BRIEFING PAPER **OCTOBER 2026**

GENERATIVE AI AND CLIMATE FINANCE IN SIDS

Can it augment their capacity to access and implement funding?

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Key messages

- Accessing climate finance imposes high administrative burdens on Small Island Developing States (SIDS). This study asks whether generative artificial intelligence (AI) could do what training and technical assistance have not done: provide staff in SIDS with continuous, on-demand support. This support would be particularly valuable for accessing and implementing climate finance.
- Officials in SIDS are using AI as part of daily practice: mostly general-purpose, text-based generative AI.
- AI use is concentrated in outward-facing tasks linked to funders, such as proposal writing and developing project ideas, and is less used in internal operational tasks like implementation, project management, and monitoring and evaluation (M&E).
- While AI is easing the workload, it does not mitigate the deeper bottlenecks, such as idiosyncratic funder requirements, slow approvals, cash flow constraints, weak data systems, and the diseconomies of remote and dispersed archipelagic geography.
- Data and knowledge management systems set the ceiling for how far AI can augment capacity across the project lifecycle: it can only work with information that has been captured. Much of what funders require is never collected, digitised, made accessible, or written down, and AI cannot safely fill that gap.
- Overall, AI should augment, not replace, expert judgement. Verification of AI outputs requires human expertise
- AI training is not yet in place. Building it should start with applied, role-specific support on real project tasks, not generic introductions to AI tools.

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1 Introduction

One of the main structural constraints to sustainable development in SIDS is the small size of their public administrations. Small populations mean having a small pool of qualified people to draw from, yet SIDS must maintain government institutions with the same functions as those of much larger countries (Boswell et al., 2024). Their bureaucracies are large relative to their population but small in absolute terms, so government officials often wear multiple hats and function as 'jacks-of-all-trades' (Farrugia, 1993). This has created a dependence on external consultants and embedded staff who bring specialist expertise to supplement local staff numbers and skills. Meanwhile, the responsibilities placed on SIDS governments with fixed civil services are steadily increasing due to an expanding international political, economic and financial architecture over which they have limited control, but in which they must actively participate and negotiate to defend their development interests. One of these responsibilities is protecting their populations from the social, economic and environmental impacts of intensifying climate change. SIDS lack sufficient domestic resources to build climate resilience (and arguably should not have to, given they are not responsible for the climate crisis), so they need to acquire external climate finance.

Preparing and submitting funding proposals, implementing projects, and monitoring, evaluation and reporting requirements impose heavy transaction costs on SIDS' small administrations.

Two of the most popular sources of adaptation finance for SIDS are the Green Climate Fund (GCF), established in 2010 and designated an operating entity in 2011 under the United Nations Framework Convention on Climate Change (UNFCCC) financial mechanism, and the Adaptation Fund, established in 2001 under the Kyoto Protocol. Both entities serve the Paris Agreement by channelling finance to developing countries to support their climate adaptation and - in the case of the GCF - mitigation objectives.

But accessing these funds has proved challenging for SIDS. Their procedures and processes are widely regarded as lengthy, complex and onerous (Independent Evaluation Unit, 2019; Adaptation Fund, 2022), and give inadequate consideration to the structural realities of small island states (Treichel et al., 2024; Wilkinson et al., 2023; 2025). Preparing and submitting funding proposals, implementing projects, and monitoring, evaluation and reporting requirements impose heavy transaction costs on SIDS' small administrations. These demands involve interpreting and complying with complex documentation, high volumes of information that must be gathered from multiple sources (or otherwise created), coordination of inputs from across multiple ministries, etc.

These tasks are technical, coordinative and administrative all at once. All states face these requirements, but in larger countries the work can be spread across deep, specialised civil services, whereas in SIDS it falls to a handful of already-stretched officials.

Accessing finance and delivering climate adaptation projects demand specialist expertise and administrative capacity that SIDS' small administrations do not have – and may never have, even with decades of capacity building. International development partners including the Asian Development Bank (ADB), World Bank and the International Monetary Fund (IMF) have sought for decades to build administrative capacity in SIDS through training and knowledge transfer programmes, specifically capacity-building workshops, technical assistance missions, regional technical assistance centres, resident advisors, and project implementation units (PIU). In some cases, these add to SIDS' administrative burdens: workshop trainings, for example, pull the few skilled staff away from their desks (Wilkinson et al., 2025), and interacting with technical assistance missions from different development partners increases the burden of coordination. Setting up PIUs often has the effect of drawing staff into better paid, short-term donor roles, hollowing out ministries and undermining their long-term institutional development (World Bank, 2005).

To help SIDS and other countries access climate finance, development partners have set up platforms and programmes that embed technical staff directly within SIDS administrations, examples include the Commonwealth Climate Finance Access Hub and the UK Government's SIDAR programme, which is executed through the CARICOM Community Climate Change Centre. These initiatives provide valuable expertise and help strengthen institutional capacities to access climate finance and implement climate adaptation projects.[1] But they can't overcome SIDS' underlying capacity constraints (Wilkinson et al., 2025). Capacity building efforts are usually project-based and time-bound, and technical assistance relies heavily on external consultants whose knowledge and skills are rarely retained within government institutions.

This report considers whether a different kind of assistance might help. Current discussions around AI – including automation, decision support and AI-enabled workflows – suggest these technologies could augment government capacity (World Bank, 2026). These technologies are already helping some governments use limited resources more efficiently (see Section 2.4), albeit mostly at the pilot stage (OECD, 2025).

AI has the potential to support staff on a continuous basis. It can provide on-demand assistance with tasks such as information gathering, document drafting, data analysis, project planning, project implementation, reporting, and compliance with complex

1 Beyond accessing finance, SIDS also face an implementation deficit: they struggle with absorbing finance and implementing projects fully and on time – another consequence of their limited administrative capacity (Caribbean Development Bank, 2026).

application and reporting procedures. In principle, AI could help generalist officials perform functions that would otherwise require specialist expertise, potentially reducing the bottlenecks associated with limited staffing and technical capacity.

The report looks at how generative AI is already being used and whether it can augment capacities, specifically in relation to accessing climate finance and implementing climate adaptation projects – from proposal development and writing, to procurement, implementation, financial management and auditing, M&E and reporting. It draws on a survey of 42 climate finance practitioners from 29 of the 39 members of the Alliance of Small Island States (AOSIS), as well as 13 semi-structured interviews.

In principle, AI could help generalist officials perform functions that would otherwise require specialist expertise, potentially reducing the bottlenecks associated with limited staffing and technical capacity.

Section 2 lays out the conceptual framework for the study and potential uses in SIDS public administrations across the project cycle. Section 3 sets out the methodology and Section 4 presents the findings on how AI is being used in SIDS public administrations. In Section 5 the authors discuss where AI can augment capacity, and where it cannot. The report closes with conclusions and recommendations for development partners.

2 Conceptual framework

2.1 Small size and the specialist problem

The small size of SIDS administrations means there is rarely enough specialist work to sustain a specialist career. SIDS have the same state functions as larger states (Boswell et al., 2024), but not the volume of work needed to keep specialists busy (Randma-Liiv, 2002). The problem is not always too few people relative to demand; rather, it is that demand tends to be too thin and intermittent to justify a permanent post for specialists, particularly where salary budgets are limited. Some governments are consequently forced to hire full-time staff for work that is needed mainly part-time. Specialists find their training and capabilities under-used, especially when their time is split across several functions, and job satisfaction is capped as a result. Those who are not specialists face career stagnation, which also fosters low job satisfaction (ibid.). Those who do become specialists, through training and capacity building, become more marketable, and either feel just as stagnated or are drawn to higher incomes and career advancement elsewhere. All of these paths drive skilled labour out of the public sector – either abroad or into the local private sector, given that in many cases SIDS governments are unable to match the salaries of private entities, or those on offer in more developed economies (Mishra, 2006; Beine et al., 2008; De la Croix et al., 2014). The small pool of experts who remain face little competition, which drives up the cost of their skills for administrations with limited fiscal headroom.

Meanwhile, skills that are not available locally have to be imported. External expertise, whether contracted via consultancies or placed as embedded staff, is typically paid for at international rates, which can be well above government salaries for similar roles (Lemay-Hérbert et al., 2020). The disparity is visible to those who earn less, and risks deepening dissatisfaction within the public service (Carr et al., 2010). Scarcity also removes the checks that a larger professional community provides. With few specialists available, there are even fewer positioned to review or critique their work, and substandard output can go unnoticed (Randma-Liiv, 2002).

2.2 Skills needs for climate finance access and implementation

The expertise required to access climate finance and implement adaptation projects falls into two broad categories:

- **Substantive technical expertise**: this includes coastal engineers, hydrologists, ecosystem services specialists, people able to conduct coral reef surveys or environmental impact assessments and, increasingly, people able to work with geospatial and LiDAR data.[2] Domestic markets can be too small to sustain these professions, so the work is procured as needed rather than employed permanently; in most SIDS the supply market for these skills is very thin, with few qualified bidders.
- **Procedural expertise**: this includes accreditation, environmental and social safeguards, gender and social inclusion analysis, fiduciary management, and monitoring, evaluation and reporting. This expertise is scarce for a different reason: it is defined by the donors/funds themselves rather than by any domestic training system. A SIDS government can train auditors, financial management specialists and civil engineers, but it cannot readily produce safeguards specialists versed in GCF requirements or monitoring specialists fluent in specific fund reporting formats. Much of what is required here is not climate expertise as such, but fluency in the procedures of the institutions holding the finance, and in meeting their policies and standards.

SIDS lack sufficient staff with both types of expertise. There are partial fixes for both, but these do not build lasting capacity. Substantive technical expertise can be procured through consultancies during the duration of a project, but this departs when the project closes. Procedural expertise – for example, training a specialist in GCF safeguard requirements – is supplied through embedded advisers or short-term training in which officials master the formats and standards of a particular fund. The two fail to take root for different reasons: substantive expertise never becomes resident, while procedural expertise is tied to the institution that defined it and rarely translates into broader institutional capacity once the engagement ends or the trained official moves on.

2 LiDAR (Light Detection and Ranging) is technology used to create high resolution models of ground elevation, showing the shape and height of land, using laser pulses.

2.3 The project lifecycle and constraints

This report takes the project lifecycle as its unit of analysis. Capacity constraints are not uniform across that cycle: from developing a concept note and proposal, through procuring and managing implementation, to financial auditing, monitoring and evaluation, and reporting back to the donor, each stage has different demands and bottlenecks. This means the points at which AI can most augment capacity are unlikely to be the same throughout. Breaking the work into stages can help locate precisely where constraints lie, what they consist of, and whether AI can help resolve them.

Figure 1 below sets out the project lifecycle for accessing climate finance and implementing climate adaptation projects.

Figure 1 Stages of the project lifecycle



The bottlenecks encountered across the project lifecycle can be grouped into families of constraints. Each family identifies a specific kind of bottleneck and whether it originates locally – within the control of SIDS administrations – or externally, in the requirements set by the funds. This distinction matters for the analysis that follows, because it helps to determine where solutions may lie. Table 1 (below) sets out the families and types of constraints encountered within each.

Table 1 Types of capacity constraints in climate finance access and implementation

Families of constraints	Constraint
Domestic capabilities	• Limited local expertise • Limited government capacity • Low levels of digital literacy • Weak coordination at the government level • Local language barriers
Enabling conditions	• Data availability and access • Infrastructural barriers • Legal and regulatory barriers • Insufficient government prioritisation
External constraints	• Funder-side constraints • Systemic constraints in the global climate finance architecture • Unpredictable disbursement and cash flow

Source: authors' analysis based on interview data, 2026

2.4 Potential uses of AI in public administrations

'AI' is conceptualised and used in this research in relation to skills augmentation in public administrations: generative AI is the core term used throughout, with large language models (LLMs) as its dominant and most frequently observed form. AI is of interest to the extent that it extends human capabilities: the focus is on how AI can be used to complement and amplify tasks, overseen by staff rather than replacing them.

Generative AI can be used in two ways: efficiency augmentation and capability augmentation. With efficiency augmentation, the user employs AI to cut the time and effort of a task they could already complete unaided, such as plotting a graph in Microsoft Excel or summarising a lengthy document. With capability augmentation, the user employs AI to complete a task that lies outside their existing capabilities, closing a genuine skills gap, such as producing GCF technical reviews in specific and compliant language. This research gives more attention to capability augmentation than to efficiency augmentation.

Examples of how AI is being used by governments for capacity augmentation across the project lifecycle are set out below.

2.4.1 Proposal development and writing

This stage of the project lifecycle encompasses various tasks, including research, consultations, analysis, and writing. Officials must engage in stakeholder consultation as part of the proposal development and writing process, so AI tools could be very helpful.

Examples:
Under its broader 'Humphrey' suite of AI tools, the UK Government developed Consult. Consult is an AI tool which is used to review responses to stakeholder consultations by identifying themes for each qualitative question and sorting responses into those themes. This frees up time for officials to do other substantive work, such as evaluating the policy implications of the responses. Having been successfully trialled in Scotland – where a manual analysis was done in parallel with the AI and found almost identical results – the UK Government is set to roll out the tool across departments and expects to save an estimated 75,000 days of manual analysis, equating to £20 million in staffing costs per year (UK Government, 2025). According to the report, the Scottish Public Health Minister said:

> Using the tool was very beneficial in helping the Scottish Government understand more quickly what people wanted us to hear and our respondents' range of views. Officials were reassured through the process that the AI was doing a good job, supporting us to undertake the analysis that will inform our next steps. (UK Government, 2025: par. 13)

The UK Government has also rolled out an AI tool to help civil servants with summarising, redrafting and translation. This tool, Redbox, is currently being used by the Cabinet Office, the Department of Science, Innovation and Technology (DSIT), and No. 10 (the Prime Minister's Office and residence).

Stakeholder consultation is a critical part of accessing climate finance and is a core part of the proposal development stage. SIDS' small populations mean there are fewer people to consult, but AI and knowledge management tools may help address the consultation fatigue which results from the same stakeholders being consulted repeatedly across many projects and donors. A tool such as Consult, scaled down to a SIDS context, could draw on earlier consultation records before asking similar questions of the same stakeholders.

2.4.2 Procurement

SIDS have small populations with few firms bidding for projects. Given their size, the perception is that there will be more conflicts of interest, bid rigging and corruption (Randma-Liiv, 2002), although in reality SIDS face the same levels of potential corruption in public procurement as larger countries (UNODC, 2016; UN-PRAC, 2021). However, given their small public administrations, most lack the ability to detect and prevent such corruption (UNODC, 2016). This can be partly countered with electronic procurement systems (World Bank, 2024). Some, including Grenada and St Lucia, use *In-tend*, a commercial e-procurement platform registered in the UK, which ADB also supplies to some Pacific islands free of charge.

Examples:
The Brazilian Government created an AI-driven bot named Alice to address challenges in public procurement, including the risk of fraud and errors. In 2023 Alice was able to analyse 190,923 acquisitions on the country's public procurement portals, identifying inconsistencies and alerting auditors to 203 irregularities. Alice works by using AI and other technical processes to assess tenders against 40 risk categories. It then generates tailored alerts, which enable rapid, preventive audits. This reduces audit time from over 400 days to 8 days (OECD OPSI, 2024). According to the OECD OPSI,[3] Alice is a solution that improves the analysis of government purchases, contributing to better public spending, more transparent and honest public management and the fight against corruption.

Tools like Alice, built to suit SIDS' scale and context, could help prevent corruption in procurement by flagging issues before they occur.

2.4.3 Implementation

No concrete examples of AI being used for full implementation of a project were found. Rather, the examples outlined below are about AI use in three different aspects of implementation projects aimed at enhancing climate resilience in the agricultural sector and coastal areas:

Training – Digital Green, working with Microsoft Research and in partnership with national ministries of agriculture, developed Farmer.Chat, a generative AI chatbot providing extension advice to smallholder farmers facing difficulties accessing localised and timely information on crop production. Deployed across four countries – India, Kenya, Nigeria and Ethiopia – the developers report that it has engaged over 15,000 farmers and answered more than 300,000 queries (High et al., 2026).

3 The OECD Observatory of Public Sector Innovation (OPSI) tracks government innovation efforts across countries and identifies emerging trends in how governments use digital technologies, including AI

Technical and analytical work – ReefCloud, developed by the Australian Institute of Marine Sciences in collaboration with several organisations, including within SIDS, is an AI-powered tool that offers a transformative approach to coral reef monitoring. ReefCloud rapidly analyses high volumes of underwater imagery to assess overall reef conditions, significantly reducing the time and resources required for monitoring as compared with traditional methods (Gonzalez-Rivero et al., 2025; Australian Institute of Marine Science, 2026).

Project management and coordination – There is little evidence that governments are using AI for inter-team coordination, task assignment or project management. Some governments are exploring predictive and agentic AI, but few documented cases show these tools being used for coordination specifically, and fewer still describe the AI methods used or their results. Where governments do use AI for work close to coordination, they mostly use general-purpose commercial tools rather than systems they have built themselves, and these tools mainly support individual staff rather than coordination between teams. In Australia's whole-of-government trial of Microsoft 365 Copilot, for example, most time savings came from note-taking, recording action items and planning for document writing (DTA, 2024).

There are AI tools that could support training and technical implementation work in SIDS. Farmer.Chat, for example, could extend support that WhatsApp groups already provide – adding generative AI to a chat-based exchange such as that set up by Saint Lucia's Virtual Agricultural Clearing House (VACH), which has been sharing crop availability with hotels, restaurants and distributors over WhatsApp since 2016 (Government of Saint Lucia, 2017). For technical work, ReefCloud already operates with partners in several Pacific SIDS.

2.4.4 Financial management and auditing

Financial management ensures projects remain within budget, that funds are spent as approved and are properly accounted for, and that accounting can be independently verified. SIDS must undertake strict financial management and auditing procedures to meet the fiduciary requirements of climate funds, but this is particularly challenging given their size and limited institutional capacity (Wilkinson et al., 2025). AI could help to reduce some of the administrative burden and reduce the transaction costs associated with these funds.

Examples:
Brazil's National Treasury (STN) is using AI to classify subnational government expenditures according to the international standard for Classification of Government Functions: 'part of the Government's broader goal to strengthen transparency and improve efficiency in the management of public resources' (Rocha et al., 2024). They noted that the manual process of converting data on public expenditure was slow, error-prone and labour-intensive. STN introduced a probabilistic text classification, based on machine learning,

to categorise government expenditures according to international standards. The tool has reduced classification times for data from sub-national governments from 1,000 hours to just 8 hours, with an efficiency increase of 12,400%, and at 97% accuracy. Given its success, STN is expanding the AI tool into climate-related expenditures.

For auditing, Brazil has similarly launched ChatTCU; the tool 'was designed to meet the needs of government auditing and to enable the secure use of artificial intelligence in analysis, research, document drafting, information processing, and audit support' (TCU, 2026).

Brazil's experience suggests that AI tools can support financial oversight, and a version adapted to SIDS could help meet fund requirements without displacing local arrangements.

2.4.5 Monitoring and evaluation (M&E) and reporting

M&E involves assessing progress and outcomes of a project against the criteria for success set out in the project's design. Reporting is how a project communicates to the funder that funds were used as intended, and whether project outcomes were achieved. Both M&E and reporting underpin donor confidence and unlock subsequent tranches of funding. In SIDS, projects spread across remote islands can be costly to monitor. AI tools and other technologies can be used to report progress remotely and reduce the need for costly site visits.

Examples:
In India, a project monitoring portal developed for the North Eastern Council and the Ministry of Development of North Eastern Region allows projects to be tracked through implementation. As of November 2022, 588 projects across 1,664 sites were geotagged through a mobile application and visualised against time-series satellite imagery, enabling physical progress at each site to be compared against reported progress (North Eastern Space Applications Centre, 2022). At larger sites, AI and deep learning are applied to drone imagery to quantify progress, with results feeding a dashboard (ibid.). Benefits reported include faster implementation and more timely submission of utilisation certificates.

In summary, these examples show that AI is being used in different functions of government. However, as use is relatively new, little is known about effectiveness. Any reported benefits are largely self-reported by their governments and should be read as claims rather than findings.

3 Methodology

This report draws on primary data collected through an online survey and semi-structured interviews conducted between January and June 2026. Respondents were identified through RESI's stakeholder network and that of the Commonwealth Climate Finance Access Hub. A snowballing approach was then used to ensure a breadth of views from across SIDS (with representation from all three regions) and depth of engagement with climate finance. The survey respondents are experienced and mostly work on the proposal side of climate finance. More than half (24) have worked on donor-funded climate projects for more than five years, and 38 have worked with the Green Climate Fund (see Table 2).

Interviews were conducted with staff working as focal points for the climate funds, as well as other staff in SIDS government agencies and regional organisations supporting governments on climate finance access and implementation. A snowballing technique identified other interviewees from among those involved across the project lifecycle of climate adaptation projects.

The survey instrument covers eight thematic areas: (i) respondent profile and context; (ii) current use of AI; (iii) barriers to the use of AI; (iv) perceived usefulness and value; (v) attribution to climate finance outcomes; (vi) concerns and perceived risks of AI use; (vii) enabling environment and institutional readiness for AI use; and (viii) support needs. These themes are linked to the project lifecycle to identify at what stages AI tools are being used, and where practitioners think the greatest potential for AI lies, as well as drawbacks to using AI, and their concerns. The survey was executed using Google Forms and responses coded according to the project lifecycle and capacity constraint typology described above.

Semi-structured interviews explored themes emerging from the survey in more depth and gathered qualitative data on issues affecting access to climate finance and the implementation of adaptation projects. The interviews focused on where in the project lifecycle AI is already being used, how it is being used as an augmentation tool and, importantly, where AI is and is not helpful – an issue that the survey did not cover. Discussions were held on Microsoft Teams, then transcribed and analysed by theme. Both survey responses and interview transcripts were sorted by project lifecycle stages to identify where frictions arise at each stage.

Table 2 Survey respondent profile

Characteristic	Respondents (numbers in brackets are numbers of responses)
Region	Caribbean (25); Pacific (13); AIS (2); not stated (2)
Organisation type	National government (19); regional, international or delivery partner (19); consultant or NGO (4)
Experience in climate finance	More than 5 years (24); 3–5 years (8); 1–3 years (8); under 1 year (2)
Main role (multiple answers)	Writing or developing proposals (32); technical advice (23); managing implementation (15); M&E (11); senior management (8); finance and procurement (4)
Funds worked with (multiple answers)	Green Climate Fund (38); bilateral donors (25); Global Environment Facility (24); development banks (21); Adaptation Fund (9)

Source: authors' analysis based on survey data, 2026

Thirteen interviews were conducted: ten with practitioners working in the Pacific, two in the Caribbean and one in the AIS region. Only the two Caribbean interviewees also completed the survey, so the interviews are largely independent of the survey sample. The two datasets also offset each other's regional skew: 25 of the 42 survey respondents were from the Caribbean, while most interviewees work in the Pacific. The AIS region remains thinly represented in both.

Indeed, there are a few important limitations in the quantitative analysis for this study. First, the survey sample was not selected randomly and may over-represent practitioners already comfortable with AI. Second, the survey base is small (42 respondents) and some questions were answered by fewer people, so percentages should be read alongside the number of responses. Third, only 4 of 42 respondents work in finance and procurement, so findings in relation to AI use in financial management and auditing are tentative. Fourth, use of AI is self-reported and there is no known objective data to cross-reference with. Fifth, the sample leans towards the Caribbean (25 of 42 respondents) and includes only two survey respondents from the AIS region, so the findings cannot support comparisons between regions.

4 The use of AI in SIDS public administrations

This section reports how climate finance practitioners in SIDS use AI today. It examines how many use it, at which stages of the project lifecycle, and for what tasks. It shows where AI adds value, where use clusters and where it thins out, and how that pattern departs from where respondents say AI is most needed. It then turns to the constraints that lie beyond AI, in domestic and funder-side bottlenecks, and closes with practitioners' readiness to use AI: training, governance, barriers and concerns. Table 3 summarises the findings stage by stage.

Table 3 Summary of findings on AI use in accessing climate finance and implementing adaptation projects, by lifecycle stage

Project stage	Current AI use	Main opportunity	Main constraint
Proposal development and writing	High (75% of users)	Research, drafting, analysis, ideation	Data, expertise, capacity
Procurement	Some (interviews only)	TORs and documentation	Approval, procurement rules, geography
Implementation	Low (interviews only)	Task management and workflow support	Cash flow, logistics, capacity
Financial management	Limited (25% of users)	Potential automation	Weak community-level financial data
M&E	Low (17% of users)	Continuous monitoring and analysis	Weak data systems
Reporting	Moderate (44% of users)	Synthesis and donor-compliant reporting	Repeated reporting requirements

Source: authors' analysis based on interview and survey data, 2026

Note: use levels for proposal development, financial management, M&E and reporting come from the survey (percentages are shares of the 36 users); procurement and implementation rest on interviews only.

4.1 AI is already part of daily work

Among the 42 survey respondents, 36 (86%) use at least one AI or digital tool, and 83% say they use it at least once a week. Use is not confined to one type of organisation or career stage. Most consultants and NGO staff, national government respondents, and

regional, international and delivery-partner respondents use AI, as do users at every level of experience, from under one year to more than five years. This is not a niche pursuit for early adopters, although the non-random sample (see Section 3) means the figure shows that adoption is under way, not how widespread it is.

For this group, AI is already woven into the daily work of accessing climate finance and implementing adaptation projects.

General-purpose generative AI dominates. Of all 42 respondents, 74% use chat tools such as ChatGPT and Claude to write or edit text, 50% use tools that transcribe meetings, 48% use tools that summarise documents, 26% use tools that analyse data, 19% use systems that help prepare reports and 17% use AI-assisted research tools such as Perplexity. Only 7% use tools that predict risks or trends. AI is therefore used mainly to produce and process text and documents, not to forecast.

Respondents value what they use. Eighty-eight (88) percent consider AI tools very or somewhat useful, and 73% of the 30 who answered agreed or strongly agreed that AI could accelerate access to climate finance in SIDS. For this group, AI is already woven into the daily work of accessing climate finance and implementing adaptation projects.

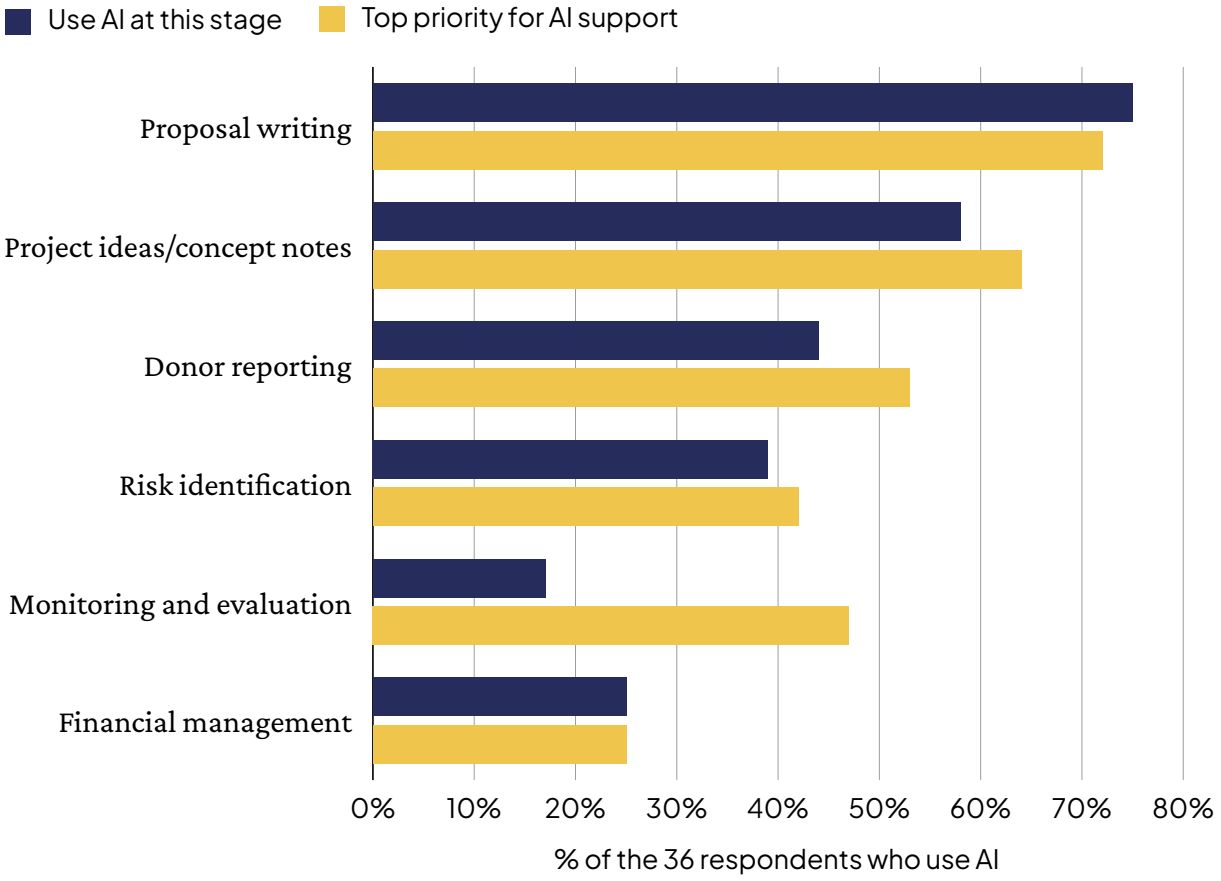
The six respondents who do not use AI cite concerns rather than lack of access. Their reasons include data privacy, the absence of clear policy and guidance, job security, lack of time to learn new tools and environmental impact.

4.2 Use of AI is uneven across the project lifecycle

Use is highest at the start of projects. Among the 36 users, 75% use AI to write proposals, 58% to develop project ideas, 44% to prepare donor reports and 39% to identify risks. Use falls away later: 28% use AI to track progress, 25% to prepare budgets or financial plans and only 17% for M&E. Respondents found AI useful for gathering data during research to develop projects and write concept notes, and for helping them 'think through' ideas.

Comparing use with priorities shows where the gap lies. Asked which parts of the project cycle should be the top priority for AI support, users put writing and revising funding proposals first (72%), followed by identifying project ideas and preparing concept notes (64%). Use and priority line up closely at these stages, and also for donor reporting (44% use, 53% priority), risk identification (39% and 42%) and financial management (25% each). The exception is M&E: 47% of users rank it a top priority for AI support, but only 17% use AI for it: a gap of 30 percentage points (see Figure 2).

Figure 2 AI use and priority for AI support, by lifecycle stage (n=36 users)



Source: authors' analysis based on survey data, 2026

Practitioners use AI where tasks are text-based, template-driven and easy to try, and these are also the stages where they most want support. M&E is the exception, with interest running well ahead of use. Interviews point further: the main bottlenecks lie in implementation, where AI is least directly applied, and practitioners may not yet see how it could help there.

4.3 Proposal development and writing

Practitioners expect AI to help most at the proposal-writing stage: 38% said it could improve the quality of proposals and concept notes. A clearer and more concrete gain, though, is cost. Funders require annexes on safeguards, gender and environmental assessment, which are typically written by external consultants with specialist technical expertise. Two interviewees described how moderately skilled local practitioners can instead use AI to carry out the desk-based research for this work, with specialists validating and signing off instead of drafting from scratch. The saving comes from reducing the specialists' time, and so their fees, not from removing them altogether. This can lower overall project costs.

Interviewees also use AI to produce zero drafts, theories of change, logframes and terms of reference (TORs). Some of these, for example TORs, sometimes sit outside of their own expertise, and using AI saves paying a consultant for small tasks. One interviewee used AI to coach him through a GCF Simplified Approval Process (SAP) proposal. Two others test their concept notes against funder requirements by uploading a successful concept note alongside their own draft and asking the tool to identify gaps. Another compares his work with the Adaptation Fund's published technical review sheets to avoid the issues reviewers raise most often.

Whether any of this translates into more finance is not yet clear. Of the 14 respondents whose institutions secured finance while they were using AI, half (7) said AI contributed to that result.

AI does not address the underlying constraints. The constraints inside SIDS (the domestic capability and enabling-condition families in Table 1) include poor data and data sharing, weak infrastructure, limited digital skills, duplicated work caused by weak knowledge management systems, costly or scarce local expertise and stretched public officials. As one regional expert put it, 'officials may care about a project and still lack the time to move it forward'.

The consensus was to use AI to augment, not replace, expert and human-led decision making.

Practitioners are aware of AI's shortfalls and set limits on how they use it. Relying on AI in place of expert judgement risks misplaced confidence. This is because adaptation decisions depend on local geography, customary law and community priorities, about which AI may not be trained, yet can nevertheless write about with a tone of authority. It could also weaken national ownership, since AI is trained largely on data from developed and larger developing countries. Respondents added that the generic, 'donor-friendly' language AI produces can dilute local voice and hide weak understanding of local contexts, which then surfaces during execution and affect project outcomes. Tasks such as stakeholder consultation, which depend on face-to-face interaction in unique and culturally sensitive contexts, cannot be delegated to AI. The consensus was to use AI to augment, not replace, expert and human-led decision making.

4.4 Procurement

Procurement covers how public bodies acquire goods, services and works. Two groups are involved: dedicated procurement officers who run the tendering processes; and climate finance practitioners who prepare the documents that must be in place before a tender is issued - namely TORs, expressions of interest (EOIs) and bills of quantities. This study focuses on the second group: practitioners who prepare the pre-tender documents (rather than core procurement functions such as bid evaluation, which sit with the first group).

AI helps prepare procurement documents, but it does not ultimately speed up the procurement process.

Three of the 13 interviewees use AI for procurement documents. They said they sometimes lack the technical expertise to know what a task should involve, so they use AI to build their capacity to draft documents such as TORs, which they then verify with the support of colleagues and more specialised staff. AI cuts the time needed to produce these documents, but institutional barriers can cancel out the gain. One interviewee reported that the time needed to draft a TOR and have it verified and finalised fell from one week to three days. The officials who sign it off, however, meet weekly and have full inboxes, and expressions of interest must still run in the country's single daily newspaper. As the interviewee puts it: 'You have to hurry up and wait.' AI helps prepare procurement documents, but it does not ultimately speed up the procurement process.

4.5 Implementation

Implementation is where climate finance becomes, or fails to become, climate resilience, yet it is where AI is least directly applied in practice. Rather, the uses interviewees described are aspirational. One interviewee would value tools that break concept notes into tasks, track activities and advise teams. Another noted that teams struggle to turn concept notes, written in funders' language and often by international consultants, into manageable tasks.

The main constraints on implementation are set by funders and relate largely to approvals and cash flow. Some expenditures, such as the procurement of goods or works, need the fund's pre-approval, as do any amendments, and both can delay projects. Cash flow is closely related. Disbursement times and the timing of payments for goods or works may not align, which is acute where disbursements depend on milestones: if verification

documents are late, payments are late. Some arrangements require the government to pre-finance, which strains the national budget and can delay implementation. One interviewee explained what this means on the ground:

> … when you do construction, it requires regular payments. And your reporting cycles and disbursement cycles are often semi-annual or quota… So contractors will really slow down because the payment certificates sit in the processing queue. The payment certificate is still being processed, they will stop. Then what happens? Communities, they lose confidence because why? Activities stop, they start, stop, they start. And this is a very big issue, you know, we continue to face.

Long approval times also mean conditions can change before work begins, as when a cyclone or flood forces a project to be re-scoped. Exchange rates also affect implementation, particularly at the start and sometimes during delivery. One interviewee highlighted foreign exchange risks: project budgets are fixed at the exchange rate prevailing at approval, leaving unresolved the question of who absorbs the losses if the currency moves before implementation begins – particularly as local banks may lack foreign exchange during crises. The GCF's policy sets out how it protects its own funds from currency fluctuations, but it applies only to the contributions it receives from donors, not to project budgets in recipient countries (GCF, 2022: pars. 1–2). **AI offers little direct help here, because delivery depends mainly on funder approvals, cash flow and local capacity.**

4.6 Financial management and audit

The evidence here is thin. Most interviewees declined to discuss financial management and audit, which suggests limited involvement in this specialist area or little perceived role for AI. We could not secure discussions with the relevant officials, which is a limitation of this study; the question of whether the constraints seen at earlier stages recur here needs direct engagement with national finance and audit officials. The survey evidence is also limited, since only 4 of the 42 respondents work in finance and procurement.

The study cannot say whether AI has a role here, but the gap interviewees identified lies at community level.

Some interviewees reported sound financial management and audit systems, though one noted that predominant use of paper-based records limits what AI can do at audit. Another found the central system transparent but said 'the difficulty was getting funding down to the local community.' Community-level budget tagging is patchy

because project managers use their own processes. This can falsely suggest a lack of accountability and weaken the case for local direct access, when the real gap is a common methodology that demonstrates transparency. The study cannot say whether AI has a role here, but the gap interviewees identified lies at community level.

4.7 Monitoring and evaluation

M&E has the widest gap between use and priority: 47% of users rank it a top priority for AI support, against 17% who use AI for it. M&E guides course correction and triggers the milestones at which funders release tranches or discontinue projects. It is also where the distance between AI's potential and SIDS' readiness shows most clearly.

Interviewees see AI as more than LLMs. Geospatial systems that monitor eroding shorelines and flood zones could replace periodic field studies with continuous monitoring and make results-based disbursement workable because results can be shown quickly. The obstacle is weak data collection. One interviewee described the problem as 'garbage in, garbage out': without good systems to capture data during implementation, adding AI is dangerous.

SIDS need stronger data systems so that AI has something to work with, and funders need to widen what counts as evidence; if not, decisions on continuation and funding will rest on partial accounts.

There is also a cultural clash. Funders' clinical, technocratic data collection does not fit how many SIDS societies share information. In the Pacific, impact is learned through Talanoa, 'sitting with people, telling stories and spending time'. Neither current AI models nor funder templates capture this, and one respondent feared that using AI to satisfy donor templates would make matters worse. SIDS need stronger data systems so that AI has something to work with, and funders need to widen what counts as evidence; if not, decisions on continuation and funding will rest on partial accounts.

4.8 Reporting and knowledge management

Reporting is a task AI suits well. Use is already moderate (44% of users prepare donor reports) and 53% rank it a top priority for AI support, partly because late reporting delays the release of funds. However, reporting records results rather than produce them, so its high level of use shows how easily the task suits AI, rather than suggesting that reporting is where AI most improves outcomes.

Some of the burden lies beyond AI's reach, because funders' reporting requirements are onerous. One interviewee described the same project being reported on three times: 'I report as an NDA,[4] then the implementing partner reports, then the executing agency reports.' Each entity duplicates the others' work. Another noted that departments already report quarterly to the Prime Minister's office, so when a fund asks similar questions in a different format, the same officer does the work twice. A third described 'reporting against a hundred indicators to multiple donors.' These demands are out of proportion to the size of the administrations expected to meet them. Reporting is also document-heavy, which makes it one of the clearer areas where AI can augment capacity.

AI can ease the reporting burden, but it cannot capture unwritten knowledge or remove repeated funder requirements.

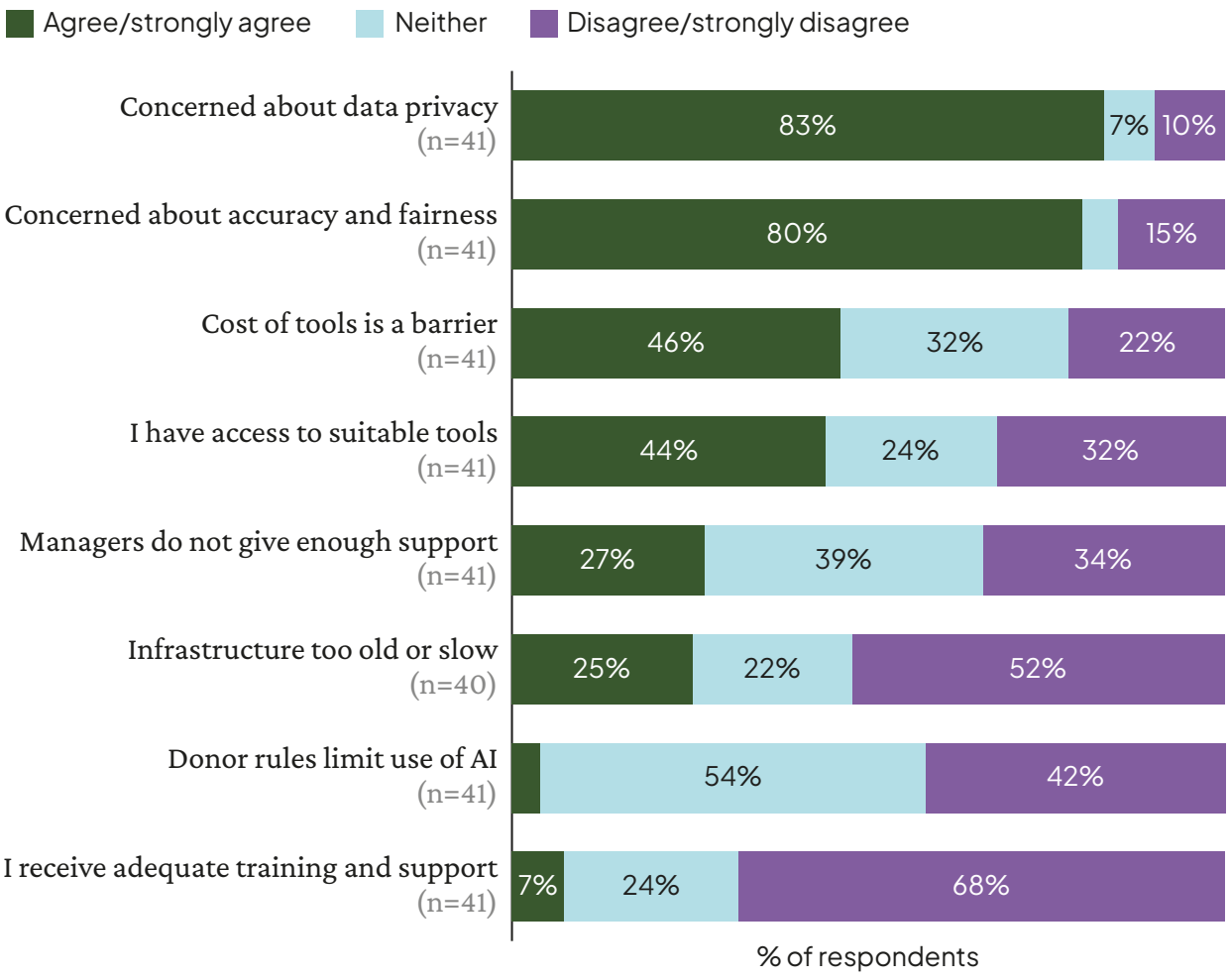
AI can organise institutional knowledge and reduce repetitive reporting, but only for knowledge that is written down and retrievable. As one Pacific interviewee said, much knowledge 'isn't written anywhere. It's a conversation… none of this is indexed online'. Data for reporting is also often held by local NGOs, community committees or area councils, not by the institution reporting to the fund. AI can ease the reporting burden, but it cannot capture unwritten knowledge or remove repeated funder requirements.

4 National Designated Authority

4.9 Readiness to use AI

If AI is useful and already in use, the next question is whether SIDS institutions are ready for it. The survey suggests they are not. Practitioners have moved ahead of the training, policies and tools that would let them use AI effectively and safely. Figure 3 summarises how respondents rated eight statements about readiness, barriers and risks.

Figure 3 Readiness, barriers and concerns: agreement with survey statements



4.10 Training is the largest gap

Training is the largest readiness gap in the study. Of the 41 respondents who answered, 68% disagree that they receive adequate training or support to use AI effectively and only 7% agree – the most negative result of any statement in the survey. In effect, practitioners are teaching themselves while doing critical climate finance and adaptation work. Asked what would help their organisation use AI more effectively (n=37), 97% named training for staff and 89% named clear rules and guidance.

What practitioners want is practical. Asked about their training needs (n=38), 84% chose hands-on practice using real project tasks, 82% wanted help choosing the right tools for their role and 76% wanted guidance on data privacy and safe use. Basic training on how the tools work came fourth (63%), followed by peer learning and mentoring (53%) and ongoing technical support (47%). Respondents are asking for applied, role-specific support more than introductory instruction.

One interviewee in the Pacific showed what untrained use can cost: when AI helped draft a concept note, it produced the wrong minimum age for child labour in Vanuatu. An error like this, left unchecked, could reach GCF reviewers, cause delays and possibly cost the project its funding. It illustrates what Dell'Acqua et al. (2023) describe as AI operating outside the 'frontier' of its capabilities, where users are more likely to make errors with AI than without it. Much of the knowledge in AI tools comes from the Global North, where most training takes place, and cultural nuance and knowledge in the Global South that is not yet digitised or online make errors more likely in these contexts.

Some interviewees guard against errors by cross-checking one AI tool against another, for example using ChatGPT to check results from Gemini. Organisational training could build on practices like this, teaching staff both how to cross-check and how to know when human review is essential.

Interviewees also said that greater use of AI, especially in implementing adaptation projects, will need more training in basic digital skills, which is a prerequisite. Speaking about M&E, one interviewee noted that some younger civil servants in their country had limited access to computers during their schooling and many had not attended university, leaving some with low digital literacy. The World Bank (2026) distinguishes three layers of capability that civil servants need to use AI effectively: i) basic digital literacy; ii) AI literacy, meaning an understanding of what AI can and cannot do, when its use is appropriate and how to interpret its outputs; iii) task-specific operational competence, which involves integrating AI into particular workflows, checking outputs against domain knowledge, and knowing when to override AI or refer decisions to a qualified person. Not all staff need every layer, but neither AI literacy nor operational competence is likely to take hold without the first, and in some contexts basic digital literacy is missing.

4.11 Governance has not kept pace with use

Before organisations provide tools, they need policies, guidance and rules on AI use, and most do not yet have them. Of the 41 respondents who answered, 46% said their organisation has no policy, guidance or rules on AI, 34% were not sure, 15% said it has one and 5% preferred not to say. The 'not sure' group can reasonably be counted with the first, since a policy that staff do not know about is not shaping how they use AI. That

puts about 80% of respondents in organisations without a policy they can point to. Four of the six who said their organisation has a policy work in regional or international organisations.

Most organisations encourage staff to use AI, but the encouragement is shallow. Of the 39 who answered, 59% said their organisation encourages AI use, yet only 18% said it does so to a great extent, with 18% saying to a moderate extent and 23% to a small extent. A further 38% said their organisation gave no explicit guidance either way, and one respondent reported that staff are not encouraged at all.

Without institutional provisions, practitioners supply their own. Of the 36 users, 61% access AI through a personal account, 42% use free online tools and only 39% use an account provided by their organisation. This is not only a consultant issue: 11 of the 17 national government users use a personal account. The consequences are practical. Drafts, AI-assisted analyses and prompt histories may leave with the individual, especially consultants on fixed-term contracts. Governments therefore need to provide institutional access, organisational accounts and online storage so that knowledge stays within the organisation and can be reused.

AI governance has therefore not kept pace with AI use. The gap is institutional, not individual: practitioners have adopted AI on their own initiative, ahead of any organisational framework to support, guide or govern it.

4.12 What is, and is not, holding practitioners back

The survey tested other possible barriers too, and the results suggest the binding constraints are capability, governance and cost, over and above infrastructure or donor rules.

Cost matters: 46% of respondents agree that the cost of tools is a barrier, and 51% said additional funding would help their organisation use AI more effectively (n=37). Access to suitable tools is uneven: 44% agree they have access, 24% are neutral and 32% disagree. Support from donors (35%) and dedicated technical staff (32%) were named less often.

Infrastructure is not the main obstacle. Only 25% agree that their hardware or internet speeds are too old or slow for AI tools, while 52% disagree. Interviewees said the same: internet access is not an issue, and even where work is done in remote areas without a connection, AI can be used once the connection is restored.

Managers and donors are not the main blockers either: 27% of respondents say they do not receive enough support from managers, but 34% disagree and 39% are neutral. Only 5% agree that donor rules limit the use of AI, and 54% are neutral. A neutral majority suggests that donors have said little about AI, not that they have cleared the way. What practitioners lack is structured support to use AI well and safely and, for many, suitable tools.

4.13 Privacy, accuracy and human oversight

Practitioners who use AI are alert to its risks. A total of 83% of respondents are concerned about data privacy and 80% about accuracy and fairness, the strongest views recorded on any statement in the survey. In open-text responses (22 answers), eight expressed no or little concern, while the other 14 raised concerns, most often about bias in data, generic or context-blind outputs, hallucination, over-reliance, privacy, intellectual property and cybersecurity. One respondent added the environmental cost of AI data centres, a point also raised by two non-users. Interviewees voiced serious privacy concerns and described ways of protecting sensitive information. One, for example, creates and uploads hypothetical scenarios close to their real work so as not to pass sensitive information to AI. Even without formal training, then, practitioners take privacy seriously, although this limits what AI can do for them, which they recognise. One interviewee noted that Copilot does not share or draw on information from outside the organisation, but said governments need to develop security protocols before further AI tools can be explored.

Two interviewees raised the issue of intellectual property in indigenous and traditional knowledge. If fed into AI tools, they may be accessed elsewhere, then capitalised and commercialised without the consent of, or benefit to, the communities they come from. One interviewee, the only one adamantly against using AI in accessing climate finance, argued that 'SIDS should not hand over their rights to tech giants'.

These concerns have not stopped most practitioners using AI, although data privacy was the most common reason given by those who do not. If SIDS governments are to support the use of AI in accessing climate finance while protecting confidential institutional information and community and indigenous knowledge, they will need clear policies and rules of use, along with organisation-provided tools that have appropriate data protections.

Accuracy raises a different challenge. Several interviewees stressed that AI outputs must be checked. AI is used mainly for zero drafts across the interviews and the survey, and one interviewee said the efficiency gains were offset by the time needed to validate what AI produces. Verification may also increase the need for expertise rather than reduce it: one interviewee warned that checking AI-generated content can require a high level of expertise, which could deepen, not ease, the capacity constraints facing SIDS. Dependence on AI may also erode the skills needed to exercise that oversight. One interviewee said relying on AI can take 'the responsibility of thinking and innovating' away from the person developing a project, and survey respondents similarly warned that convenience can breed over-reliance. These risks form a cycle: AI outputs need skilled verification, yet heavy reliance on AI may erode the skills that verification depends on.

The survey and interview responses point to the same conclusion: AI must augment, not replace, human judgement. Training in AI use is therefore about safety and privacy as well as productivity, which is why the survey's strongest demands, for training and clear rules, sit alongside its strongest concerns.

5 Where AI can and cannot augment capacity in climate finance

The analysis presented above suggests that AI is most useful for the text- and knowledge-based tasks at the core of accessing climate finance. This includes drafting proposals and reports and retrieving and synthesising information. It is least able to help where the constraint lies in data that does not exist or cannot be accessed, in institutional processes and funder rules, in cash flow, in geography, or in forms of knowledge that funders' templates do not recognise.

The analysis presented above suggests that AI is most useful for the text- and knowledge-based tasks at the core of accessing climate finance.

The families of constraints in Table 1 make the pattern clear. Constraints rooted in domestic capability, such as limited local expertise, stretched staff and limited drafting capacity, can be eased by augmentation. Those in the enabling-conditions family (data availability and access, infrastructure, legal and regulatory barriers) set a ceiling on what AI can do, because AI depends on them rather than resolving them. External constraints, from funder requirements to disbursement delays, are largely beyond AI's reach and can only be resolved by the funds themselves.

5.1 Procedural and substantive expertise

Practitioners are using AI mainly to support procedural work, the work defined largely by the funds and tied to their procedures, processes and requirements. Drafting to funder formats, checking concept notes against review criteria and preparing reports all fall here. Much of this is efficiency augmentation, but some uses, such as being coached through a GCF Simplified Approval Process proposal or drafting TORs outside the user's own expertise, are capability augmentation. They close a skills gap that would otherwise have to be filled exclusively by hiring consultants.

SIDS often lack substantive technical expertise and import it as needed. Using AI to fill that gap is so far aspirational. Interviewees for this study saw potential in local staff without specialist expertise using AI to draft substantive technical work, which specialists can then be called on to validate. This would cut reliance on external consultants by reducing their time, and thus their fees. That model however depends on specialists being available to check the output, and checking can itself demand a high level of expertise.

5.2 The data and knowledge ceiling

AI is only as good as the data and knowledge it can draw on. Practitioners' concerns about bias and 'garbage in, garbage out', and the limits on AI in M&E, point to the same root cause of weak data systems. Interviewees described four related gaps. The first is data that does not exist but that funds require. The GCF requires data that SIDS do not routinely collect, or that they lack the skills, technology and expertise to collect. This can cause significant delays. One interviewee said a project in her country was delayed by seven years because the requested data had to be collected from scratch and capacity first had to be built to do so.

The second is data that exists but is not digitised. One interviewee lamented that some agencies and ministries are still largely paper-based. This makes AI use impossible. The third is data that exists but cannot easily be accessed. One interviewee highlighted the need for memoranda of understanding (MOUs), legislation and regulations that enable information sharing across ministries and agencies to address this. The fourth is knowledge that is available but, in one interviewee's words, 'not written down anywhere': tacit knowledge held by officials whose workloads leave them little time to document, digitize and share it.

A separate problem sits on the other side of the ceiling. What data was the AI being used trained on? Where local data is missing or inaccessible, AI tools may pull from sources that do not match local contexts and produce erroneous results, as the Vanuatu example above shows. Using AI to augment capacity is therefore less useful, and may be ineffective or even dangerous, where local data and knowledge are weak.

Where local data is missing or inaccessible, AI tools may pull from sources that do not match local contexts and produce erroneous results.

Targeting the most vulnerable people in adaptation is challenging and AI may make this worse, given the ongoing weakness of statistical offices and the poor disaggregation of databases in SIDS. Existing databases are often outdated and not disaggregated by island, gender or vulnerable group, and can produce biased or unrepresentative results if fed into AI tools. AI will confidently produce outputs that reflect the populations captured in the data and omit those that were not, and the danger is that this informs adaptation policy and excludes these groups further. Until the gap is closed, AI use in SIDS risks steering policy towards those who are visible in the data and reproducing existing inequalities.

5.3 Structural constraints

Some structural constraints lie outside the reach of AI and limit what the technology can do to augment capacity to access climate finance and implement adaptation projects. Geography is among the clearest, and it bears most heavily on archipelagic SIDS. AI can speed up documentation and text-based work, but it does not address the transport costs that raise project costs and can prolong funder reviews. AI acts on information and documents, whereas many of the constraints SIDS face are physical. An AI-assisted procurement plan might build in contingencies for such events, but it cannot reduce the underlying cost of delivering adaptation in dispersed island states.

AI acts on information and documents, whereas many of the constraints SIDS face are physical.

AI also cannot change the institutional and procedural rules that create delay. Compliance checks and signoffs from busy officials hold up both the preparation of tender documents and the tendering itself, as does the advertising process in some contexts. One interviewee also described how national procurement law can differ from funders' requirements. Where divergent rules cause a contract requirement to be missed, this can trigger the need for a no-objection and send the tendering process back to the beginning, delaying implementation. Similarly, a Caribbean interviewee noted that where a single-source justification cannot be made, procurement can add six months to a year to a project's implementation timeline. None of these situations responds to using AI to draft documents faster.

6 Conclusions

This report asked a simple question: can AI help small island states obtain climate finance and turn it into projects on the ground? The evidence points to a qualified yes. AI is already helping, and the people who use it value it. But it helps with only part of the problem, and it is being used with very little support. Five conclusions explain why.

AI is already in use, but practitioners are largely on their own. Most of the practitioners surveyed use AI, mostly every week, and the large majority find it useful. Yet very few say they receive adequate training, most work in organisations with no AI policy or are unsure whether one exists, and most rely on personal or free accounts. AI has reached SIDS climate finance from the bottom up, driven by individuals more than by their institutions.

AI helps most with writing and paperwork, which is useful but is not where the biggest problems lie. Practitioners mainly use it to draft proposals, summarise documents, prepare terms of reference and check their work against what funders require. In small governments, where a few people do many jobs, these tasks take up a lot of time, so the help is real. It can save time, reduce the need to pay outside consultants for small tasks and let specialists check work rather than write it from scratch. But the obstacles practitioners describe as hardest are of a different kind: slow funder reviews, complicated approval rules, late payments, missing data and the cost of moving people and goods between islands. Faster drafting does not shorten a review process or a boat journey.

The gap between where AI is used and where it is wanted is widest in M&E. M&E means checking whether projects are on track and working, and it decides when funders release the next payment. Practitioners want much more AI support here than they currently use. Interviewees described how satellite and other data could allow continuous monitoring in place of occasional field studies. But this depends on data that many islands do not yet collect, and on funders accepting forms of evidence that their templates do not currently recognise.

What holds AI back is less the technology than people, rules and information. Poor internet and old equipment were not seen as the main barriers, and neither were donor rules. The barriers that stand out are lack of training, lack of clear rules, the cost of tools and the state and availability of the information AI depends on. Data may not exist, may sit on paper or may be held only in the heads of long-serving staff. Because AI learns mostly from information about richer countries, it can give confident but wrong answers about local matters, and it can overlook the groups that official statistics do not count.

Used carelessly, AI can do harm; used carefully, it can strengthen people rather than replace them. Practitioners worry about data privacy, accuracy and fairness. Checking AI's work takes expertise, and relying on it too heavily can weaken the very skills needed to check it. Some community and traditional knowledge should not go into AI tools at all without the communities' consent. Practitioners were consistent on this point: AI should support human judgement, not stand in for it.

In short, AI is a useful assistant for the paperwork side of climate finance, but it does not solve the structural and institutional difficulties that small island states face. Its benefits will be greatest where governments prepare their staff, set clear rules and organise their information, and where funders lighten their own requirements. The evidence that AI leads to more climate finance is still thin: only about half of the few respondents able to judge said that AI had contributed to securing it.

7 Recommendations

The recommendations set out below are directed at different stakeholder groups.

7.1 For SIDS governments and regional organisations

Train staff on real tasks, not only on how the tools work. Training should be practical. Staff can bring a real concept note or report and learn how to use AI on it, how to check the result, and when to stop and ask an expert. Practitioners already check one AI tool against another, and training can build on that habit. Where basic computer skills are weak, as reported for some younger civil servants, a short digital skills course should come first.

Set simple rules and provide official tools. Most staff currently work with AI without guidance and through their personal accounts, so sensitive information may be entered into AI tools the organisation does not control. Governments and regional bodies do not need to wait for a full policy. A one- or two-page guide can say what must never be entered (confidential, unpublished or community-owned information), which tools are approved, and that anything sent to a funder must be checked by a named person. Organisations should also provide accounts with proper data protection, which also addresses the cost barrier. Pooled procurement (e.g. regional or inter-ministerial licensing agreements) can make all this financially viable for small administrations.

Keep institutional knowledge in shared, findable places. When governments or organizations use consultants, work is often kept on personal computers and leaves with the person. AI can only use information that is stored and can be found online. Governments should keep project documents in shared, backed-up digital locations, agree how ministries share data (through simple agreements or regulations), and record what long-serving staff know before it is lost. Traditional and community knowledge is different. It should be recorded and put into AI tools only with the consent of the communities concerned.

Start where the evidence shows AI helps and the risk is low. That means drafting and checking documents, summarising, and preparing reports. M&E is a strong next step once data systems can support it. Because it is not yet proven that AI improves the chances of securing funding, early use should be treated as a pilot that records time saved, errors caught and whether proposals improve. Where specialist skills are expensive, a sensible model is for local practitioners to draft with AI and for a specialist to check and sign off the result.

7.2 For funders

Standardising reporting across funders. Streamlining reporting for SIDS would free more time than any AI tool, and it would let AI's drafting help go further. Funders can harmonise their formats, accept one report for several audiences, and align deadlines with governments' own reporting cycles. Funders should also consider adopting standardised, AI-compatible and interoperable reporting templates for SIDS that share similar structural conditions and are implementing similar projects.

Fit requirements to the realities of small states. Funders can accept oral and community-based evidence alongside written data, since impact in the Pacific is often shared through storytelling rather than surveys. They can be realistic about the data they ask for, take account of the real cost of reaching outer islands, and speed up reviews and payments. Finally, funders can state clearly how they view the use of AI in proposals and reports. More than half of respondents were neutral on whether donor rules limit their use of AI, which suggests that practitioners are unsure where funders stand.

7.3 For development partners, consultants and embedded staff

Consultants and embedded staff play an important role in supporting project management functions, and AI can augment their input but should not replace them. Capacity strengthening programmes should focus on AI training and on providing access to approved AI tools. They can share good examples, such as approved concept notes and reviewers' comments, that staff can use to check their own AI-assisted drafts. They should take care not to leave governments dependent on outside tools or on consultants' own accounts. The aim is for national staff to build their own capabilities using AI, so that ownership of the work stays with the country.

Additionally, consultants using their personal devices should be required to adhere to national data sovereignty principles, ensuring that project data and traditional knowledge fed into AI systems during consultancy engagements remain stored in national or regional repositories.

7.4 For further research

This study did not look at the use of AI by finance and audit officials, although there are tools that would likely help with financial management tasks. Future research should examine this. It should also test whether AI tools used in government actually reduce staff time and burden, and whether they improve outcomes such as the time taken to secure funding and implement climate and other projects.

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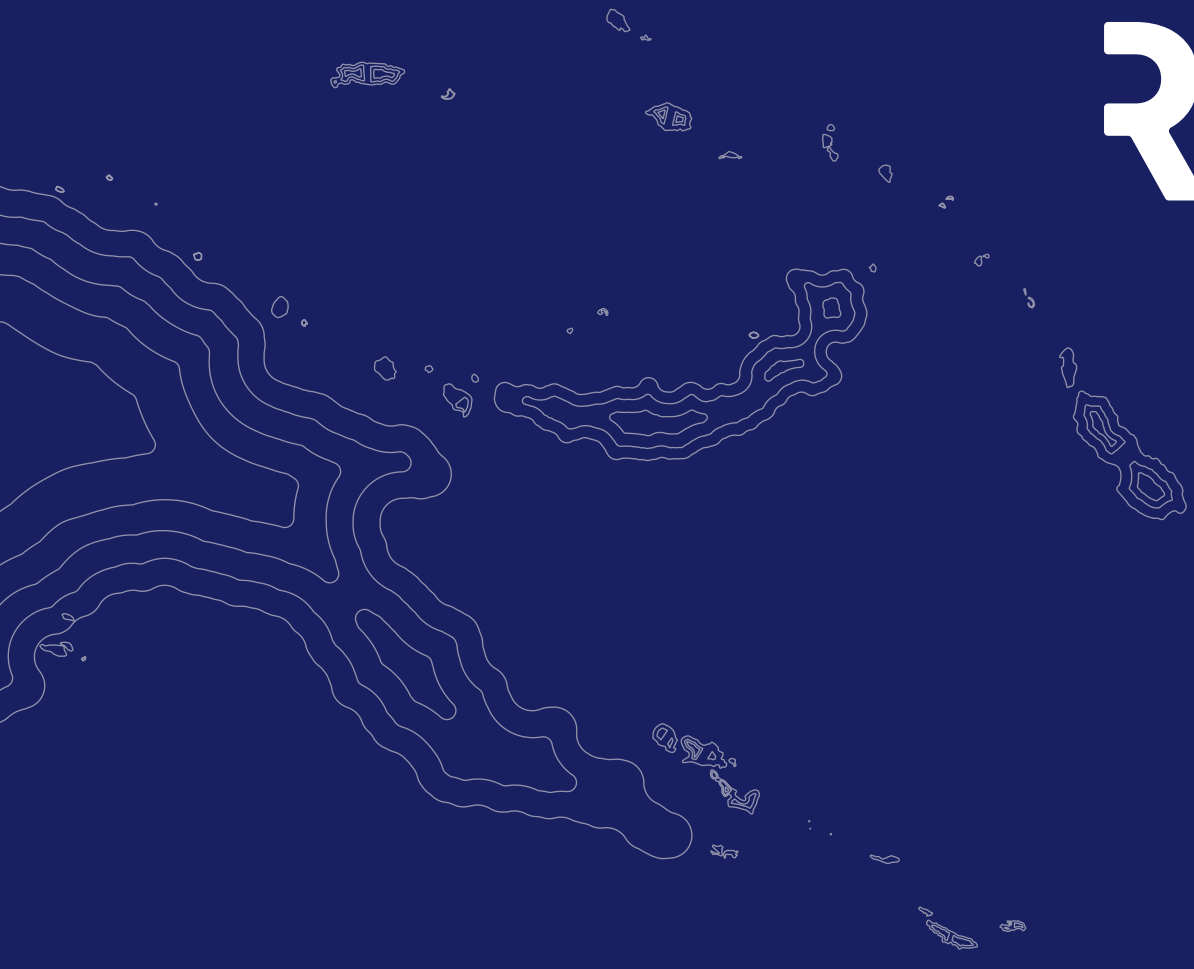
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