provide the legitimacy and resourcing needed to strengthen line-ministry engagement, mainstream climate priorities into sectoral (and national) budgets, and systematically track NDC progress. AIS governments note that countries with formalised legal or institutional coordination frameworks tend to show stronger continuity, clearer mandates, and more effective cross-sectoral engagement (UN-OHRLLS & UNECA, 2026). The most appropriate anchor will ultimately depend upon national circumstances.

Across SIDS more generally, however, approaches to coordination mechanisms tend to sit along a gradient with varying degrees of durability, and tend to align with at least one of the following formats:

1. **Informal or ad-hoc arrangements**, whereby coordination takes place on a case-by-case basis and without standing terms of reference or dedicated mandate to sustain efforts over a longer period.
2. **Cabinet-endorsed frameworks**, whereby a body is legitimated through a Cabinet decision, terms of reference, or ministerial mandate. The avenue is relatively

quick and carries the political weight to enable a strong mandate. However, entities established through such a mechanism run the risk of being de-prioritised or defunded by subsequent administrations.

3. **Statutory anchoring**, whereby a body's mandate, membership, and reporting obligations are articulated in national legislation. This process can be more time- and resource-intensive but can subsequently result in better integration with line-ministry activities and budgets.

The issues around statutory anchoring of key climate action mechanisms have also been noted in recent implementation guidance. The NDC Partnership's "Transitioning from NDC Planning to Investment" brief (2025) highlights various core enablers for implementation, including the establishment of legal frameworks that clarify institutional responsibilities and the development of long-term strategies that have been endorsed by cabinet, and can sustain political ownership of climate action commitments across administrations. The report also underscores the importance of finance ministries taking a leading role in integrating climate goals into national budgets, economic policy, and investment frameworks.

Without these core functions being appropriately established, ambitions set at the NDC level risk being treated only as advisory actions by the relevant ministries and stakeholders.

Saint Lucia's Climate Change Act 2024 provides a good example of how a coordination body can be constituted within the SIDS context (Government of Saint Lucia, 2024, 2025). Rather than creating a coordination mechanism from scratch, the Act took the National Climate Change Committee (which was established by Cabinet in 1998) and gave it statutory footing by:

- Defining membership drawn from public, statutory, academic, and private sector bodies;
- Enshrining a recurring mandate to review the status of national climate programming; and
- Legally designating seats for youth organisations (the National Youth Council and CYEN Saint Lucia Chapter) to institutionalise the inclusion of marginalised and uniquely vulnerable groups in the NDC process.

The Act also formalised the Department of Sustainable Development's role as national climate change focal point. This gives the coordination function a clear institutional home empowered by national legislation, while minimising administrative bloat by housing the functions in an agency that already has a mandate relevant to climate action (Government of Saint Lucia, 2025).

### Regional architecture and south-south cooperation

Lastly, as was noted earlier, regional institutions and south-south channels play a notable role in facilitating coordination in SIDS, particularly by providing highly cost-effective avenues for small states to access institutional knowledge. Some examples include:

- The AIS Coordination Mechanism, established in 2025 with an explicit mandate to strengthen inter-SIDS and South-South cooperation;
- The Pacific NDC Hub, which has provided support to several Pacific countries in development national MRV roadmaps and institutional capacity; and
- The Caribbean Cooperative MRV Hub, which supports Caribbean SIDS in enhancing national MRV systems and complementing them with regional infrastructure.

While national contexts differ considerably – even among SIDS in the same region – regional organisations remain close to these contexts and are well-positioned to provide more tailored support. Learning from coordination models that have been tested by other countries in the same region can be a vital asset for refining national coordination mechanisms.

These channels already exist and provide valuable contributions, with several inter-regional exchanges continuing to be held. However, there remains scope to complement external technical assistance with more structured peer-to-peer exchange between SIDS institutions so that implementation experience accumulated within and across regions can be shared systematically at national, regional, and AOSIS-wide levels.[3] The avenues for sustained and structured south-south exchange on NDC implementation – both within regions and across the AOSIS membership more broadly – could be enhanced to better facilitate the exchange of coordination practices between comparable contexts. Aside from enhancing the availability of SIDS-specific lessons available to countries that are reviewing their coordination arrangements, such exchanges also create the space to foster stronger coordination between countries towards accelerated regional implementation of NDCs.

Ultimately, enhanced coordination between AOSIS and regional SIDS bodies can produce meaningful benefits for SIDS in the realms of data management, peer learning and pipeline development, all in support of more harmonised NDC implementation.

## 1.3 Lessons from SIDS governments

The precise dynamics of climate action coordination are unique to each country, and approaches to resolving or enhancing existing mechanisms must ultimately be tailored to the relevant national frameworks. Nonetheless, valuable lessons can be extracted from the approaches tried and tested in SIDS already.

This section explores multiple examples of the composition and institutional arrangements of coordination mechanisms in SIDS, all of which are summarised in Table 1. One of the key examples is Jamaica's Climate Change Advisory Board (CCAB), which was formally constituted by Cabinet Decision No. 22/16 of 27 June 2016. The CCAB is

[3] AIS countries have echoed a similar position and recently called for a meeting of SIDS from all three regions to exchange lessons on coordination arrangements and reporting (UN-OHRLLS & UNECA, 2026)

distinct given its relatively narrow coordination mandate with a focus on providing technical advice to the ministry and entities responsible for implementing climate change objectives. In this regard, it illustrates an approach to coordination that is inclusive – with fixed sectoral quotas spanning academia, the private sector, civil society and other non-state actors – while also being more targeted in its scope.

Fiji's Climate Change Act 2021 is another clear example of moving coordination from cabinet convention to binding law, mandating a National Climate Change Coordination Committee of Permanent Secretaries alongside ministry-level focal points (Government of Fiji, 2021). In the AIS region, Cabo Verde has adopted a three-part climate governance framework that pairs a political coordination council (CIAC) and a dedicated technical secretariat (SNAC) with a consultative council (CNAAC) that includes municipalities, civil society, the private sector and academia (Government of Cabo Verde, 2024). This approach is unique for its division of coordination efforts into multiple bodies. The CIAC provides a mechanism for coordination and decision-making at the ministerial level, while the SNAC then supports the translation of these targets to the sectoral level, to better define the more technical aspects. The Cabo Verde approach illustrates a coordination mechanism with strong mandates, decision-making capabilities, and the ability to sustain political, technical, and non-state stakeholder buy-in for both the setting of targets and the technical arrangements for their eventual rollout.

These examples offer insights into the core elements that any government should consider when designing or strengthening their coordination mechanism. They should not, however, be treated as templates for wholesale replication. Instead, the examples highlight some core design considerations that any robust coordination mechanism should include at a minimum, including:

- **Clarity of mandate**, whereby the coordination functions, decision-making authority and reporting lines of the responsible entities are clearly spelt out;
- **Inclusive and flexible platform design** to effectively garner structured inputs from both state and non-state stakeholders of varying expertise and sectoral domains;
- **Tailoring to the country's existing policy architecture** to foster complementarity between a new or reformed body and existing ministerial and social structures; and
- **Political and legal empowerment** through instruments such as cabinet-approved frameworks, terms of reference, or an act/policy passed into law, in order to confer upon a coordinating entity the resourcing and authority to carry out its functions and mandate.

The examples presented in this section are examined primarily in terms of their structural design, given that evidence of their delivery and operational outcomes is hard to establish without comprehensive individual assessments. The outcomes of entities also vary considerably based on a range of domestic conditions and design choices, several of which are outlined below.

The discussion surrounding Climate Finance Units (CFUs) under Pillar 2 provides insights into the kind of challenges that SIDS bodies with coordination functions can face. Inconsistent or insufficient resourcing for a dedicated secretariat or day-to-day operational costs can greatly constrain the reach and sustainable engagement capacity of a coordination body. Alternatively, newly created or revamped entities carry the risk of overlapping and unclear mandates with respect to already-existing ministries or entities, which can generate inter-agency friction that further slows implementation progress rather than catalysing it. And lastly, consistent buy-in from key stakeholders can also prove difficult to sustain, resulting in coordination bodies gradually receding in engagement and relevance towards narrower administrative functions. This lattermost risk is further compounded in instances where a body has been empowered through cabinet-endorsed frameworks or ministerial mandate; these arrangements can be established more quickly, but are more exposed to de-prioritisation or defunding by subsequent administrations.

In other words, while the examples illustrated here highlight the importance of strong coordination arrangements, the establishment of a coordination body is not sufficient nor a silver bullet in and of itself.

| | JAMAICA<br>Climate Change Advisory Board (CCAB) | FIJI<br>National Climate Change Coordination Committee (NCCCC) | CABO VERDE<br>Climate Governance Framework (CIAC, CNAAC and SNAC) |
|---|---|---|---|
| **Legal Basis** | Launched in 2012 as an advisory committee, then restructured and formalised as the Climate Change Advisory Board by Cabinet Decision in 2016. | Established under Section 12 of the Climate Change Act 2021, as a statutory inter-ministerial coordination platform. | Climate governance framework formalised via Resolution No. 38/2024, combining the Inter-Ministerial Council for Climate Action (CIAC), the National Council for the Environment and Climate Action (CNAAC) as a consultative body, and the National Secretariat for Climate Action (SNAC) as a technical coordination arm. |
| **Institutional Placement** | Sits under the Ministry responsible for Climate Change, with the Climate Change Division (CCD) as Secretariat. | Administratively supported by the Climate Change Division. | SNAC operates under the direct authority of the Minister responsible for climate change. |
| **Leadership** | Chair is appointed by the Prime Minister, and is required to have a background relevant to the CCAB's activities. | Chaired by the Permanent Secretary of the Ministry of Environment and Climate Change. | CIAC is chaired by the Prime Minister and provides political coordination at the head-of-government level. |
| **Membership** | 11-13 members, with seats explicitly reserved for the public sector, academia, the private sector, and civil society. | Limited to Permanent Secretaries, the Director, and additional state-entity representatives nominated by the Permanent Secretary for climate change. | CIAC comprises the members of Government responsible for around eleven portfolios, including finance, foreign affairs, health, the ocean, and agriculture, climate action and environment.<br><br>SNAC's detailed composition is set out in separate implementing legislation. |
| **Mandate** | Multi-stakeholder mechanism tasked with providing guidance to the Minister responsible for climate change action. | Mandated to guide cross-sectoral coordination on climate finance, adaptation, loss and damage, and the implementation of national climate change policies. | Political coordination and decision-making (CIAC), with consultative input (CNAAC) and technical coordination at the sectoral level (SNAC). |
| **Participation and Structure** | Non-state actors represented directly through minimum participation quotas.<br><br>The CCAB consists of two standing subcommittees (Research & Technical; and Communication & Education), with the ability to convene additional ad hoc committees as needed. | Separately authorised to form consultative groups on a discretionary basis to gather inputs from non-state stakeholders, including the private sector, civil society organisations, youth organisations or representatives, and vulnerable and at-risk groups and communities. | Non-state actors participate through the CNAAC, which brings together government departments with representatives of municipalities, civil society organisations, the private sector, and academia. |
| **Noted Limitations** | The CCAB has an explicit advisory mandate and cannot engage in implementation or decision-making. Despite this relatively limited mandate, it remains well-positioned to produce concrete, cross-sectoral recommendations that can meaningfully guide and influence implementation efforts. | As with many newly legislated bodies, operationalising the NCCCC after its establishment took time. While the precise reasons are unclear, this underscores the value of resourcing and follow-through for any entity with statutory anchoring. | Cabo Verde's NDC 3.0 notes that implementation of its coordination and financing roadmap is still under development. It is therefore too early to assess the impact of the collective reforms to coordination in the country. |

*Table 1: Comparative overview of coordination bodies and mechanisms in selected SIDS. Sourced from the Government of Fiji (2021); Government of Cabo Verde (2024, 2025); and internal documents from the Government of Jamaica.*

# Pillar 2: Climate finance mobilisation and management

Climate finance remains one of the most prominent barriers to implementing NDCs and to broader climate action priorities in SIDS. Domestically, many SIDS are struggling with structural conditions highlighted in the introduction, including limited economies of scale, high borrowing costs, and heavy debt servicing burdens. All of this has been compounded recently by the COVID-19 pandemic, the rising costs of imports induced by global geopolitical crises, and recurrent climate-related losses. The statistics align with this assessment, with 68% of SIDS assessed under the IMF and World Bank framework rated as being in, or at high risk of, debt distress (Jensen & Gray Molina, 2024). Additional financial stress from tropical cyclones cause average annual economic losses between 1% and 9% of GDP (Lehmann-Uschner et al., 2020), with single extreme weather events having the potential to inflict damage equivalent from 50% to over 100% of annual national GDP. With national budgets already constrained by these overlapping dynamics, SIDS heavily depend on external financial support to execute their climate action objectives.

As noted earlier, dependence on international support is a prevalent feature of NDCs submitted by SIDS. The second Needs Determination Report estimates that the costed needs reported across 28 SIDS alone amount to USD 89 billion, of which 47% can be categorised as mitigation-focused, 40% as adaptation-focused, and the rest needed for cross-cutting and loss and damage initiatives (UNFCCC SCF, 2024). Given that 89% of updated SIDS' NDCs explicitly mentioning L&D as an emerging area of focus, the need for additional finance is likely poised to grow as L&D costing estimates improve (UNDP, 2025a).

International public finance made available for SIDS is nowhere near the stated needs for full NDC implementation. Total international climate finance provided and mobilised for all SIDS reached just USD 3.8 billion per year between 2023 and 2024, which represents less than 3% of the USD 136.7 billion total mobilised for all developing countries (OECD, 2026). Even if this funding were sustained every year from 2023 to 2030, it would amount to roughly one-third of the aforementioned USD 89 billion in costed needs reported by just 28 SIDS. Equally noteworthy are the terms under which this limited public finance is delivered, with roughly half of all climate finance allocated to SIDS and LDCs arriving in the form of loans rather than grants. Out of the tracked adaptation finance to SIDS between 2021-2022, 44% arrived as debt – including 16% extended at market rates – which builds on repayment burdens in countries already facing constrained fiscal space (Lee et al., 2025). Mobilised private finance averages a mere USD 0.1 billion per year for SIDS in 2021-2022 (Kowalzig et al., 2025). The implementation of a substantial portion of NDC commitments is therefore dependent upon the ability of

countries to mobilise and efficiently deploy finance that remains scarce, costly, and difficult to access.

By comparison, the NCQG on climate finance agreed at COP29 commits to providing at least USD 300 billion annually for developing countries by 2035, alongside a broader call to scale up finance from all sources to USD 1.3 trillion per year (UNFCCC, 2024). Given the already immense gap between available and committed financing, the critical question is whether this increased ambition will translate into accessible and predictable grant-based finance for SIDS and other highly-vulnerable countries at the scale promised.

There are no silver bullets to the complex political and procedural dynamics surrounding international climate finance, which has remained a constant point of contention in international climate negotiations. Nonetheless, understanding how these dynamics create implementation barriers at the country level – and how these barriers are subsequently navigated in small island contexts – can offer useful insights into the processes and preliminary steps needed to respond to the formidable gap between implementation costs and climate finance mobilisation.

## 2.1 The climate finance landscape across SIDS

Where costing is disaggregated, the share of measures that are conditional on international support is notably high in updated SIDS NDCs (as summarised in the NDC landscape overview section). Given this conditional nature of SIDS NDCs, the pace and shape of implementation is heavily dependent upon the availability and terms of finance that, in large parts, sit outside the direct control of any single government.

In this regard, SIDS consistently point to challenges surrounding access to very low interest or grant-based public finance as a major implementation hurdle under this pillar. Accessing finance from major international climate funds is well-known as a highly complex and onerous process, with each fund applying its own accreditation standards, proposal templates, safeguards and approval cycles that national entities must manage simultaneously. While modalities for simplified approval and more direct access to these funds are increasingly offered by entities such as the Green Climate Fund (GCF) and Adaptation Fund (AF), these instruments also entail rigorous and lengthy processes that slow down and limit the number of national or regional entities that could fulfil the prerequisite accreditations. Members without this kind of access must therefore route their efforts through international access entities, which adds a further layer of preparation, disbursement and reporting requirements that stymie the rollout of mitigation-relevant actions.

The limits to accessible international public finance are well-illustrated by Pacific SIDS, which received approximately USD 2.96 billion in approved financing from the GCF, AF, Global Environmental Facility (GEF) and Climate Investment Funds (CIFs) between 2001-2025, amounting to less than 8% of total multilateral climate fund approvals in that period (UNDP, 2026).

Private capital, on the other hand, remains structurally thin and scattered across most SIDS. Shallow capital markets, project sizes below standard transaction cost thresholds, and bankability gaps driven by revenue and exchange currency risks are all factors that are limiting the extent to which the private sector – both domestic and international – can grow its involvement in NDC implementation.

Against this backdrop of tight domestic fiscal space, limited international public finance and limited private sector involvement, NDC 3.0s feature blended finance instruments as the dominant vehicles through which SIDS seek to implement climate action in the coming years. Submitted NDCs also prominently reference concessional first-loss capital, guarantees and de-risking facilities as mechanisms through which SIDS intend to attract scarce private capital, where the bankable project pipeline remains thin.

## 2.2 Where climate finance gets stuck

The high-level picture above serves as a foundation for understanding the most persistent gaps that undermine the financing of priority NDC actions across SIDS today. Evidently, the challenges surrounding climate finance are broad, and cover both the mobilisation and subsequent management of climate finance. Accordingly, it is useful to distinguish three constraints within the climate finance arena that are related, but analytically distinct:

- The overall inadequacy and limited availability of international climate finance relative to stated needs;
- The difficulties surrounding accessing international climate finance, which are mainly driven by lengthy procedures and requirements for accreditation, eligibility and fiduciary arrangements; and
- The barriers to using finance effectively once secured, driven by siloed government tracking and oversight.

While stronger and more coordinated national institutional capacity can enable improvements to climate finance access and management, the global dearth in public finance availability for climate action cannot be addressed at the domestic political level. To this end, the gaps for this subsection have been structured around the latter two constraints to broadly encompass the hurdles surrounding climate financing that are within the control of individual countries. The subsection will explore these hurdles through discussions around the mobilisation, management, and utilisation of climate finance, as well as exploring the role of capacity as a distinct underlying constraint.

### Financing strategies and needs-based planning

In the current context of scarce international public finance for climate action, the priorities that countries choose to seek finance for – and the order in which this funding is sought – can influence the ultimate impact of secured funding on climate action.

In this regard, prioritisation and sequencing are crucial activities that countries often take as first steps towards securing funding support. The two activities can be seen as sides of the same coin;

- Prioritisation seeks to identify the interventions that matter the most in the context of national policy alignment, expected impacts on mitigation and adaptation goals, and estimated costs; and
- Sequencing determines the order in which these interventions are pursued.

The latter is important because certain actions require the rollout of enabling conditions first to be truly effective, with a common example being the need for a minimum level of charging infrastructure and vehicle import regulations prior to mass adoption of electric vehicles (EVs).

Many countries address these planning dilemmas through a needs-based financing strategy, or a detailed NDC implementation plan. These strategies are typically meant to assess the national climate finance landscape against the priorities articulated in the NDC, NAP, long-term strategy or national climate change policies.

As a first step, the process usually entails mapping the current pipeline of climate-related initiatives which have already secured funding, including the ones that are already under implementation or close to completion. The expected contribution of these earmarked initiatives to national climate targets is measured, alongside what would remain unfulfilled after their implementation. Any essential projects that still lack funding (or require external technical support to implement) are then ideally screened, ranked, and ordered using a range of tools including marginal abatement cost (MAC) curves, multi-criteria assessments (MCAs), cost-benefit analyses (CBAs) and cross-sectoral stakeholder consultations. In its most comprehensive form, the result of such processes is ultimately a project and programme pipeline that sets out the priority interventions needed, as well as the timeframes and types of financing best suited to each intervention.

In practice, however, access to finance is shaped as much by funder requirements and priorities as by national plans. Pipeline sequences – and their related funding requests – can fall into and move across three broad phases:

1. The 'enable phase' includes activities that lay the policy, regulatory, data, and institutional groundwork for future interventions. These are most often funded by grants and technical assistance, given their nature as institutional readiness support.
2. This is followed by a 'build' phase, in which core infrastructure and interventions with high risk perceptions can be rolled out, largely with the support of the conventional concessional and blended finance.
3. Lastly, there is a 'scale' phase, in which concessional lending and private capital expand proven interventions once commercial viability has been demonstrated.

Public funders tend to prioritise what is strategically important to a country, and are well-suited to creating an enabling environment and de-risking investments for other

types of activities and funders to follow. These funders therefore tend to tailor their modalities and focus their interests on the first two phases. Private investors, on the other hand, prioritise what is most investible, and typically engage only once a project's bankability has been demonstrated and non-state stakeholder participation has been de-risked, making them more suitable candidates for interventions and funding proposals that could be classified under phase 3.

In this regard, funding windows can often have a greater weight on the timing of proposal development and submission than national priorities and sequences set out in planning documents. Accredited entities often lead the development of funding proposals, which frequently results in a "window-of-opportunity" approach whereby governments apply for financing when a funding window opens, irrespective of where the project sits in the prioritisation and sequencing order. This approach is not favoured without reason, and can be a pragmatic response to how international public finance is offered today. It is faster and more flexible, enabling countries to rapidly respond to funding windows as they emerge across the diversity of public international funders. Simultaneously, however, this approach can result in fragmented portfolios, with limited opportunity for collaboration across ministries when seeking funding for similar interventions and the risk of skipping key enabling actions that future investments may depend upon. This approach is visualised in Figure 2 below.

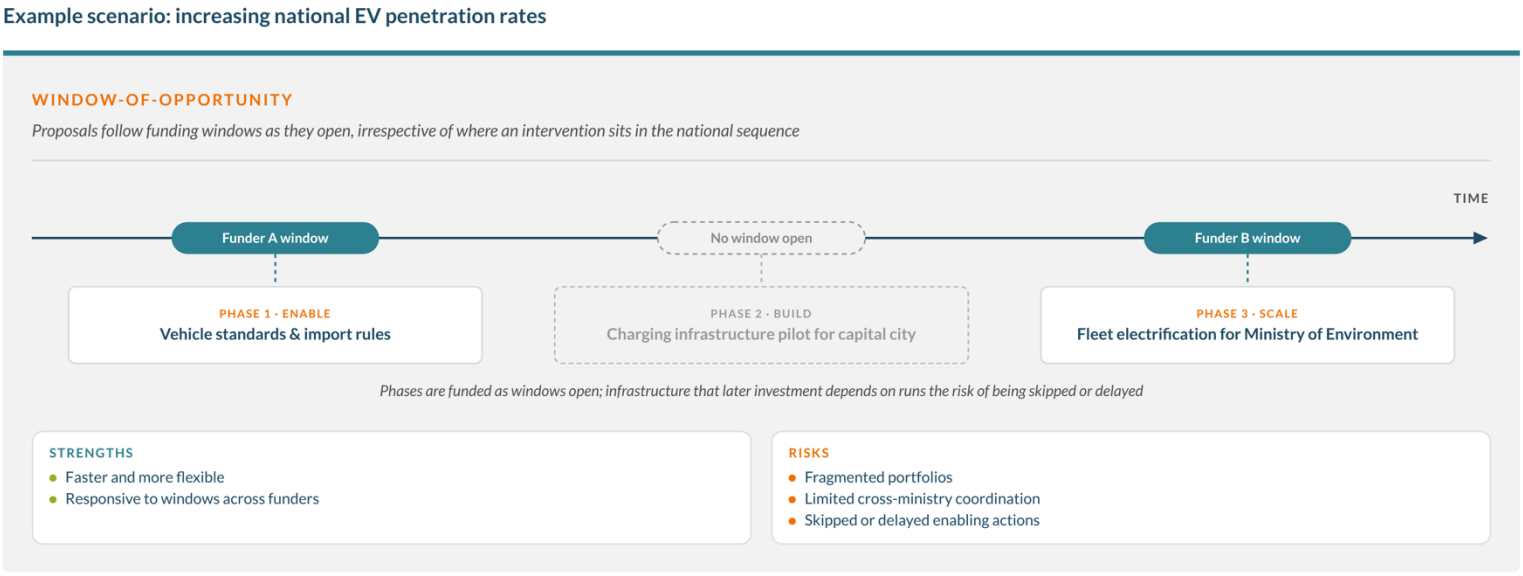



*Figure 2: Visualisation of the "window-of-opportunity" approach to prioritising and sequencing climate finance access, with EV adoption as an example.*

A "theory-of-change" approach, on the other hand, navigates prioritisation and sequencing by starting first from the transformation being sought, and then mapping backwards to the preconditions necessary for its realisation. This process can result in more coherent pathways for implementation that can guide coordination, but is simultaneously less flexible and more demanding to establish, resource, and sustain than the more ad-hoc "window-of-opportunity" approach. This approach has been visualised in Figure 3.

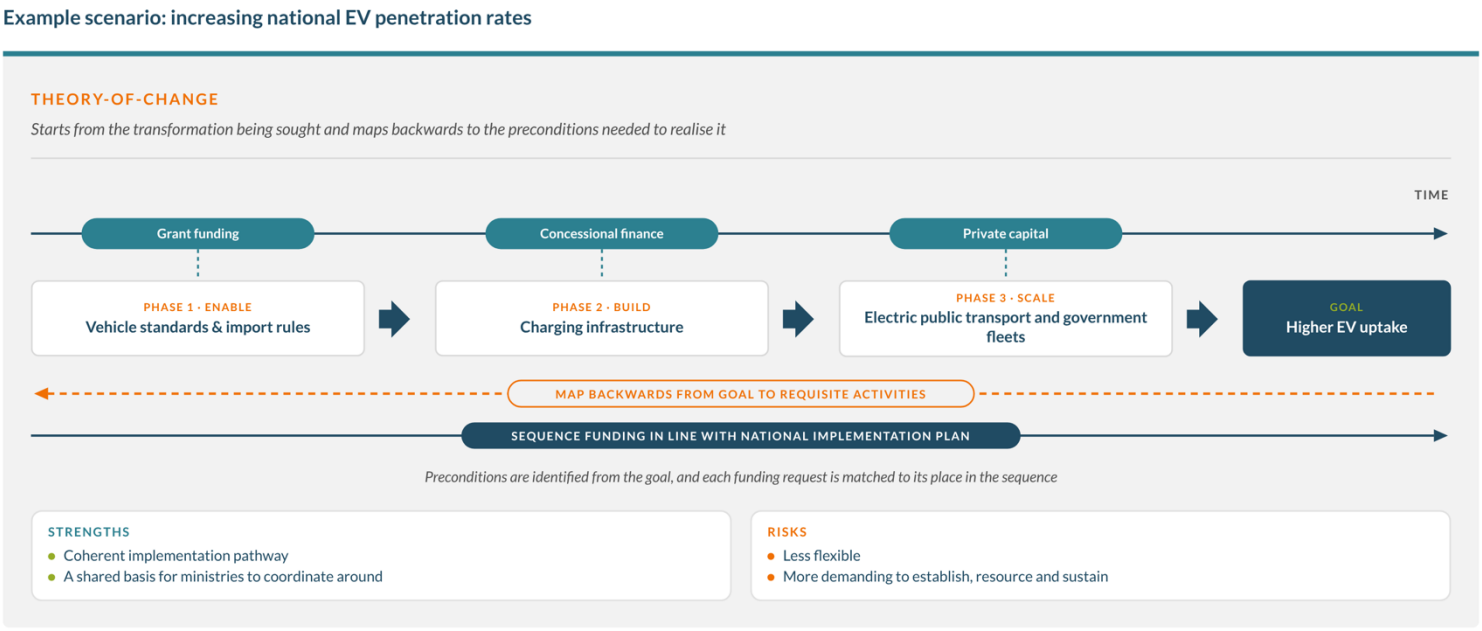



*Figure 3: Visualisation of the "theory of change" approach to prioritising and sequencing climate finance access, with EV adoption as an example.*

In practice, most national pipelines combine elements of both. Many SIDS governments already develop financing strategies and implementation plans for their NDC priorities, but also proactively approach funders and pursue funding windows as they arise. The level of detail in implementation plans and financing strategies also varies across countries due to a range of factors, ranging from data gaps to the granularity of targets expressed in the NDC.

Moving towards a more strategic approach to pipeline prioritisation and sequencing requires several components to succeed, including:

- A sustained information sharing system across ministries;
- A reliable baseline of finance needs that limited data can make difficult to establish; and
- Agreement on key actions and their sequence among line ministries with differing (and, in some cases, competing) priorities.

This extensive, time-consuming exercise requires clear communication and transparency among ministries, agencies and stakeholders on a case-by-case basis. In some instances, limited data makes it difficult to establish a baseline for climate finance flows and needs, further complicating efforts to determine the appropriate level of climate finance needed to fulfil and prioritise countries' climate ambitions.

Furthermore, no common standards exist for the structure and content of financing strategies, and support for their development usually comes from external partners as a component of broader technical support for NDC, NAP, and LT-LEDS processes (OECD & UNDP, 2025a; UNFCCC SCF, 2024). Wherever they do exist, however, such plans have the potential to serve as a filter for deciding which funding opportunities to pursue,

match funders and instruments for individual actions, and define the prerequisite interventions needed to realise priority outcomes.

Jamaica offers a recent illustration of such a process. In 2025, the Government of Jamaica, with support from UNDP, developed a Financial Investment Plan (FIP) to guide resource mobilisation in service of implementing both its NDC and its Long-Term Low-Emission and Climate-Resilient Development Strategy (LTS). The Plan was informed by a series of consultations with government ministries, agencies, private sector actors and development partners, whose inputs shaped the Strategy's investment estimates and sectoral priorities. Through this effort, the FIP sets out investment needs across key sectors, proposes financing strategies, and recommends actions to support implementation (UNDP, 2025b; McPhie, 2026). The FIP is especially noteworthy for its consolidation of the NDC and LTS in a single investment framework, which illustrates how the longer-term transformational goals described in the "theory-of-change" approach can be linked with near-term targets and subsequent priority actions.

### Finance mobilisation and access

Most SIDS continue to mobilise climate finance through international accredited entities rather than through domestic entities with direct accreditation and access. In large part, this is due to the technical and fiduciary requirements for accreditation to several climate funds, as well as the practical reality that few National Designated Authorities (NDAs) are staffed and resourced to manage a direct pipeline end to end.

The involvement of international implementation and intermediation entities adds another layer of complexity to the process that lies between identifying a need and implementing a project. Compounding this is the fact that concept development, feasibility assessment, environmental and social safeguards compliance, and financial readiness activities – all of which are required by most funds as part of a proposal – demand a level of pre-investment finance and technical capacity that many SIDS entities lack.

Even where finance is theoretically available, the project pipeline process from concept note submission to beginning of project implementation can often take longer than a full NDC cycle. Additionally, the due diligence requirements of multilateral funders are frequently calibrated to the same fiduciary and transparency standards applied to non-SIDS applicants, even though the underlying capacity, information, data, and expertise base to meet that standard is often simply not there. International climate finance access is even further constrained by eligibility rules, with the income- or ODA-based qualifications excluding several AOSIS members from the concessional windows that could match their actual fiscal and institutional capacity.

Related to this is the magnitude of the increasing gap between the types of finance most needed and those most readily available. Much of what SIDS require for adaptation and resilience are inherently public goods or ecosystem services in nature, including coastal protection, ecosystem restoration and early warning systems. While grant-based or highly concessional finance would be the appropriate instrument for these types of

initiatives, the broader shift in international climate finance discourse toward blended and non-grant instruments assumes a sufficient pool of revenue-generating and bankable projects that does not yet exist at scale across most SIDS. The same concerns extend to mitigation-related activities, albeit to a lesser extent for renewable energy and transport interventions of a certain type and scale (such as utility-scale solar or wind power infrastructure) given their proven and tested returns on investment with technologies such as commercial-scale solar or wind power.

Beyond international public finance, the private sector in most SIDS economies is itself relatively small and concentrated in a few sectors, often alongside parastatal enterprises. Any strategy to expand private participation would need to weigh the benefits of crowding-in scarce capital against the risks of exposing small, concentrated markets to exploitative terms from larger multinational counterparties and interests. This is particularly the case in emerging avenues for accessing finance such as carbon markets, where transactions with larger international buyers can jeopardise achievement of NDC mitigation targets[4] while also potentially exposing small economies to unfavourable terms – especially if the underlying regulatory and negotiating frameworks are not yet fully fleshed out.

Looking beyond the different funding sources, however, finance mobilisation can also be perceived as a function of the domestic political economy. Signals and budgetary interventions from government heads and ministries of finance can greatly influence the confidence of bilateral, multilateral and private sector funders around investing in climate-responsive interventions. In this regard, championing climate-aligned investment as a driver of economic growth can convey the right messages to various stakeholders and begin to unwind the perceived risks and barriers preventing their engagement in climate action today.

### Finance management and utilisation

Even when finance is successfully mobilised, ensuring that it goes to priority actions with the maximum impact potential can be challenging. A key hurdle at this stage is often weak government-wide oversight of climate finance flows as a result of siloed operations. Climate finance moves from diverse sources across multiple ministries and project implementation units, and it is it common for these different funding streams to have their own bespoke mechanisms for tracking and reporting designed according to the originating institutions' and donors' respective internal processes. Following these different threads is further complicated by the fact that coordination between responsible government entities is often limited by separate reporting lines and systems.

[4] Under Article 6 of the Paris Agreement, when a country authorises the transfer of mitigation outcomes (such as carbon credits) for use towards another country's NDC, it must apply a corresponding adjustment to its own emissions accounting so that those reductions count towards the purchasing country's target rather than its own (UNFCCC, 2021). Countries should therefore exercise high caution in ensuring that the sale of credits does not render NDC mitigation targets costlier and more challenging to deliver.

Collectively, these factors pose persistent barriers to the management of finance use and reporting requirements.

These multiple funding streams and their respective outcomes are rarely consolidated into a single government system, where they can be assessed against the NDC objectives the funding is intended to support. In practice, this means ministries often operate in relative isolation from one another, meeting individual reporting obligations to specific funds or donors without a shared or centralised system to track climate finance flows, commitments, progress and results across government as a whole.

Emerging practices such as climate budget tagging could help reduce this visibility gap by embedding climate expenditure tracking directly into the national budget decision-making and allocation process, rather than relying on parallel, project-specific reporting lines. The following subsection considers institutional models, including entities referred to as climate finance units, that attempt to address these scattered efforts more comprehensively.

### Capacity as a resourcing constraint

Adding to the mobilisation and management gaps, a persistent shortage of permanent, in-house technical capacity is a recurrent challenge with significant implications for climate finance access efforts. While this theme will be covered in further detail under the penultimate section discussing capacity as a foundational component, it is worth noting here that implementing ministries often play multi-faceted roles, which limits the depth of engagement that any single mandate can receive. Staff turnover compounds the problem by eroding institutional continuity across coordination, reporting, and finance management functions and responsibilities alike.

In many SIDS administrations, this challenge is compounded by the mandate of the ministry responsible for climate action. Often these ministries' mandates are limited to oversight over climate and broader environmental initiatives, with limited authority to convene and coordinate action across ministries at the same level of government. The ministry responsible for climate action also has limited say over whole-economy budgeting and investment planning.

The resulting capacity gap is often filled by short-term external consultants who can deliver a specific output but are once again bound by funder criteria and, in many cases, strictly limited timelines. At the end of the contract, external consultants therefore typically leave with key institutional knowledge and relationships, without ensuring their transfer and institutionalisation within government counterparts. For the NDC, this knowledge often includes extensive background information, first-hand data, and assumptions that feed into climate-related roadmaps and strategies, such as decarbonisation scenarios that ultimately inform national mitigation targets. Losing such information complicates and delays effective tracking of implementation progress and accurate updates of NDC targets in future cycles. Furthermore, relying on external consultants can narrow the impact of already scattered implementation efforts for

individual projects, thus undermining efforts to build cohesion in climate finance delivery and climate action planning.

## 2.3 Financing innovations from SIDS governments

SIDS and LDCs[5] have emerged as trailblazers in developing innovative solutions to the persistent constraints surrounding climate finance access and management. This subsection discusses three particularly noteworthy institutional and financial innovations:

- **dedicated climate finance units** designed to consolidate government-wide coordination;
- **national climate funds and fiscal instruments** that anchor climate expenditure in domestic budgetary processes; and
- a growing set of **blended and development-finance mechanisms** designed to de-risk private capital and diversify away from grant dependency.

None of these fully resolves the structural constraints described in preceding subsections, and each carries its own limitations. The examples below are described primarily in terms of institutional design and the financing commitments secured through them. Comparable publicly available data on disbursement volumes and on-the-ground implementation outcomes is limited or not yet available for most of these mechanisms, especially given the recency of some of their establishment. When taken together, however, they illustrate the range of pathways being tested that could offer valuable parallels for other SIDS and LDCs.

### Climate finance units

A climate finance unit (CFU) is a dedicated institutional function that usually coordinates the mobilisation, management, and mainstreaming of climate finance across government. CFUs typically consist of small teams with a specialisation in advancing access to, and the use of, finance for climate action. They are most often housed within Ministries of Finance due to the fiscal and cross-sectoral authority this ministry typically holds (e.g., Mozambique and Kenya), but this is not a fixed rule. Some CFUs sit within the ministry or division directly responsible for the national climate portfolio (e.g., Fiji), while others operate through hybrid institutional arrangements involving economic planning, climate policy coordination, and cross-ministerial oversight (e.g., Belize). A smaller number are positioned independently at a similar level to the presidency or prime minister's office to strengthen cross-ministerial convening authority (Vyas et al., 2025). Common functions include:

[5] While this brief is focused on implementation gaps facing SIDS, Uganda has been included in the case study due to its approach of integration with the Ministry of Finance, which offers a transferrable alterative for SIDS considering where to site their CFU.

- Mobilising and coordinating international climate finance use in line with NDC, NAP and LT-LEDS targets, or any other climate-related initiative;
- Mainstreaming climate considerations into national budgeting and fiscal policy;
- Supporting project preparation and appraisal as an intermediary with development partners and funds;
- Developing and managing a national pipeline of bankable projects that would have a high impact on achieving NDC priorities; and
- Embedding gender equality and social inclusion considerations into climate finance design and throughout the implementation process.

In principle, a CFU is well-positioned to address both the mobilisation and management gaps identified in the preceding subsection. Establishing a CFU with a formal mandate can strengthen oversight of climate finance flows across ministries and Project Implementation Units (PIUs), standardise fiduciary and reporting requirements, and create a single primary interface between governments, partners, funding agencies and stakeholders such as the GCF, MDBs and bilateral partners.

However, the reach and effectiveness of a CFU ultimately depends on a range of national factors, including the specific climate governance architecture, the mandate and resources provided to the CFU, and the level of coordination between the unit and ministries with climate and finance portfolios. The latter factor is already proving challenging in some countries, where overlapping mandates between the CFU and the ministry with a climate-relevant portfolio have resulted in inter-agency friction rather than improved efficiency in finance mobilisation and delivery. To this end, it is important to note that CFUs are not silver bullets whose creation can automatically resolve the climate finance issues facing SIDS. Their establishment should be justified and tailored in mandate, design, and resourcing to fit the specific national needs and context. Even then, a CFU cannot fully address the broader lack of international public finance or the scattered systems for accessing it.

Efforts to orient national systems towards sustained access to international public finance are longstanding. Within this space, CFUs can be seen as an innovation because they reflect a growing effort by governments to consolidate, systematise, and mainstream their processes for mobilising, managing, and tracking climate finance. When tailored to national systems and needs, a CFU can support the understanding of cross-sectoral budgetary needs, provide a dedicated financing line for NDC implementation, and improve access to climate finance. Depending on the mandate provided, CFUs can also further institutionalise climate change actions across sectors and the whole economy by mainstreaming relevant considerations into budgetary and operational processes.

Fiji and Uganda illustrate two contrasting institutional pathways for establishing a CFU. The former embeds the function within the ministry directly responsible for the national climate portfolio, and the latter within the ministry holding the broadest cross-government resource-mobilisation mandate.

BOX 1: CLIMATE FINANCE UNIT CASE STUDY



# Fiji

## OVERVIEW

Fiji established its CFU function within the Climate Change Division (CCD) of the Ministry of Environment and Climate Change, guided by the Climate Change Act 2021 and the National Climate Change Policy (Government of Fiji, 2021). The CCD also serves as Fiji's National Designated Authority (NDA) to the Green Climate Fund (Fiji Climate Change Portal, n.d.), consolidating access to national climate finance under a single institutional unit. Although formalised through the 2021 legislation, the CCD existed for years prior to this, moving from the Ministry of Foreign Affairs and International Cooperation to the Ministry of Economy, where it gained its CFU-adjacent responsibilities.

## KEY DESIGN FEATURES

- Dual CFU/NDA function under one body
- Statutory grounding providing a durable mandate
- Administers a domestic climate budget mechanism mandated under the Act, alongside innovative instruments including finance incubators and the Pacific region's first parametric climate and disaster microinsurance product
- Serves as focal point for both public GCF access and private-sector capital market mobilisation

## IMPLEMENTATION OUTCOMES

The CCD does not yet provide consolidated figures for climate finance flows attracted into the country, and is developing a unified climate finance database with international support (UNEP-CCC, n.d.). Between 2015 and 2026, however, the CCD facilitated the approval of 7 GCF projects collectively worth USD 99.7 million, as well as USD 3.5 million in readiness and capacity-building support.

## PERSISTENT LIMITATIONS

As with most CFUs globally, technical capacity remains concentrated in a small team, and the unit's work has so far focused predominantly on mobilising international public climate finance, leaving comparatively less scope for domestic resource mobilisation and private-sector crowd-in.

## ELEMENTS FOR TRANSFERABILITY

- Anchoring the CFU function within an existing, statutorily mandated climate body rather than creating a new entity from scratch
- Consolidating NDA and CFU functions to reduce institutional duplication
- Administering visible innovative instruments (parametric insurance, finance incubators) as a demonstration function that helps sustain political and donor attention

BOX 2: CLIMATE FINANCE UNIT CASE STUDY

# Uganda

## OVERVIEW

Uganda's CFU operates within the Ministry of Finance, Planning and Economic Development (MoFPED), drawing its mandate from the ministry's existing responsibility for domestic and international resource mobilisation. This positions the CFU to coordinate climate finance flows in direct alignment with national budgetary and development planning processes.

## KEY DESIGN FEATURES

- Mandate integrated into MoFPED's existing resource-mobilisation authority, rather than through a new climate-specific statute
- Formal, structured working relationships with sectoral ministries (including the Ministry of Water and Environment and the Ministry of Agriculture, Animal Industry and Fisheries) built into the model to better disburse funds across priority sectors
- Hybrid staffing model combining a small core of MoFPED staff with embedded technical experts from development partners, including GIZ and the Global Green Growth Institute (GGGI)
- Collaboration with academic institutions (Climate Finance Hub at Makerere University) to build a climate finance tracking system linking financial flows to national climate goals

## IMPLEMENTATION OUTCOMES

- Active roles in developing Uganda's National Climate Finance Strategy and fostering inter-agency coordination for improved disbursal and tracking of funds
- By its own account, the CFU raised close to USD 300 million by the end of 2024, alongside an active pipeline of projects worth around USD 400 million

## PERSISTENT LIMITATIONS

The unit currently depends on development partner funding for most of its operational costs, which is common among newly established CFUs. The Government of Uganda has committed to a phased transition to full budgetary support within five years. While this is a meaningful institutional commitment, the CFU's continuity remains contingent on sustained donor and government follow-through in parallel.

## ELEMENTS FOR TRANSFERABILITY

- Siting the CFU within the ministry holding the broadest cross-government resource-mobilisation mandate, as an alternative to climate-ministry-based models
- Building named, formal working relationships with sectoral ministries into the design from the outset rather than assuming cooperation will follow organically
- Hybrid staffing model using embedded development-partner expertise to supplement a small core government team without full outsourcing
- Concrete, time-bound government commitment to transition from donor-funded to nationally funded operations

### National climate funds and fiscal innovation

A second innovation can be seen as complementary to units dedicated to climate finance coordination. National climate funds and fiscal instruments are mechanisms that aim to anchor climate finance directly within a country's public finance system as opposed to routing it entirely through the project-specific, donor-administered channels that are prevalent today. Simply put, national funds are intended to serve as a pot where climate funds can be consolidated from multiple sources, after which they can ideally be disbursed towards targeted programmatic interventions in line with government needs and strategies instead of disjointed individual projects. This approach offers another emerging pathway to address the scattered, resource-intensive processes of accessing climate finance from international funds or bilateral donors.

Within the AOSIS membership, Tonga's Climate Change Fund (CCF), established as a dedicated national vehicle, serves as a notable illustration. Tonga's NDC 3.0 sets an explicit target of raising USD 50 million from development partners into the CCF, positioning it as a pooled, government-owned channel for external finance rather than a series of isolated bilateral or multilateral project agreements (Government of Tonga, 2021, 2025).

A related but distinct approach is climate budget tagging, which embeds climate-relevant expenditure tracking directly into the annual budget cycle, with the overarching aim of improving the national overview of funding flows directed towards climate action priorities. Fiji's Climate Change Act 2021 (Government of Fiji, 2021) includes provisions that move in this direction, including mandating the consideration of climate risk within national budget processes. Overall, however, the practice remains nascent across most of the membership.

### Development finance and innovative instruments

Beyond coordination architecture and pooling instruments, regional development banks play an outsized role in SIDS' access to concessional and blended finance. This likely reflects, among other factors, both proximity and a degree of institutional familiarity with small-state contexts that global funds do not always replicate. Regionally, the Caribbean Development Bank (CDB) anchors much of the Caribbean sub-region's blended and concessional lending, often alongside the Inter-American Development Bank (IDB). The Asian Development Bank (ADB) plays a comparable role for several Pacific members with more limited direct access to global funds (Caribbean Development Bank, 2025, n.d.-a, n.d.-b; Inter-American Development Bank, 2021). Since 2015, the ADB has served as the accredited entity for GCF-funded projects in five Pacific Island States (Cook Islands, Fiji, Kiribati, Nauru and Tonga) to access and administer over USD 133 million in concessional financing for countries with limited capacity for direct accreditation to access the Fund (Asian Development Bank, 2019). MDBs possess the technical and financial capacity to navigate the onerous accreditation processes that continue to lock out other domestic actors in SIDS.

Additionally, regional MDBs increasingly serve as vehicles for blended instruments explicitly designed to address the aforementioned private-capital constraints that SIDS

often struggle with. Barbados' financing architecture,[6] for example, combines a 2022 blue bond with a 2024 debt-for-climate-resilience conversion that paired IDB/EIB guarantees with GCF grant financing (Central Bank of Barbados, 2025; Green Climate Fund, 2024). The example is particularly innovative concerning Barbados' success in stacking multiple instruments from different MDBs to address domestic fiscal challenges and finance climate action.

In the AIS region, Cabo Verde has featured two noteworthy initiatives. The country's Blu-X platform (Bolsa de Valores de Cabo Verde, n.d.) is operated by the Cabo Verde Stock Exchange (with support from UNDP), and offers a consolidated regional venue for the listing and trade of sustainable blue bonds (Lilyblad, 2023). Separately, in 2022 Portugal and Cabo Verde agreed to a debt-for-climate swap arrangement through the establishment of an Environmental Climate Fund that would convert EUR 12 million of debt service costs into financing for Cabo Verde's climate transition, including renewable energy investments (Government of Portugal, 2023; UN-OHRLLS & UNECA, 2026). These approaches have enabled Cabo Verde to conduct domestic fiscal reform while simultaneously leveraging blended finance for environmental outcomes.

Lastly, Belize's 2021 sovereign debt restructuring for marine conservation remains one of the most frequently cited examples of this instrument class among SIDS. With the support of The Nature Conservancy, Belize repurchased its entire stock of external commercial debt through a "superbond" of USD 553 million at 55 cents on the dollar (The Nature Conservancy [TNC], 2022; International Monetary Fund [IMF], 2022). The repurchase reduced total debt by an amount equivalent to 12% of Belize's GDP and was financed through a 19-year loan structure in which the country commits to protecting 30% of its ocean territory, while channelling savings from debt servicing towards the newly created Belize Fund for a Sustainable Future. The loan was structured by Credit Suisse, with political risk credit enhancement support from the U.S. International Development Finance Corporation (2021), once again demonstrating the prevalent role of international intermediation entities in de-risking investments in the prevailing climate finance landscape.

Collectively these examples illustrate the types of innovative instruments that SIDS are exploring through regional institutions and alternative modalities in order to sustain financial flows towards climate action.

[6] Barbados also continues to advocate for funds to provide concessional eligibility based on the Multidimensional Vulnerability Index (MVI), which is an instrument the UN General Assembly adopted in 2024, but which international financial institutions have yet to fully build into their own lending criteria.

# Pillar 3: Data, monitoring and reporting

## 3.1 The data landscape across SIDS

Closing implementation gaps also means closing data and capacity gaps. Without clear responsibilities, interoperable systems, robust quality assurance and regular data use, countries cannot effectively track progress towards existing targets or make informed decisions about future ones. The lack of a centralised and standardised approach to NDC progress tracking and monitoring is a universal issue among AOSIS members. The issue became even more evident during the COVID-19 pandemic, when stakeholder interactions were limited and existing national statistics or data collected by line ministries did not provide a sufficient basis to model baseline scenarios and future emissions-reduction trajectories.

The limited, fragmented data and the lack of solid methodologies and tools required to track and report progress are especially relevant to adaptation measures. A 2025 Consultative Group of Experts (CGE) technical paper synthesising the challenges reported by developing countries in their national communications and transparency reports found that 63% of challenges related to reporting on climate change impacts and adaptation concerned gaps in methodologies and tools (UNFCCC CGE, 2025). Parties stressed the need for climate modelling tailored to national and local contexts, and for research on the socioeconomic consequences of climate change across sectors such as agriculture, biodiversity, water, coastal zones, public health, infrastructure and human settlements. They also highlighted the need for standardised methods for conducting vulnerability assessments and defining tracking indicators, to improve the consistency of reporting. Together, these aspects point to the need for reporting tools with standardised elements that can nonetheless be adjusted to each country's reporting needs and level of institutional and technical readiness.

The complications associated with information collection from various data owners, the absence of a unified format for providing this data, and the lack of a centralised data collection and monitoring system all create an additional burden on already limited human capacity in AOSIS states. Without a centralised MRV system, countries cannot fully rely on a cyclical approach to reporting, in which data collected in one reporting cycle naturally creates a baseline for future reporting. Instead, ministries responsible for the data collection and progress tracking are often forced to coordinate with data owners and collect data anew for each reporting cycle. Some AOSIS members opted to solve this issue by retaining NDC 2.0 targets while investing in improved data collection and refining the models and assumptions underlying them. This partially explains the low rate of submission of the reports required by the UNFCCC ETF Biennial Transparency Reports (BTR) process. Although the special reporting flexibility for SIDS and LDCs

reduces the immediate burden of complying with ETF requirements, these countries still need to produce regular baseline data and NDC progress information, even when they do not have to submit it every two years.

The following section examines the SIDS- and LDCs-specific challenges in NDC progress tracking and reporting in more detail.

## 3.2 Where data systems fall short

One of the major barriers that most SIDS and LDCs face in regularly tracking and reporting NDC-related data is limited human capacity. The work of the entire data tracking and monitoring team is often handled by a single monitoring and evaluation (M&E) officer, or is added as an additional responsibility within existing departments indirectly involved in climate data monitoring. This approach, where all technical expertise and knowledge are individual-dependent rather than institutionalised, is extremely vulnerable to turnover. When one expert leaves, the remaining team must reconstruct methodologies and datasets and, if the country uses a complex MRV system, undergo technical training again. The same issue arises when the country seeks external support to comply with ETF reporting obligations or to update national GHG inventories. While short-term technical assistance can significantly reduce pressure from departments during the reporting cycles, models, templates and methodological knowledge may no longer be operational within the government after the project ends. Moreover, preparation of NDC and BTR requires more structured, frequently updated and internally consistent data than periodic, externally supported reporting exercises.

Another challenge that SIDS face in NDC progress tracking is the lack of coordination between data owners, line ministries and coordinating entities. The agency responsible for NDC reporting often cannot realistically assess data availability and gaps, as line ministries often fulfil their reporting obligations in silos. Often, these ministries are unaware of what kind of information they need to gather and share, as well as how often they should do so. This leads to duplicated and fragmented data across ministries. Most NDC mitigation and adaptation targets require ongoing coordination between implementing agencies. For example, the ministry responsible for transport needs a clear understanding of progress towards grid decarbonisation and energy infrastructure development to create a timeline for transport fleet electrification. Progress towards water system updates has a direct impact on the achievement of agricultural targets.

An illustrative example of the cross-sectoral and cross-ministerial coordination landscape that can be found in SIDS is presented in Figure 4 below. It clearly shows that achieving progress towards NDC targets requires joint efforts and regular information exchange, and provides examples of potential intersection areas.

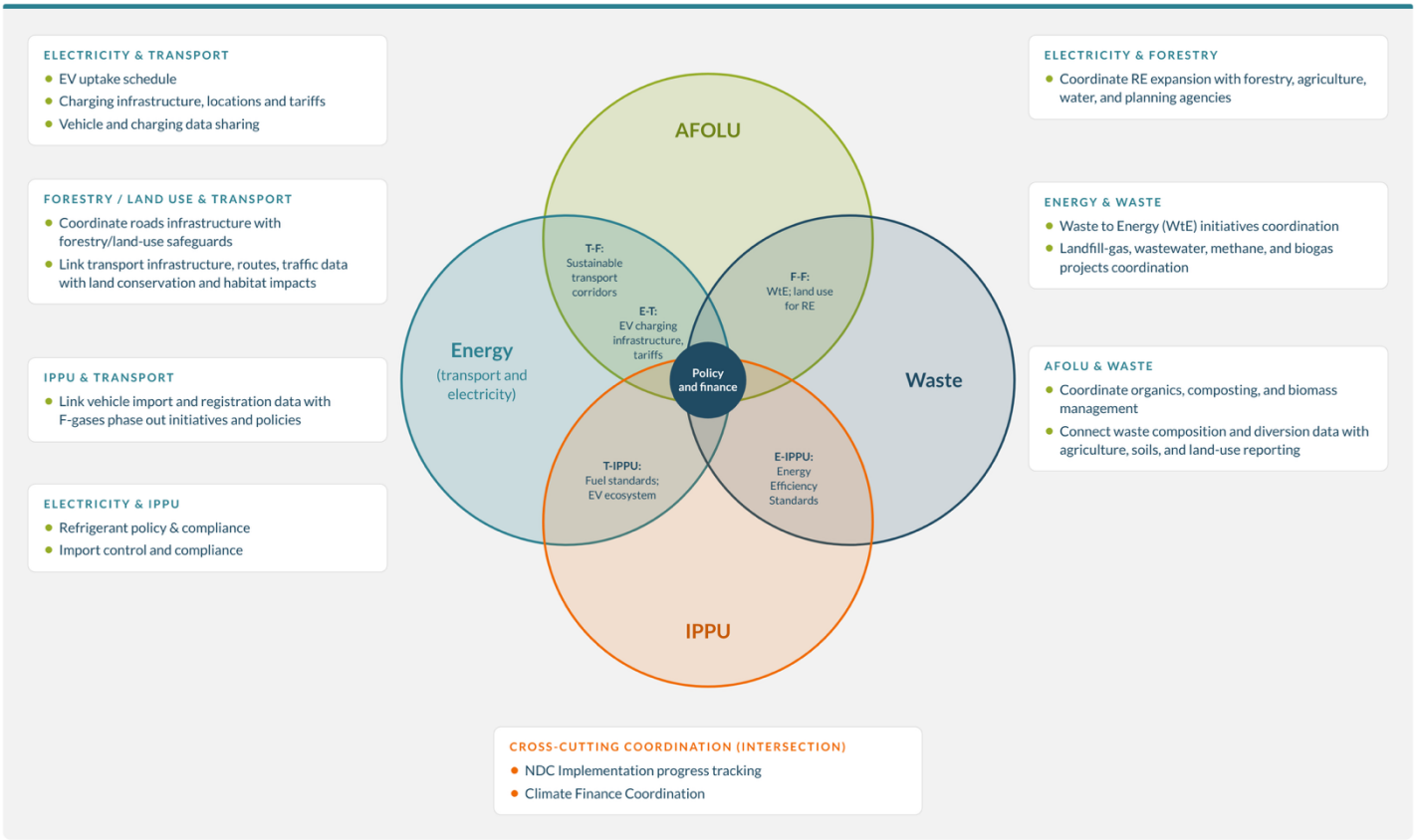



*Figure 4: Illustrative example of cross-sectoral and institutional coordination for data management in SIDS*

Some sectors that could contribute to the country's emissions reduction ambitions are not included in NDC plans due to sector-specific data constraints. For example, the waste and IPPU sectors were not included in Saint Kitts and Nevis' NDC 2.0 due to insufficient data for baseline assessment and emissions modelling. Transport emissions modelling and target setting are often challenged by limited statistical coverage of key parameters needed to model transport sector emissions. For example, fuel sales are not disaggregated by transport type and use, passenger-kilometre and tonne-kilometre activity data are rarely monitored systematically, and registration records rarely contain real-world fuel economy information. Forestry and land-use measures are also underrepresented in NDC targets due to limited historical and observational climate data in SIDS and insufficient local, island-specific geospatial data. SIDS also frequently lack comprehensive baseline vulnerability and risk assessments. According to the NAP Global Network, out of 62 reviewed NAP documents, only 48% contained risk-assessment results and relevant risk-assessment indicators (NAP Global Network , 2025).

## 3.3 Closing the data gap: country approaches

On its own, the establishment of a centralised MRV system is often insufficient to close the data gaps discussed in the sections above. Addressing these gaps instead requires a complex approach that includes a country-specific needs assessment, data mapping, and

the establishment of clear institutional coordination mechanisms. It also needs the integration of an easy-to-use NDC progress component into existing or new MRV systems, and transparent data collection instructions and timelines for agencies responsible for data collection and reporting.

One of the promising examples for NDC progress tracking and monitoring among AOSIS members is Fiji's Digital Climate Transparency Tool (FDCTT). The FDCTT is a good example of a holistic approach to MRV tool design, integrating several interconnected transparency functions into a single platform. The FDCTT architecture covers the activity data module, GHG inventory, NDC and Climate Finance tracking modules (Government of Fiji, 2026). All these components create a digital backbone for Fiji's reporting under the Enhanced Transparency Framework (ETF).

This holistic approach is especially important for SIDS, where capacity constraints are the major obstacle to maintaining data systems for regular reporting and data is scattered across separate databases for each reporting obligation. The centralised MRV system reduces duplicate data requests, makes datasets more consistent and avoids use of parallel donor-funded systems. For countries with limited human capacity, strengthening institutional integration and enhancing coordination – through actions such as clarifying data roles, mandates, and flows – may deliver greater efficiency gains as a first step than investing in sophisticated tracking software before these arrangements are in place. As Fiji's experience shows, digital platforms such as FDCTT deliver the most value when built on established institutional foundations that offer sufficient clarity and guidance for action.

Fiji's FDCTT system also clearly assigns data providers, data custodians and QA/QC actors. This is essential best practice for NDC progress tracking in AOSIS countries, as the most persistent transparency constraint is often not methodology but institutional ambiguity. Ministries and reporting agencies often know that data exists somewhere; but who is responsible for providing, validating and updating the data, and on what timeline, are unclear.

Finally, an institutional, legal, and capacity-building environment is established to ensure that the FDCTT system is updated regularly and functions as a persistent database for climate action tracking. Fiji's FDCTT did not emerge as a standalone inventory tool; it was supplemented by the Capacity-Building Initiative for Transparency (CBIT) programme, which simultaneously addresses institutional arrangements, procedures for Biennial Transparency Reports (BTR) and National Communications (NC) preparations, sector guidelines, and training for the digital platform. Fiji's Climate Change Act established a legal basis by providing a legal mandate to the Climate Change Division for transparency coordination (ICAT, 2022). In addition, before launching the FDCTT, Fiji ran a national training programme involving GHG experts and data providers, so that sectoral institutions could independently take responsibility for data collection and validation (GGGI, 2026). Building MRV capacity within line ministries, utilities and other data-producing institutions is an important step in anchoring capacity domestically and reducing dependency on external support.

Fiji's FDCTT is one of the best-practice examples of a launched national platform for GHG reporting and NDC progress tracking, but the importance of the centralised data management and NDC progress tracking system is widely recognised at the regional level. Initiatives like the Regional Pacific NDC Hub have supported national MRV roadmaps, emission tools, data collection and institutional capacity-building in various countries in the Pacific region. While the efforts and initiatives in countries like Solomon Islands, Marshall Islands, Tonga, Cook Islands and Niue are at different levels of progress, it clearly signals regional commitment to strengthening the NDC tracking data systems and institutional capacity needed to coordinate and contribute to these systems.

# Capacity-building as a foundation

All the implementation bottlenecks discussed thus far require human and technical capacity to address effectively. In this regard, capacity-building serves as a key enabling foundation across all three pillars. Its importance is underscored in Article 11 of the Paris Agreement, which states that capacity-building should enhance developing countries' ability to implement adaptation and mitigation actions, facilitate technology development and deployment, support access to climate finance, improve education and training, and enable transparent communication of information (UNFCCC, 2015). It also states that capacity building should be country-driven, responsive to national needs, participatory, cross-cutting and gender-responsive.

NDC 3.0s submitted by SIDS provide additional insights into the importance of capacity-building for climate action delivery. While articulated in more general terms, the NDCs commonly list technical assistance and capacity-building alongside finance and technology transfer as key preconditions for implementation. In most cases these needs are highlighted without naming the institutions, functions or timeline that should be targeted. Where NDCs are more specific, the capacity needs tend to cluster around newer or more technically demanding areas of climate action. These usually include:

- Training and institutional support to track climate-relevant data in sectors such as Industrial Processes and Product Use (IPPU) and Agriculture, Forestry, and Other Land Use (AFOLU);
- Developing and maintaining economy-wide GHG inventories and MRV systems;
- Institutional capacity to respond to loss and damage;
- Management of climate finance;
- Training support for professionals to support the transition to EVs, as well as the transition away from F-gas-dominated refrigerants under the Kigali Amendment.

The capacity constraints highlighted are usually technical in nature. However, several SIDS also frame their capacity constraints as being structural challenges due to factors such as small public-sector workforces, turnover and emigration of trained officials, and the challenges of staffing implementation efforts on outer islands. Evidently, capacity building is seen as a crucial – and insufficiently developed – element for the successful implementation of their climate action targets. The remainder of this subsection is dedicated to exploring these gaps, and the potential approaches for navigating them, in further detail.

For the purposes of this analysis, capacity-building is not considered synonymous with training. Indeed, as the assessment of NDCs above highlights, capacity in SIDS depends as much on the size and stability of the workforce as it does on technical expertise.

Therefore capacity-building in this context is seen as the sustained development of individual skills, organisational routines, institutional authority, technical systems, partnerships and knowledge networks that enable climate commitments to be translated into implemented and maintained action.

Through this definition, it is clear how capacity underpins the other three pillars. In the first pillar, coordination bodies and their respective members require technical know-how to be able to make and follow through on collective decisions. The same applies in the second pillar, where climate finance institutions require the capability to develop, appraise, mobilise and supervise investments. Even in the third pillar, data systems require personnel and procedures capable of producing, interpreting and applying credible information. Empowering line ministries and officials with the capacities needed to improve their respective operations is therefore an essential element across all efforts to implement NDC objectives.

On this basis, this brief presents capacity-building as operating at three interconnected levels:

1. **Individual capacity**, including technical expertise, leadership, management skills and professional networks;
2. **Organisational capacity**, including adequate staffing, institutional mandates, budgets, procedures, information systems and mechanisms for retaining knowledge; and
3. **System-level capacity**, including coordination between public institutions, communities, universities, civil society, the private sector, regional organisations and development partners.

These levels are mutually dependent. Training an individual, for example, may improve technical knowledge, but will have limited long-term effects if the individual lacks the authority, time, information or financial resources to apply that knowledge. Similarly, establishing a new institution or digital platform will not improve implementation unless people can operate it, procedures are institutionalised and adequate resources are available for its continued use.

To this end, capacity development should move beyond isolated technical training, which tends to miss the structural constraints that also hinder progress in this area. Instead, capacity-building efforts should be tailored to the specific functions targeted for improvement. These functions and their corresponding capacity building interventions are summarised in Table 2. The table also presents alternative indicators and evidence that could be used to measure improvements in capacity for specific functions. As is often the case, simply counting the number of workshops that took place (and summarising some key points raised throughout sessions) can be insufficient for measuring the actual effectiveness of capacity-building efforts.

By contrast, this more tailored approach makes capacity-building relevant to the entire implementation cycle. For example, many SIDS request and receive support to train officials in the preparation of climate finance proposals. However, this capacity-building

effort only manages to address one small element in the broader NDC cycle. Entrenching more sustained capabilities would also require the ability to develop project pipelines, undertake feasibility studies, manage safeguards and procurement, supervise contractors, monitor outcomes and maintain investments after construction. These can be more complex to institutionalise, and cannot easily be supported by external development partners as part of short-term consultancies.

Similarly, greenhouse-gas inventory or adaptation-monitoring training should not be confined to a central climate unit. Line ministries, utilities, statistical offices, local governments and other data providers require defined responsibilities, common procedures and sufficient capacity to maintain the system. In all these cases, capacity-building is only truly institutionalised when these organisations can perform their functions repeatedly, with progressively lower dependence on external assistance.

| Implementation Function | Required capability | Evidence that capacity is becoming institutionalized |
|---|---|---|
| **Institutional coordination** | Convening relevant actors, negotiating sectoral trade-offs, assigning responsibilities and following decisions through | Coordination decisions are incorporated into sector plans, budgets, procurement processes and accountability systems |
| **Climate finance** | Identifying investment needs, preparing proposals, appraising projects, meeting fiduciary requirements and managing implementation | A repeatable project pipeline moves from concept development to approval, disbursement, implementation and evaluation |
| **Data and transparency** | Collecting, quality-assuring, updating, interpreting and using climate information | Data are updated between formal reporting cycles, responsibilities are distributed across institutions, and information informs policy and investment decisions |
| **Mitigation implementation** | Planning, procuring, regulating, operating and maintaining low-emission technologies and infrastructure | Technologies remain operational, domestic actors can address technical problems and emissions performance is monitored |
| **Adaptation implementation** | Assessing risk, integrating different knowledge systems, designing inclusive measures, managing uncertainty and adjusting interventions | Measures remain functional, benefits reach intended groups and implementation is adjusted in response to monitoring and changing risks |

*Table 2: Capacity requirements disaggregated by implementation function*

While capacity-building is clearly a necessary condition for enhanced implementation of climate action in SIDS, it cannot be treated as a silver bullet for gaps encountered across all the three pillars discussed in this brief. Indeed, comparative research on adaptation

projects finds that no single institutional or technical factor guarantees success. Instead, effective project management, institutional coordination, climate information, local adaptive capacity, innovation and long-term sustainability generally need to operate in combination (Pacillo et al., 2024). Capacity-building can therefore reduce specific implementation bottlenecks, but cannot compensate indefinitely for inadequate finance, unclear mandates, political constraints or inappropriate technologies. That is why this brief frames capacity-building as an underlying foundation that should be enhanced in tandem with all the three pillars it supports.

## 4.1 Capacity constraints and structural conditions

The IPCC identifies finance, governance, information, technology and human capacity as interacting constraints on adaptation in small islands. It also finds that many responses to these capacity gaps remain incremental, small-scale and dependent on short project cycles, while the evidence available to assess their long-term effectiveness remains limited (IPCC, 2022). As outlined in the preceding subsection as well as the introduction to this brief, structural conditions in SIDS have a considerable influence on in-country capacities. These include small and specialised labour markets, limited economies of scale, geographic dispersion, narrow fiscal space, high exposure to extreme events and the administrative burden of interacting with multiple international institutions.

To the lattermost point, it is highly common for climate officials in SIDS to be simultaneously responsible for NDC implementation, international negotiations, climate-finance proposals, greenhouse gas inventories, adaptation planning, stakeholder engagement and reporting under the Enhanced Transparency Framework. The departure or reassignment of a small number of officials can consequently interrupt essential institutional functions and result in single-point dependency, whereby knowledge and responsibility are concentrated in one individual rather than embedded in an organisation. Recurrent disasters may further redirect officials and budgets from long-term climate programmes towards emergency response and recovery.

These constraints should not be collectively interpreted as an innate absence of local capability. Indeed, SIDS possess extensive professional expertise, community institutions, traditional and Indigenous knowledge, regional networks and practical experience of managing environmental variability. Capacity development should seek to leverage and build upon these assets rather than approach countries and communities as passive recipients of external knowledge.

It is also important to underscore the heterogeneity of SIDS, whose institutional structures, income levels, territorial configurations, political systems and sectoral capabilities differ substantially. Capacity support must therefore be tailored to the functions and circumstances of each country.

## 4.2 Where capacity-building falls short

There are several recurring factors and dynamics that prevent SIDS from translating capacity-building support into sustained implementation capabilities. The remainder of this subsection is dedicated to exploring these specific gaps in further detail, as well as the alternative approaches that could be considered by countries and external development partners alike.

### Projectised capacity and weak institutional memory

One of the most frequently cited barriers to capacity-building within SIDS is the reliance of short-term projects on external consultants to prepare plans, funding proposals, inventories or technical assessments (UN-OHRLLS & UNECA, 2026; Vyas et al., 2025). These outputs may satisfy immediate project or reporting requirements, but the underlying function may disappear when external support ends, making it difficult for ministry staff to sustain these efforts independently. Research on capacity-building for NDC implementation identifies the short-term, ad hoc, supply-driven and project-based character of past initiatives as a central limitation (Khan et al., 2020). OECD's assessment of climate-related capacity development in SIDS similarly cautions that "fly-in-fly-out" technical assistance can oversimplify local conditions, weaken ownership and, in some circumstances, undermine existing capacity (OECD, 2023).

The consequences of this approach are even more pronounced in SIDS, where ministries may rely on only one or two officials to carry out functions across multiple implementation cycles. If datasets, models, and assumptions that informed an NDC target or funding proposal leave with an external team, the next update or reporting cycle is often forced to start from close to scratch, with a new set of consultants commissioned alongside. The section on Pillar 2 discussed this dynamic for climate finance, but it applies equally to GHG inventories, adaptation plans and MRV systems. Both countries and external partners should reevaluate how support provision is designed, and ensure that sufficient time is given for national institutions to take over key functions once external support ends.

### Staff overload and limited absorptive capacity

A similar constraint is the limited ability of SIDS to absorb the support that they do receive. The introduction to this section noted how climate officials in SIDS often hold responsibilities that extend across negotiations, funding proposals, inventories and reporting, all of which leaves little time to learn and apply new skills. Institutions may therefore receive more training, tools, reporting templates and project requirements than their personnel can practically absorb. In these cases the binding constraint may not necessarily be knowledge, but insufficient staff time, operating budgets, authority or opportunities to apply the new capabilities acquired. Repeated training without changes in workload or institutional arrangements can therefore increase administrative pressure while leaving implementation performance unchanged.

Governments across SIDS have pointed to embedded expertise as an effective possible response to this constraint. Technical advisers seconded to ministries can ease

immediate staffing pressures by working alongside officials on day-to-day tasks, including appraising funding proposals and developing transparency reports and NDC updates. Officials have also described the mentoring and knowledge exchange that this model fosters as more effective than orthodox standalone workshops, after which participants must contextualise and apply new knowledge on their own amidst competing priorities.

Programmes such as those provided by the Climate Finance Access Network (CFAN) feature multi-month training to potential embedded advisors in the Pacific and Caribbean on securing and structuring climate investments. Similarly, the NDC Partnership's in-country facilitators are embedded within government ministries to support coordination towards NDC implementation, while also serving as country-level liaison for the Partnership. While embedded expertise can provide valuable support to ministry operations, it is not a substitute for national staff. This model can only build lasting capacity if the terms for the secondment or in-country embedding are designed to transfer skills to national counterparts, and to leave functions in place once advisers depart. Indeed, as the Uganda CFU example under Pillar 2 illustrates, a clear plan for transferring these positions onto national budgets is central to their sustainability.

### The application gap

Even in instances where officials have the time to engage, capacity building support does not always result in a change in practices. This is partly due to the design choices that are common in capacity-building initiatives today. Firstly, the training content developed for climate action is often standardised across countries, with limited reference to what participants already know or the tasks that they are responsible for (Khan et al., 2020). Formats can be similarly mismatched, resulting in intensive multi-day sessions that participants must contend with in addition to their already-intensive workloads. This gap is further accentuated by challenges around follow-up. Once a capacity building session ends, participants rarely have structured opportunities to apply new skills to a live task, seek clarification, or even revisit material when it is needed.

These factors are compounded by how the results from capacity-building initiatives are measured. They typically report attendance, qualifications or materials produced rather than whether participants subsequently perform the relevant function and to what standard. While these indicators can certainly prove to funders that capacity-building initiatives took place, they fail to measure the effectiveness and utility of the efforts. When new knowledge shared is disconnected from mandates, budgets, procurement systems and operational decisions, it is unlikely to have a meaningful influence on implementation. Instead, a more pertinent test entails determining whether a new capability has become useful within the institutional environment it was intended for. This concept is the basis of the results framework presented in the concluding section.

Ultimately, the relevance of such initiatives ultimately depends on both the content and format being proposed. Informed by tools like pre-training surveys, the content should be tailored to participant knowledge levels and interests. Similarly, the formats of these capacity building sessions should also reflect what participants can realistically absorb –

especially when put alongside their regular workloads. At the end of capacity-building sessions, structured follow-up efforts can also help ensure that new skills have been well-digested and can be applied in practice.

### Technology performance and sustainability risks

The same pattern extends from people to physical assets, with many mitigation and adaptation measures in SIDS relying on imported technologies as well as external support for financing and implementation of related projects. These include a range of interventions, from solar PV and battery storage technology to early warning systems and monitoring stations.

In any developing country these imported technologies run the risk of underperformance when project design does not include sufficient capacity for operation, maintenance, repair, procurement of spare parts, data management and eventual replacement or decommissioning. These risks are all the more pronounced in the context of SIDS, where specialised technicians can be few in number, spare parts require importation from distant suppliers, and maintenance costs require integration into recurrent budgets that are already plagued by limited fiscal space.

Indeed, research on renewable energy deployment in Pacific SIDS identifies an even wider set of interacting constraints in this space, spanning resource data, regulation, finance, infrastructure costs, human resources and sociocultural conditions (Lucas et al., 2017), with human resources being a central constraint. It is therefore insufficient to restrict training to installation of new technologies. Instead, technology transfer initiatives should account for the full technology lifecycle, to ensure the sustainability of operations.

### Fragmented knowledge and unequal participation

Beyond the factors highlighted above, the types of knowledge that inform national climate action can also influence capabilities. In many SIDS, scientific information, government data, professional expertise and community or traditional knowledge all exist in abundance, but are frequently collected in separate spaces. The preceding subsections noted the depth of local and Indigenous knowledge on the environment across SIDS, as well as the fact that this knowledge is often brought into a project cycle far too late (if at all). Consultations conducted after major decisions have been taken do not constitute knowledge co-production, and do not create the avenues through which this additional knowledge can meaningfully shape intervention outcomes.

This dynamic can be reinforced by the way that capacity-building support is structured. When external organisations determine what knowledge is legitimate, whose capacity matters, and which problems should be addressed, capacity-building runs the risk of reproducing inequalities in participation. Some SIDS have already begun to address this through institutional design, with Saint Lucia's Climate Change Act 2024 (discussed under Pillar 1) reserving seats for youth organisations and other non-state actors on the National Climate Change Committee. Effective capacity development must give affected

groups meaningful influence over problem definition, project design, implementation and evaluation.

### Fragmented international support

A final constraint lies with the providers of support. Development partners often bring their own varied assessment methods, safeguards, financial procedures, reporting frameworks and digital tools, all of which then have to be reconciled with national processes and frameworks. The resulting coordination burden is transferred to already constrained national institutions. This burden recurs across the pillars of this brief, as seen in the bespoke tracking and reporting systems attached to individual funding streams covered under Pillar 2 and the parallel donor-funded data systems noted under Pillar 3. Capacity development must therefore involve changes in the practices of international providers as well as changes within recipient institutions.

Development partners can also support institutional continuity by building explicit transition or exit strategies, accessible databases and documentation for deliverables, and follow-up support into project and programme design. Sustained, long-term technical support can serve as a effective catalyst for comprehensive cross-sectoral NDC implementation, especially in comparison to a succession of time-bound interventions conducted by myriad external partners.

When viewed collectively, the evidence in the preceding subsections points towards a need to shift from episodic training towards long-term, locally anchored and implementation-focused capacity development. Governments in the AIS region reached a similar conclusion and recently identified institutional memory built through sustained capacity development as critical to the long-term effectiveness of climate action interventions and institutional arrangements (UN-OHRLLS & UNECA, 2026). The recommendations that follow in the concluding section of this brief also set out the principles for this type of approach to capacity-building.

# Conclusion: Closing the implementation gap

## Cross-cutting observations and lessons

The preceding sections have examined the institutional, financial, and data arrangements on which NDC implementation in SIDS depends, as well as the capacity requirements that underpin them. When viewed collectively, they underscore how implementation is a multifaceted and continuously evolving process that depends on the simultaneous alignment of institutional, financial, technical and human dimensions. As such, it is highly unlikely that a single reform – whether a coordination mechanism, an MRV platform, or a capacity-building programme – can serve as a self-contained solution to the myriad implementation gaps. Instead, the pillars and foundation covered above are parts of a much larger interlocking system that must mature in step for climate commitments to translate into sustained and tangible action on the ground.

As was established in the introduction to this brief, the assessment does not claim that a direct causal link exists between the downstream implementation outcomes and the gaps, country practices, and recommendations discussed for each pillar. Such attribution is rarely feasible given the multitude of political, fiscal and exogenous factors that can shape a country's ability to deliver on its NDC at any given moment. Furthermore, several of the practices highlighted above remain too early in their operational stages to evaluate based on their outcomes alone.

Instead, this brief argues that the institutional arrangements for coordination, financial architectures, data systems and capacity-building should be treated as enabling conditions on which a more systemic and holistic implementation effort depends. Strengthening these underlying systems does not, on its own, guarantee improved implementation outcomes. Instead, it creates the operating environment within which governments are better positioned to meaningfully assess, discuss and execute the tailored solutions that their specific implementation bottlenecks require.

The pillars and foundation also share a set of recurring structural features that point to the systemic nature of the overarching implementation gap. One point of recurrence is the concept of single-point dependency, whereby high staff turnover or the departure of individual staff or external consultants results in weakened institutional memory. The preceding sections highlight how this dynamic can hamper efforts to coordinate climate action, navigate the onerous climate finance mobilisation processes, and monitor progress. Retaining these capacities within institutions is therefore vital for a systematic and sustained approach to implementation efforts.

The second feature that emerges across all pillars is the influence of external support on shaping implementation efforts. The heavy focus on individual projects bound by donor cycles rather than government needs poses significant constraints on institutional memory, while also creating conditions that result in coordination, financing and M&E initiatives becoming paralysed when external consultants depart or external funding stops. Similarly, the submission of proposals is heavily influenced by funding windows rather than the sequenced priorities set out in financing strategies or implementation plans. While governments can begin addressing this by incorporating preferred sequences, knowledge transfer components and post-project sustainability considerations into requests for support, it is ultimately a more complex problem that requires structural changes at the donor and implementation partner levels as well.

A third feature is sequencing itself, with examples of good practice across all three pillars underscoring the importance of establishing enabling conditions as a first step. These include clear mandates to facilitate coordinated delivery, reliable data to develop credible pipelines and track NDC progress, and grant-funded derisking efforts to enable concessional and private investment to participate at scale. In this regard, much like the sequencing of priorities in a project pipeline, the arrangements discussed in this brief can be seen as prerequisite interventions that will eventually facilitate transformational, whole-of-economy action.

Lastly, the following subsection on specific recommendations also includes recurring elements across the pillars. The most prominent of these is the importance of mapping and assessment exercises, which is identified as the first step or principle for each pillar. This underscores the importance of a sequential approach to navigating the different hindrances to implementation, with a diagnosis of country-level dynamics for specific gaps serving as a starting point for designing and executing reforms as needed.

## Recommendations for SIDS governments

Based on the analyses above, this brief concludes with a series of recommendations on how SIDS policymakers can address the different gaps discussed under each pillar and for the capacity foundation, followed by a short set of implications for development partners.

These recommendations are not intended as a mandatory checklist, as the dynamics and readiness to address implementation barriers will ultimately vary significantly according to region and country. Instead they should be viewed as non-sequential interventions that are targeted to provide governments with the building blocks necessary to navigate NDC implementation gaps in a country-specific manner. These foundations range from assessing the readiness of coordination mechanisms and finance tracking systems, to enhancing data consolidation approaches and institutionalised capacity for climate action.

### Pillar 1: Institutional coordination and enabling frameworks

1. *Assess coordination activities and landscape with the aim of consolidating those most relevant to climate change action*

A meaningful revision of coordination mechanisms and entities requires a comprehensive review of the institutional landscape in which coordination is intended to take place. A robust mapping of coordination activities, as well as an assessment of current efforts will shed insights into potential overlapping mandates, undefined roles or shortcomings in the current national architecture.

2. *Operationalise a cross-ministry focal point network*

Successful coordination structures feature climate focal points within each line ministry (energy, transport, finance and planning at minimum) that are tasked with liaising on sectoral priorities with the entity responsible for climate action decision-making and implementation. Depending on the national context, such focal points can also assume explicit responsibility for facilitating the integration of NDC targets into their ministry's workplan and budget submission. This is a relatively low-cost mechanism available for addressing the staff capacity constraints discussed earlier by leveraging already-existing staff and structures to enhance inter-agency coordination.

3. *Request structured peer exchange through existing regional platforms*

The examples referenced throughout this brief underscore the value of SIDS exchanging lessons learned with one another, given their shared constraints and regional proximity. SIDS can already leverage their standing relationships with regional bodies such as the Organisation of Eastern Caribbean States (OECS), CARICOM, SPREP, AIS Coordination Mechanism, Indian Ocean Commission, or the Pacific NDC Hub to request concrete peer exchanges. These can centre on institutional arrangements, including the design of coordination mechanisms and inter-regional exchanges between the three SIDS regions. Doing so would not directly resolve any ongoing challenges with coordination, but offer a consistent information base from which critical lessons and innovations can be extracted and tailored to respective national needs.

4. *Create a coordination body that is anchored by cabinet and/or legislation*

Depending on the country context, pursuing legislation that gives coordination mechanisms a statutory footing can represent a substantial step in institutionalising efforts to harmonise climate action across line ministries and sectors. Adjustments to institutional coordination efforts can be enshrined through a cabinet decision or TOR that clarifies roles and mandates, defines membership, and establishes meeting timeframes and reporting lines. As discussed in the brief, this approach offers a relatively rapid approach to empowering a coordination entity with the mandate and buy-in required for operationalisation. Beyond this, anchoring a coordination mechanism and its functions in a national act or policy would further strengthen its mandate and sustainability.

5. *Secure a dedicated, budgeted secretariat function for the coordination body*

In contexts where coordination functions are reliant upon ad-hoc budgetary and administrative support provided by the parent ministry, moving towards an

institutionalised coordination mechanism with defined structures, activities, and timeframes requires commensurate resourcing and capacity to operationalise. Allocating staff and budget lines to such an entity (if formalised) can provide a critical backstop against the coordination mechanism's scope narrowing over time due to under-resourcing.

### Pillar 2: Climate finance mobilisation and management

1. *Assess climate finance flows across government with the aim of establishing consolidated oversight*

Effectively managing climate finance requires an accurate government-wide picture of financial flows and dynamics in the country. This includes reviewing the ministries and project implementation units that are managing different funding flows, determining their contribution towards different NDC targets, and consolidating any reporting done to meet donor- or fund-specific requirements. A mapping exercise of this nature can identify duplicated reporting burdens, unclear fiduciary responsibilities, and sectoral or ministerial blind spots that currently prevent a consolidated view of climate finance.

Building on this mapping, government can designate or formalise a single function responsible for maintaining this consolidated view going forward, whether housed within an already-existing division with climate finance tasks (such as liaising with international climate funds), or through a newly established Climate Finance Unit. As discussed in the brief, the CFU model offers one institutional pathway for operationalising this function, though its mandate, design, and staffing should be tailored to the resourcing and political context available nationally, with particular attention paid to embedding capacity durably within any such entity.

2. *Strengthen national fiscal architecture for climate finance*

Mechanisms such as climate budget tagging and dedicated national climate funds offer complementary pathways for anchoring climate finance more directly within a country's public finance system, as opposed to the current dominant practice of leaving most such activities within project-specific, donor-administered channels.

Institutionalising climate change considerations into national fiscal frameworks is a complex and resource-intensive task that requires a comprehensive review of national and sectoral data, budgetary processes and reporting systems. A relatively simple first step could be embedding a climate-expenditure marker into existing budget classification processes. This builds on administrative infrastructure already in place, while longer-term interventions such as establishing a dedicated national fund to further consolidate finance from multiple sources are considered.

As discussed in the brief, both practices remain nascent across most of SIDS, but offer a meaningful entry point for closing existing visibility and consolidation gaps.

3. *Maintain a phased NDC pipeline*

To provide further clarity on how NDC targets – whether at the national or sectoral level – can be translated into concrete actions by relevant line ministries, governments could

maintain a running list of well-prioritised, well-sequenced project concepts for individual NDC targets. Creating a prospective NDC project pipeline, with each concept tagged with an indicative financing instrument, timeline and risk profile, could provide the transparency necessary for inter-agency ownership of the NDC targets. In addition, by ensuring that the government is positioned to respond when donor, funder or MDB financing windows open, a pipeline can also provide the detail and base information required for accessing international climate finance. Doing so would not on its own resolve the broader financing shortfall facing SIDS and other climate-vulnerable countries, but could create a framework through which limited funding can be harnessed to the maximum level possible.

### Pillar 3: Data, monitoring & reporting

1. *Clear ownership structure for NDC actions and measures*

One of the main prerequisites for a functioning data collection and management system to track progress towards the NDC targets is a clear ownership structure of the key implementing bodies and which data they are responsible for. Data owners should clearly review the data they need to facilitate NDC progress tracking and reporting, and have a unified understanding of the format in which data must be submitted. Data collection templates and standards are essential for streamlining the data collection process and align it with regional practices to improve data comparability.

2. *Harmonised data M&E standards and a shared investment*

Aligning key performance indicators, calculation methodologies and quality assurance procedures with regional standards and best practices is another step in NDC-related data management that can allow scarce technical and human capacity resources to be shared, without requiring every country to construct its MRV framework independently. For example, the emerging Antigua and Barbuda MRV system contains 59 targets and 83 indicators that integrate SDGs where possible. In addition, regional data infrastructure can supplement national systems with technical expertise, analytical tools and training, and data-storage services. The Caribbean Cooperative MRV Hub demonstrates this model by helping participating countries to develop national MRV systems and capacity-building through regional learning and mentoring exercises.

3. *Integration of adaptation measures into data collection systems*

MRVs are often designed to track progress towards mitigation measures specifically. However, tracking progress towards adaptation and resilience measures is receiving increasing attention from stakeholders. Adaptation tracking should combine implementation indicators with evidence of changes in vulnerability, resilience and adaptive capacity. In addition, gender-specific and SDG-related indicators can be included to keep track of sex-disaggregated data and indicators showing who benefits from climate action.

Finally, for SIDS with significant data constraints, enhancing countries' NDC ambition may involve improving the implementability of existing targets by updating baseline scenarios and clarifying assumptions. Retaining a headline target should therefore not be treated as a lack of ambition, but rather a systematic approach to developing a clearer

implementation pathway and preparing for stronger future commitments and providing additional sectoral and adaptation measures.

### Principles for effective capacity development

1. *Begin with a country-led functional assessment*

Assessments should identify the specific functions needed to deliver priority mitigation and adaptation measures, the organisations responsible, existing strengths and the constraints preventing performance. They should examine staffing, incentives, authority, budgets, information, equipment, coordination and external requirements, as opposed to being solely restricted to technical knowledge.

2. *Embed learning in real implementation tasks*

Capacity is more likely to persist when learning occurs through preparing an actual investment proposal, updating an inventory, operating an early-warning system, revising a regulation or implementing an adaptation project, rather than through purely theoretical learning. Climate policy research emphasises learning-by-doing as a context-specific and iterative process rather than a one-off transfer of information (Klinsky & Sagar, 2022).

3. *Strengthen organisations and teams, not just individuals*

Capacity-building programmes should establish standard operating procedures, role descriptions, data-sharing agreements, documentation systems and mentoring arrangements. Essential functions should be understood by more than one person, reducing the risk that staff turnover will interrupt implementation.

4. *Plan for retention and succession*

Training should be accompanied by measures that allow expertise to remain within national or regional systems. These may include professional development pathways, partnerships with universities and technical institutions, communities of practice, mentoring programmes and structured handover requirements for external consultants.

5. *Combine national ownership with regional cooperation*

Regional organisations can help pool specialist expertise that may be difficult for every SIDS to maintain independently, including climate modelling, legal expertise, engineering, accreditation, fiduciary services and specialised data analysis. Regional delivery should complement rather than replace domestic capability and should remain responsive to national priorities. The OECD identifies regional and triangular cooperation as an important route for achieving scale, sharing expertise and reducing duplication in SIDS (OECD, 2023).

6. *Co-produce knowledge and address unequal participation*

Communities, Indigenous Peoples, women, young people, persons with disabilities and groups whose livelihoods are directly exposed to climate impacts should participate in setting priorities and evaluating results. Participation should influence decisions, rather than merely validate externally developed interventions.

### 7. *Cover the full project and technology lifecycle*

Capacity-building plans should extend from assessment and design through finance, procurement, implementation, operation, maintenance, monitoring, adaptation and eventual replacement. Operation and maintenance responsibilities and costs should be identified before infrastructure is installed.

### 8. *Embed continuity considerations into requests for support*

Governments can develop terms of reference and support agreements that include arrangements for an explicit transition strategy, accessible documentation, training of national counterparts, and follow-up support. To the extent possible, countries should seek arrangements in which experts are embedded in national institutions and work alongside officials over an extended period, ideally several implementation cycles. Country platforms and regional coordination mechanisms can strengthen governments' ability to set these expectations collectively.

### 9. *Proactively measure outcomes of capacity-building efforts*

Monitoring should extend beyond the number of workshops, participants or guidance documents produced. These indicators describe activities but do not demonstrate that implementation capability has changed.

A capacity-building results framework should distinguish five levels:

| Level | Illustrative indicators |
|---|---|
| **Capacity-building activities** | Participants trained; mentoring delivered; procedures or tools developed |
| **Individual and team capability** | Demonstrated competency; application of skills in operational tasks; proportion of critical functions with more than one competent staff member |
| **Organisational change** | Responsibilities formally assigned; procedures adopted; budgets allocated; staff retained; data-sharing or coordination arrangements functioning |
| **Implementation performance** | Reduced time to prepare proposals or reports; improved data quality; higher disbursement and procurement rates; projects delivered and maintained |
| **Climate and development outcomes** | Emissions reduced; services or ecosystems made more resilient; exposure or vulnerability reduced; benefits distributed equitably |

Evaluation should ask whether the relevant function can be performed reliably, whether national actors have greater decision-making authority and whether the capability has survived staff turnover or external shocks. In the same vein, climate outcomes should be monitored, but they should not automatically be attributed to capacity building.

Emissions and resilience outcomes are influenced by finance, policy, technology, exposure and wider socioeconomic conditions. Capacity-building evaluation should instead be tailored towards assessing how the abilities of participants (and the entities they belong to) have changed, how the initiative has influenced implementation, and how that implementation contributed to the observed outcome.

Capacity development should ultimately be judged not by how much support was delivered, but by whether essential functions are performed reliably by national institutions, survive staff and administrative turnover, and require less external assistance over time.

### Implications for development partners

Many of the constraints identified in this brief lie partly or wholly outside the control of SIDS governments. To this end, development partners can play a crucial role in closing the implementation gap by:

1. *Aligning with national sequencing*

When developing and appraising proposals, funders and technical partners can enhance their processes to improve alignment with the sequences in which national pipelines have been articulated. Ensuring alignment with stated priorities and overarching national policies is already common practice, but could be further elevated by accommodating programmatic requests for funding that are phased for maximum impact.

2. *Designing for continuity*

To safeguard the sustainability of deliverables and knowledge produced, external partners can develop transition and exit strategies, accessible documentation, training of ministry counterparts, and built-in follow-up support for proposed activities. To the extent possible, embedded arrangements that allow experts to work alongside national officials should also be considered and facilitated.

3. *Harmonising requirements*

Preceding sections have discussed how technical partners and funders bring unique working procedures, reporting requirements and engagement processes which national officials must juggle simultaneously. Converging on common assessment methods, safeguards, reporting formats and digital tools could allow for more seamless exchange of information between technical partners and government counterparts, as well as across different partners providing complementary support in-country. Interventions in this direction would also reduce the coordination burdens that currently face the small administrations in SIDS.

4. *Providing sustained and accessible finance*

Much of the groundwork for NDC implementation, including strengthening institutions, generating data and preparing feasibility studies, rarely generates the revenue needed to attract commercial finance. The same is true of much of the adaptation agenda in SIDS, which still faces difficulties in crowding-in larger sums of private sector investment. Scaling up grant-based and highly concessional finance for these needs, and offering it

through multi-year, programmatic windows rather than one-off project cycles, would allow governments to lay the foundations on which later investment depends. Efforts to simplify access modalities should continue to be explored, including through readiness support and streamlined pathways to direct access. Collectively, measures in these directions would further support finance in reaching national and regional entities in a timely manner.

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# Annex A: Methodology and data sources

### Approach and evidence base

This brief was developed by synthesising four complementary sources of evidence:

- A structured mapping of NDCs submitted by AOSIS members in the current NDC cycle;
- Desk research and a review of academic and grey literature on NDC implementation, climate finance, data collections and MRV systems, and capacity development;
- Consultations with practitioners; and
- Insights from regional workshops on implementation barriers in SIDS.

A draft of the brief was also peer reviewed by experts, who are named in the Acknowledgments.

The sources were used in tandem to create a larger picture of the implementation gaps facing NDCs. The NDC mapping allowed the researchers to develop a baseline landscape and identify qualitative patterns and recurring themes across country submissions. This was followed by desk research and a literature review to narrow down the identification of each pillar, shape their respective analytical framings, and finally identify national practices and noteworthy case studies. In relation to the desk research, researchers also gathered insights from regional workshops held in the AIS and Caribbean regions that, while not organised by the researchers in service to this brief, still maintained a focus on implementation bottlenecks and dynamics facing SIDS in those regions. Combined with consultations and peer reviews with experts, these helped test and refine the brief's observations against the experiences of government officials and technical partners. In line with the contribution-analysis approach set out in the Introduction, none of these sources is assumed to demonstrate a causal link between particular institutional arrangements and implementation outcomes.

### NDC 3.0 mapping exercise

The mapping covered 25 AOSIS members from the Caribbean, Pacific, and Atlantic, Indian Ocean and South China Sea (AIS) regions. Countries were included if they had submitted an NDC during the current (third) NDC cycle. This includes NDCs that were not formally labelled "NDC 3.0" or "third NDC" but were submitted within the cycle. The mapping reflects documents available as of August 2026.

The primary source for the information reflected in the mapping was each country's NDC as published on the UNFCCC NDC Registry. Where NDCs did not provide the relevant information, supplementary sources were used. These include NDC Partnership country materials, UNDP Climate Promise resources, analyses by the Climate Policy Initiative, and other publicly available documents. They mainly informed disaggregated details on the status of related instruments, such as long-term strategies, implementation plans, transparency reporting, and the technical partners supporting implementation efforts.

In terms of the information collected, the mapping disaggregated the following categories of information for each country:

**NDC Overview**

- NDC Version and submission date
- Headline mitigation targets (conditional and unconditional, if known) and target years
- Reference to related instruments (e.g. LT-LEDS, NAP, implementation or financing strategy, climate legislation, Article 6)

**Finance and Costing**

- How (if at all) finance needs have been quantified
- Disaggregation between adaptation and mitigation costing
- Disaggregation between unconditional and conditional commitments
- Financing instruments referenced
- Additional details in costing sections

**Sectoral Priorities**

- Sectors and corresponding actions outlined in NDC
- Type of action (mitigation, adaptation, cross-cutting)
- Costing of actions (if available)
- Identification of enabling conditions for transformative actions

**Implementation Arrangements**

- Institution responsible for NDC development and implementation
- Coordintaion mechanisms described(if any)
- Monitoring and reporting arrangements
- Stakeholder (state and non-state) engagements
- Implementation constraints identified in the NDC

As noted above, the mapping was used only to identify broad trends and recurring patterns across the membership. This included qualitative observations on how widely NDCs are costed, how much they depend on international finance, and which sectors dominate them. These informed the overview of the NDC 3.0 landscape, and provided key insights that could be extrapolated and expounded upon through desk research, literature reviews and expert consultations. The mapping was not designed to assess or rank countries' NDCs or implementation performance, and no country-level results are presented in the brief. The underlying data is also not published.

It is also important to note that NDCs differ widely in structure, level of detail, base years, time horizons, currencies, and a range of other areas. As a result, the information recorded across countries is not always directly comparable and requires further interpretation of the source documents, especially when seeking to clarify elements such as the details and arrangements behind costings provided in the NDC. As the main brief also mentioned, the level of conditionality in an NDC can also be determined by how countries choose to report funding needs. Some quantify international needs without specifying domestic contributions, making it difficult to assess the actual balance of financing.

### Selection of country examples

The three pillars highlight various national practices that are noteworthy for the lessons they can offer peer SIDS on navigating implementation bottlenecks. Their selection was made based on their relevance to constraints that are most common across SIDS, as well

as the availability of documentation or insights into their design. To maximise the utility of the case studies, efforts were also made to ensure that all three SIDS regions were covered, alongside a diverse set of institutional models that reflect the variation in governance and implementation contexts among SIDS today.

Uganda was included as the only non-SIDS example because its approach of placing a climate finance unit within the Ministry of Finance offers valuable insights and lessons for SIDS that are considering establishing and situating their own CFUs. It is also important to underscore that the examples seek to highlight countries testing innovative approaches to their respective implementation gaps. The case studies do not assess or quantify performance, and should not be treated as templates for wholesale replication without tailoring to country contexts first.

### Consultations & workshops

As noted earlier, this brief draws on consultations with practitioners – including government officials, regional and intergovernmental organisations, and development partners – that are working on NDC implementation with SIDS. These are further complemented by insights drawn from two regional workshops on implementation barriers in SIDS:

- The Subregional Capacity Building Workshop on Strengthening Regional Coordination towards Effective Implementation of the Antigua and Barbuda Agenda for SIDS (ABAS) and its Monitoring and Evaluation Framework for SIDS in the AIS Region, convened by UN-OHRLLS and UNECA in Addis Ababa, 28-30 January 2026; and
- The Caribbean SIDS NDC & NAP Regional Workshop, hosted by the Regional Collaboration Centre (RCC) St. George's in Grenada, 05-08 October 2026.

Insights from the both were shared with the authors of this brief in the form of a post-workshop report, while the latter was also attended in-person by one of the authors to gather further information and test the analyses made in the brief.

To the extent possible, published sources are referenced throughout the brief. However, it is necessary to note that some information comes from unpublished documents shared with the authors, or from direct exchanges with the institutions concerned. Where permission has been obtained, such material is cited as unpublished. Otherwise, it has been used as background to inform the analysis without attribution to individuals or institutions.




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