April 2026

DEBT AND CLIMATE WORKING GROUP CONTRIBUTION TO THE WORK PROGRAMME ON CLIMATE FINANCE, INCLUDING ON ARTICLE 9, PARAGRAPH 1, OF THE PARIS AGREEMENT IN THE CONTEXT OF ARTICLE 9 OF THE PARIS AGREEMENT AS A WHOLE

A. What are your overall expectations for the climate finance work programme? What concrete outputs and outcomes should the climate finance work programme deliver?

Expectations

The main goal of the work programme on climate finance should be to provide more clarity on the NCQG decision and options for potential action to advance its implementation in particular with regard to:

- The public provision component of the US$300 billion goal and its relationship with Article 9 (and more specifically Article 9.1), ensuring delivery does not add to debt levels
- Enhancing adequacy and ensuring better transparency, accountability, and predictability of climate finance provided, including related to qualitative aspects such as grant vs. loan
- Centering financial needs of Global South countries, recognising that, as the UNFCCC is setting new targets without yet resolving how to finance and support their delivery and therefore making the work program a useful interim step toward more structured financial planning

Outcomes and outputs: Outputs of the work programme should include synthesis of submissions and annual reports (including co-chair synthesis) as well as draft guidance on how to carry forward the main recommendations from the Work Program to inform next steps on climate finance, including NCQG implementation (in particular related to the first collective NCQG progress report in 2028 and GST-2).

B. What are the thematic pillars of the climate finance work programme and the related subtopics that we should address within each pillar?

[1] Pathways for public, non-debt creating climate finance provision

This should include:

- Pathways to deliver the $300bn NCQG goal in a manner that is responsive to country needs and does not exacerbate existing debt vulnerabilities in Global South countries.
- Assessment of finance needs associated with agreed global ambitions, including tripling of adaptation finance, tripling renewable energy finance, implementing para. 16, NDC financing, and support loss and damage etc. Recognising that current targets are not yet matched by clearly defined financing pathways. This work programme can serve as an

interim step toward more structured and predictable financial planning, including consideration of the implications of financing gaps, which may require countries - particularly those with constrained fiscal space - to rely more on debt-creating finance to meet agreed objectives.

- The role of grants in the delivery of climate action across mitigation, adaptation, loss and damage and Just Transition priorities, especially in avoiding adding to debt levels
- Improved clarity and consistency in the definition and application of concessionality, including consideration of how concessional terms are assessed (e.g. grant equivalence, maturity, interest rates) to help ensure finance is genuinely concessional and does not contribute to debt vulnerabilities.
- Assessment of the impacts of loan-based climate finance on debt sustainability, including:
    - Lending from multilateral development banks, including the impacts of the conditions many of these include
    - Private sector lending, including the effects of higher borrowing costs and shorter maturities
- Exploring if / how loans-based finance aligns with the principle of Common But Differentiated Responsibilities (CBDR)
- How a diversification of climate finance sources, where these are primarily loan-based, can make debt restructuring or cancellation more complex and harder to coordinate.
- Evidence of the impacts of finance mechanisms such as debt swaps, blended finance and other private sector finance initiatives on lower-income countries, including on debt levels
- Clarification of methodologies for reporting mobilised private finance, to improve transparency, including how debt-creating finance is accounted for and reported.
- Identification of barriers to accessing climate finance, and options to address these, particularly for countries with high debt burdens, including how access barriers may increase reliance on borrowing.

[2] Understanding the broader economic context for successful climate finance implementation

Considering the broader macroeconomic context is necessary to ensure that climate finance delivers intended outcomes, especially given that factors like debt distress can significantly constrain fiscal space and undermine the effectiveness of climate finance.

This should include:

- Recognition that unsustainable debt, and inadequate debt relief processes, act as a barrier to climate action in Global South countries. This includes high debt payments limiting fiscal space to spend on key priorities, the potential necessity of using new loans to meet existing debt payments, and austerity-based conditions attached to loans.
- Assessment of the extent to which inadequate levels of, and/or loan-based climate finance, may exacerbate existing debt vulnerabilities, particularly in countries already at high risk of or experiencing debt distress

C. **How should the climate finance work programme be organized to ensure that the format is inclusive, balanced, and technically robust, while addressing climate finance comprehensively and delivering outcomes that are actionable and meaningful?**

Organisation

Inclusive participation modalities for civil society

- In-person and virtual participation on equal footing for CSOs and Parties, recognizing in particular the participation of indigenous peoples and traditional communities.
- Facilitator roles should be formally granted to observers. They should support the Secretariat in preparing the final report by submitting session write-ups. This ensures their contributions are reflected in the written outcomes, thereby enhancing both transparency and inclusivity.
- Opportunity for observers to contribute formally to the dialogues as speakers and to propose external/technical experts for the sessions
- Continued opportunity for additional submissions in the lead up to dialogues based on guiding questions

Format: Hybrid, enabling both in-person and virtual participation, with webcasts to ensure broad access. Sufficient time should be dedicated to report back on the outcomes of the discussions identified, and for open discussion among all participants to exchange views on the options.

The Debt and Climate Working Group brings together civil society organisations, activists, movements, and academics working on the links between the debt and climate crises to strengthen collaboration across debt and climate justice movements.

***Contact**: tess@debtjustice.org.uk*