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14TH V20 MINISTERIAL DIALOGUE COMMUNIQUÉ **Enabling Climate Prosperity: A Global Agenda for Jobs, Security, Resilience**

[Adopted on 24 April 2025, Washington D.C., United States of America]

We, the V20 Finance Ministers, representing 74 climate-vulnerable nations, are facing shrinking fiscal space with higher capital costs. In V20 economies, interest rates are at least three times higher than in G7 countries, youth unemployment is reaching as high as 20%, and populations are suffering growing insecurity resulting from the exposure of 330 million people to acute food insecurity, over half of them in conflict areas. Climate risks are increasingly driving migration and displacement, compounding existing vulnerabilities.

Mounting debt servicing costs have reached historically high levels of 15% on average across the V20 membership, with 11 V20 member countries spending over 25% of government revenue servicing external debt. While debt stock may be going down, debt servicing expenditures are back to levels not seen since 2000. As the world risks crossing critical geophysical climate thresholds including the 1.5°C temperature limit, official development assistance (ODA) and fiscal space are shrinking, forcing cuts in essential services, such as health, education, and critical infrastructure, even as climate-vulnerable economies have already lost 20%¹ of potential GDP growth over the past two decades due to climate change. Attaining the sustainable development goals (SDGs) is now at risk.

The rapid rise in temperatures has translated directly to an increase in extreme heat stress. Critical biomes—from coral reefs and rainforests to permafrost—are nearing the point of irreversible damage. Their collapse will accelerate climate feedback loops, trigger widespread ecosystem failures, and intensify climate-induced violence, suffering, and disasters, threatening human existence and in particular, the populations of climate vulnerable countries. Our health systems are under further strain from the proliferation of vector-borne diseases, extreme heat, and climate-related emergencies such as floods.

Despite representing 22.4% of the world's population, V20 countries hold only 5% of International Monetary Fund (IMF) quotas and 6.8% of its voting power, and 8.6% across the Multilateral Development Bank (MDB) system. Recognizing the V20 as an official intergovernmental group within the Bretton Woods system—and increasing the shareholding in the international institutions like the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), and the IMF—is essential in recalibrating global governance and accessing the capital and policy support needed.

¹ <https://www.v-20.org/resources/publications/climate-vulnerable-economies-loss-report>

We must move beyond crisis management toward bold opportunity creation—embedding climate resilience, adaptation, and growth-guided investments at the core of our macroeconomic frameworks, budgets, policies, infrastructure, financing, and peace-building efforts.

We urge the international development and climate community to take the following actions to deliver a global agenda for employment, security, and resilience:

1. **Concessional Capital:** For many climate-vulnerable economies, ODA and IDA resources are a lifeline and remain the largest concessional financing source. Yet, ODA as a fraction of gross national income (GNI) has been declining for V20 members. The World Bank has set out its ambitions through its Evolution Roadmap, requiring a larger IDA. We appreciate the donor community for their support and urge greater efforts from them to help us fulfill the IDA21 replenishment package of \$100 billion agreed upon in December 2024. Donors should also consider the use of investment guarantees to unlock more IDA funding. Additionally, we also call for an ambitious replenishment of the African Development Fund to provide essential concessional finance for its borrowers. We welcome the Asian Development Bank's new progressiveness and its ambition to lead as Asia's "Climate Bank," with clarity expected on surpassing 50% climate finance by 2030. We urge other MDBs to step up alignment with climate science and importantly the 1.5°C temperature limit of the Paris Agreement.
2. **Affordability of MDB Finance:** MDB loans are not concessional. They remain priced above our medium-term growth rate, making them no different from private capital. We call on MDBs to ensure their loan products are priced below the medium-term GDP growth rate in order to ensure affordability. We call for a genuine rate that is concessional for climate-vulnerable countries, one that is separate from market conditions.
3. **Empowering Country Platforms:** Support for country-led platforms is essential to implement Climate Prosperity strategies that drive growth-guided climate and development investments. Climate finance providers should collaborate with CVF-V20 member states, especially those that have robust Climate Prosperity Plans in place, to transition rapidly from fragmented, short-term projects to dynamic, programmatic approaches which are country-owned and responsive to needs. This includes investing in skilled national teams to lead project preparation, early-stage capital, first loss and guarantees, and strengthening national institutions, including planning bodies, national development banks, and regulators. Effective coordination and lasting partnerships across government entities, policy coherence and coherence and reform, and private sector participation are equally critical to unlock green investment and deliver resilient infrastructure and services.
4. **MDB Capital Recycling:** MDBs, through structured investment vehicles, platforms, or programs, can refinance and securitize operating assets aligned with Country

Platforms to unlock additional institutional capital and free up MDB balance sheets to originate and finance new Country Platform projects. MDB capital recycling is a powerful way to help mobilize investment in climate- and development-aligned assets.

5. **Pre-Arranged and Trigger-Based Financing, including Loss and Damage Finance:** Of the \$76 billion spent on crisis finance in 2022, less than 2% was pre-arranged. Of that already limited share, only 1.4% reached low-income countries. We therefore call for a ten-fold increase in pre-arranged finance to 20% by 2030, followed by a doubling thereafter—ensuring that timely, targeted support reaches those most in need before disasters strike. We have country-owned regional risk pools and country-led models through the Global Shield against Climate Risks. We call for its replenishment given the financial protection gap in CVF-V20 countries. We further call for transparency in the design of pre-arranged financing solutions, such as climate risk insurance, and call for their increased flexibility by way of an independent validation of the country's damage assessment as a simplified way to trigger the pre-arranged financing. The V20 Finance Ministers also welcome developments under the Fund for Responding to Loss and Damage (FRLD), including the adoption of the Barbados Implementation Modalities at the fifth meeting of the Board of the FRLD. In calling for ramped-up financial support for the FRLD, we also call on donors to deliver their funding pledges to the FRLD given the 98% financial protection gap in CVF-V20 countries. We need all forms of finance to deal with the existential climate crisis.
6. **Resilience and Sustainability Facility:** The IMF's Resilience and Sustainability Facility (RSF) is a welcome source of support to address prospective balance of payment crises. We reiterate the need to remove the requirement for a concurrent restructuring program to access the RSF. Climate proofing our economies is a long-term challenge and access requirements should enable and facilitate investment in mitigating prospective shocks.
7. **IMF Program Design:** We call on the IMF to fully embrace and act in response to the investment mobilization challenge that climate-vulnerable economies are facing. A strong investment push is needed to stimulate growth and enable countries to navigate economic and climate shocks. IMF programs should enable and support the scaling up of such investments. The review of conditionalities is an important opportunity for the IMF to align its program design with the goals of the Paris Agreement and enable the achievement of national climate change commitments, which for some CVF-V20 countries are packaged in Climate Prosperity Plans. Moreover, the IMF lending toolkit should advise against cutting spending on climate resilience, which leaves countries unprepared for intensifying climate impacts. Rather, the toolkit should promote creative ways of embedding climate resilience through existing and new development opportunities.
8. **Debt Sustainability Analysis (DSA):** The IMF and World Bank's DSAs shape access to finance but overlook the transformative benefits of risk-informed resilience investments and natural capital. By fully integrating these investments, natural capital

valuation, and shocks from climate risks, we can reveal the true financing mix—ranging from restructuring to credit enhancements—needed for sustainable debt. Concessional capital needs and strategic debt relief, now hidden in technical details of current DSAs, must be brought to the fore as central to debt sustainability. These enhanced DSAs that incorporate climate and nature-related investment needs and risks should form the basis for restructuring. We assert that debt relief must be directly commensurate with the investments required to achieve the Sustainable Development Goals, national commitments under the Paris Agreement, and national strategies and plans.

9. **Debt Restructuring:** The latest World Bank International Debt Statistics reports that external debt servicing costs for V20 members surged to US\$120 billion in 2024, which more than doubles the 2018 level. Eleven of our members spent more than 25% of their revenue on debt payments, up from just four members in 2018. The IMF and World Bank have also identified nineteen V20 members as either high-risk or already in debt distress. Private lenders have extracted more in debt service than they have provided in new financing, deepening this financial strain in affected countries. This is not merely a liquidity challenge, but a solvency crisis; yet the G20's Common Framework has failed to deliver any new relief. We look forward to the G20 and the Fourth International Conference on Financing for Development, informed by the UN Secretary-General's Group of Experts on the debt crisis, to improve the Common Framework to also recognize that, without concessional capital and comprehensive debt restructuring, highly indebted and climate-vulnerable countries will remain trapped in financial distress, unable to invest in essential priorities such as education, health, infrastructure, and climate resilience, and with heightened levels of suffering for their citizens.
10. **Debt Relief:** Decisive action needs to be taken in advancing comprehensive debt relief for vulnerable countries facing mounting economic pressures, climate shocks, and shortfalls in development financing. As key stakeholders in the global financial system, there is a responsibility to strengthen debt relief mechanisms by enhancing concessional financing, promoting debt-for-nature and debt-for-climate swaps (that are not onerous and costly), and supporting the use of state-contingent debt instruments (that accommodate climate risks) which provide fiscal relief during crises. To expedite restructuring processes, we call for an automatic, two-year standstill on debt service payments, with no accumulation of arrears, for swift and timely restructuring. We emphasize our call for a guarantee facility that can provide credit enhancements to new bonds in exchange for deep haircuts to encourage private creditor participation. Given the importance of multilateral creditors for the V20, we call for a replenishment of the Debt Relief Trust Fund which can enable participation without posing any risk to the credit ratings of multilateral development banks and the replenishment of the IMF's Catastrophe Containment and Relief Trust.

CONCLUSION

It is important to re-energize leadership around the World Bank and IMF where regaining momentum and recovering opportunities to support climate-vulnerable countries will require revisiting size and lending capacity, as well as administrative efficiency, improving fairness (especially at the IMF), more inclusive discussions at the Board levels, and more organized (and explicit instruments) for tackling debt, climate-fueled disasters, and global public goods. Otherwise, the relevance of the World Bank and the IMF will continue to erode. Clearly, there is an opportunity for middle powers to step up and provide leadership towards the delivery of climate, development, and nature outcomes.

As we prepare for the Fourth International Conference on Financing for Development in June 2025, and COP30 in November 2025, we seek the robust support of the international community, leveraging the momentum around transformational shifts through the work undertaken by the Climate and Development Ministerials to date. Such efforts are poised to expedite key decisions on the international financial architecture reform agenda. Siloed efforts will not provide the synergy needed to advance this agenda - the whole is greater than the sum of its parts.

Talk is cheap. The cost of inaction is counted in lives and livelihoods and is far greater than the price of investment, and despite this, the world still hesitates. Hesitation has never been a winning strategy. It is time for decisive, collective action that transforms challenges into opportunities, restructures our financial systems for real impact, and secures a resilient future for all! In view of the multiple and mounting climate-related crises across the globe and their escalating costs, only urgent collective action can address the needs of nations, particularly climate-vulnerable ones.

ANNEX 1: A COLLECTIVE CALL FOR THE FOURTH INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT (FfD4)

FfD4 must lay the groundwork for deep, systemic reforms. We present the convergence of the Bridgetown Initiative and V20 agenda, including Accra-to-Marrakech, which coined the “Resilience Effect,” laying out 10 “super levers” to unlock \$210 billion annually by 2030. Recognizing the common but differentiated arenas of each grouping, we call on BRICS, G7, G20, and G77+China to support the following:

- **Country Platforms:** Advance country-led platforms by aligning support with multi-year, country-driven plans. Strengthen and expand existing programmatic efforts, and use innovative finance tools to help scale up investments in climate and development action. This approach creates lasting partnerships, ensures finance responds directly to national priorities, and ultimately aims to deliver more effective, sustained impact for their people and the planet.
- **G20 Common Framework for Debt Treatment:** This mechanism must be reformed urgently to ensure faster, more transparent, and more equitable debt restructuring with full engagement from private creditors and multilateral development banks.
- **Debt Data Transparency and Responsible Lending and Borrowing:** Greater coordination is needed to improve debt data transparency and guidelines to promote responsible sovereign borrowing and lending.
- **Voice and Representation:** In support of Action 48 of the *Pact for the Future* “to strengthen the voice and representation of developing countries”, we call for the official recognition of the CVF-V20 as a key intergovernmental group within the IMF and World Bank, ensuring our unique challenges and practical solutions guide global policymaking, and for the CVF-V20 to be recognized as an observer in the United Nations.
- **Global Financial Safety Net:** We urge the IMF to strengthen the global financial safety net by exploring all options to help developing countries respond to shocks, including timely SDR issuances, voluntary rechanneling, and a review of its surcharge policy. We stress the importance of concessional resources, especially for climate-vulnerable economies, and call for a replenishment of the Catastrophe Containment and Relief Trust through member contributions and gold sales.
- **De-risking Mechanisms at Scale:** The cost of capital remains prohibitively high for climate investments in vulnerable economies, deterring private actors. While blended finance solutions exist, they are piecemeal and inefficient. A systemic, large-scale de-risking toolkit is needed to absorb early-stage risks and enable long-term, scalable financing.
- **Fair Cost of Capital:** Private sector finance is constrained by skewed risk perceptions and outdated sovereign credit ratings that fail to account for the benefits of climate resilience investments. Multilateral institutions and rating agencies must integrate climate resilience metrics into sovereign assessments to ensure capital flows where they are needed most. Moreover, it is important to note that the Basel framework discourages long-term, climate-resilient investments by treating them as high-risk. Therefore adjusting capital adequacy rules will be important to lower capital costs and boost private investment flows into sustainable infrastructure.

- **Leadership in Debt Solutions:** Now is the time for bold, coordinated leadership to prevent escalating debt crises, protect global financial security, and create a more resilient and fair international financial system that supports sustainable development for all, and that recognizes the unique national context of climate-vulnerable countries.
- **Carbon Markets That Deliver:** Voluntary and compliance carbon markets hold potential, but they require predictability and integrity for improved price discovery and to attract private capital. The private sector needs clear market signals, clear methodologies, and robust pricing mechanisms to confidently invest.
- **Regulatory Certainty and Policy Alignment:** Governments, including those in fragile and conflict-affected situations, must be equipped and resourced to translate climate commitments into bankable and investment-grade opportunities with policy certainty, shifting capital by phasing out harmful subsidies and phasing in domestic renewable energy wealth, and providing stable regulatory environments that attract long-term investment. Establishing transition taxonomies, green procurement policies, and enforceable climate disclosure frameworks presents a key opportunity to unlock greater private sector participation in climate-aligned investments.
- **Scale Local Currency Solutions:** Currency volatility deters long-term investors. Expanding local currency lending and hedging mechanisms can make climate projects more attractive to private equity and institutional investors.
- **Multilateral Trading System:** The multilateral trading system is a key driver of economic growth and sustainable development and has been critical to the productivity of many developing economies, however, it is undergoing a stress test. We need a fair and inclusive global trade system that gives all countries—especially developing ones—the space to invest in sustainable development. Many low-income and vulnerable nations struggle to integrate into global markets due to weak infrastructure and limited trade capacity. We call for concrete action to help them build stronger value chains, including in commodities and critical minerals, while ensuring trade policies support sustainability and green practices.
- **Trade Agreements:** Ensure that trade agreements align with sustainable development goals, incorporating environmental and social protections.
- **Rechanneling Special Drawing Rights (SDRs):** Redirecting \$100 billion from G20 countries' IMF SDRs to deliver concessional finance for CVF-V20 nations' needs.
- **Implementing Solidarity Levies:** Solidarity levies from high-polluting sectors, such as shipping and aviation, to generate \$50-100 billion annually of predictable resources for climate finance.
- **Shifting Capital such as Harmful Subsidies:** Shifting capital from the financial underperformance of fossil fuels and declining economic contributions from fossil fuels by redirecting fossil fuel subsidies toward climate- and nature-positive investments and clean energy.
- **ODA-plus:** Avoiding the conflation of development and climate finance is fundamental to durable outcomes. Without clarity in the distinction, we risk collapsing both into a single, insufficient pool at a time when ODA versus non-ODA transparency has yet to deliver policy precision and required scale. We therefore call for an “ODA-plus” approach—one that ensures climate and biodiversity finance are sufficiently

mobilized to address escalating physical and transition risks while protecting and enabling development outcomes.

Each of these items represents steps toward a healthier global economy, a livable planet, common prosperity, and trust-building so crucial to today's increasingly polarized international politics. It is hard to believe no champions from BRICS, G7, G20, and G77 are ready to rise to the occasion.

ANNEX 2: BAKU TO BELÉM ROADMAP TO 1.3T TO COP30 AND BELÉM HEALTH ACTION PLAN

COP30 must explicitly consider the needs of the most climate-vulnerable, recognizing that climate vulnerability is less about geography than it is about capacity - this is a socio-economic category above all else, and an effective solution calls for collective, albeit equal but differentiated responsibility.

Specifically, it includes:

- **Disproportionate Impacts:** Climate-vulnerable nations bear the brunt of climate change, with impacts far outweighing their contributions to global emissions.
- **Economic Strain:** High cost of capital, lack of access to pre-arranged financing, unsustainable debt burdens, and limited fiscal space make it nearly impossible to invest in resilience or recovery.
- **Technology Access Gap:** Without equitable access to technologies, resilience, and economic transformation remain out of reach.
- **Interrupted Recovery:** Prolonged recovery times are a direct result of repeated climate disasters, creating a cycle of crisis rather than progress.
- **Systemic Barrier:** The current state of access and financing perpetuates inequality, blocking the pathway to economic transformation and climate prosperity.
- **Scientific:** Lack of capacity and data gaps on hazards, exposures, and vulnerability.

Resilience comes with capacity and finance. We call on the COP30 Presidency to work with the CVF-V20 in forging a successful roadmap and health action plan that places at its center:

- **Adaptation and Loss and Damage:** Explicitly include adaptation, through the Adaptation Goal as part of the roadmap, and loss and damage measures as critical pillars. This ensures that, alongside mitigation, our urgent need for adaptive capacity and effective responses to loss and damage is addressed, securing our economies and communities against future shocks.
- **Bigger MDBs:** Multilateral development banks need injections of fresh capital to ensure they can provide long-term, low-cost finance at the scale required, even more so than they have already committed to do. We call on the MDBs to conduct resource needs reviews as recommended by the G20 Roadmap towards Better, Bigger and More Effective MDBs to ensure that the banks can support shareholder objectives and global challenges.
- **Concessional Capital and Non-Debt Creating Instruments:** The high cost of capital remains a major barrier for many developing countries, limiting their ability to invest in climate action and other development goals. We call on the COP 30 Presidency to make this a priority by advancing solutions that provide finance at concessional rates, grants, and non-debt-creating instruments. Expanding access to equity, low-cost convertible loans, first-loss capital, guarantees, and debt-for-climate swaps will be critical in ensuring that climate investments are both affordable and sustainable for vulnerable nations.

- **Debt Solutions:** Debt solutions must be a part of the conversation; fiscal space needs to be liberated, for which an effective debt solution architecture is essential.
- **Rechanneling SDRs:** A new commitment to rechannel Special Drawing Rights that have already been issued and improve efficiency of rechanneling to maximize impact.
- **Empowering Country Platforms:** Support for country-led platforms so that CVF-V20 member states, for example, can implement Climate Prosperity financing and investment strategies which contain growth-guided climate and development investments where climate finance providers can collaborate more closely with vulnerable countries to transition to programmatic approaches (holistic programs of action) that are dynamic, anticipatory and responsive to needs. Part of this includes human capital support as requested by the government, project preparation support, early-stage capital, first loss and guarantees, building the evidence base and analytical access, and strengthening our national institutions, national development banks, and private sector participation. This includes supporting robust coordination mechanisms across government and critical stakeholders as well as policy and regulatory reforms to create an enabling environment for green investments—reducing risk, offering incentives, and streamlining processes for sustainable infrastructure and services.
- **Unlocking Private Capital:** Unlocking additional capital is central to the climate puzzle. Private credit represents a \$40 trillion market—most of which is investment grade. Non-traded, or “private,” corporate and consumer credit is held on the balance sheets of banks, insurers, asset managers, pensions, and many other institutional investors. With the right reforms and mobilization strategies, this vast pool of capital can be tapped to complement our climate finance efforts and drive green growth.
- **Elevating Health:** Strengthening healthcare systems to withstand climate shocks is critical, including the need to build trauma centers closer to where disasters happen, expanding disease surveillance, management and control, mental health support, and ensuring access to essential health services such as dealing with heat stress.

ANNEX 3: TOWARDS RESILIENT AND PROSPEROUS FUTURES

A flagship initiative of the CVF-V20, Climate Prosperity Plans (CPPs) represent a transformative path forward, positioning climate-vulnerable nations as investment hubs for the future. CPPs aim to mobilize resources and foster collective action by encouraging sharing of best practices and collaborative innovation alongside traditional funding channels. The CPPs aim to mobilize resources and foster collective action by encouraging best practice sharing and collaborative innovation, alongside traditional funding channels.

We call on philanthropies, the Green Climate Fund, dedicated BRICS, G7, G20, donors, and the multilateral system to lend their support on the following:

Green Economic Transformation

- Focus on growth-guided climate and development investments, technology transfer and new jobs generation, while lowering climate fiscal risk.
- Utilize the Green Economic-Climate Prosperity Macroeconomic model that integrates climate and nature to provide sector guidance and incentivize investments that protect natural capital and increase resilience rather than allowing the continued destruction of nature for short-term profit. This includes investments in nature-based solutions such as reforestation, wetland restoration, and coastal ecosystem protection which helps countries meet their climate and development targets more cost-effectively while strengthening climate resilience and enhancing local community livelihoods.
- Scale up project pipelines—prioritizing investments that move beyond feasibility studies into bankable execution, and towards investment-grade assets.
- Develop green economic development zones (GEZs) that are net zero compatible and climate resilient in order to: (i) support an export-oriented focus to boost trade and competitiveness, and to realize the co-benefit and ability of competitive exports to substitute imports; (ii) co-design robust policies to attract both foreign and domestic investment; and (iii) map supply chain and value chain expansion, enabling implementation of green industrial policy and targeted financing.

Innovative Climate Finance and Private Capital Mobilization

- Unlock new types of capital through lower transaction costs, faster flows, and more responsive financing solutions, including leveraging carbon finance and ensuring policy coherence. This includes scaling and standardizing carbon markets by implementing high-integrity carbon pricing in ways that help protect and enhance nature with a robust Article 6 mechanism and G20 countries purchasing international credits to raise carbon market funds for vulnerable countries. It could also consider designs such as the proposed CALI Fund, which channels contributions from biodiversity-benefiting sectors into conservation and benefit-sharing initiatives.

- Build and accelerate capacity for local financial markets into national investment plans, strengthen National Development Banks to mobilize domestic private capital, and drive sustainable development.
- Strengthen the regulatory environment through green taxonomies and policy reforms that make sustainable investments the norm.
- Empower national institutions and micro, small, and medium enterprises with early-stage capital support and first-loss guarantees, which are the backbone of economic resilience.
- Establish private capital mobilization mandates for multilateral development banks (MDBs) which in turn enables MDBs to scale their role as catalysts for large-scale private investment.
- Co-develop innovative financing solutions—including fair access to carbon markets, debt-for-climate swaps, payments for adaptation benefits, and leveraging capital markets across borders.
- Reform capital adequacy requirements in banking regulations (like Basel III), which could lower the cost of capital for clean infrastructure projects in emerging markets, reducing a major barrier to investment.

Climate Risk Management and Insurance Solutions

- Develop robust climate and disaster risk financing and insurance solutions, such as through the G7-V20 Global Shield against Climate Risks, provide rapid liquidity in the direct aftermath of crises, protecting communities, reducing recovery time, and reducing poverty. Sustained long-term financial support from public and private sources is essential to expand the reach of Global Shield and other insurance solutions. This means working towards a more substantial alignment of donors, the private sector, and public-private partnerships to reduce fragmentation and advance the implementation of scalable and impactful insurance solutions.
- Increase affordability and uptake of sovereign disaster insurance by subsidizing premiums, scaling risk pools, reducing basis risk, and ensuring cost-effective pre-arranged financial products are available. Innovative solutions, such as first-loss guarantees backed by vertical funds like the Green Climate Fund, could significantly reduce costs and thereby catalyze the uptake of pre-arranged instruments.
- Develop an enabling environment for a robust insurance sector along with a well-designed and digital fund transfer system. For example, the V20 Sustainable Insurance Facility (SIF) supports the implementation of replicable, low-cost technical infrastructure in local banks and microfinance institutions, providing micro, small, and medium-sized enterprises (MSMEs) with practical liquidity options to manage their growing exposure to climate risk.