



Republic of Vanuatu

Submission of the Republic of Vanuatu on the Two -Year Work Programme on Climate Finance, including Article 9, paragraph 1, of the Paris Agreement

Sent via e-mail to climatefinance@unfccc.int on 27 April 2026

This submission responds to the call for submissions by the co-chairs of the two-year 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, as established at CMA 7 in Belém, Brazil. It complements Vanuatu's previous submissions on the Baku to Belém Roadmap to 1.3T and reflects Vanuatu's core position that the work programme must clarify and operationalise developed country Parties' obligations under Article 9, paragraph 1, while delivering practical recommendations to increase scale, predictability, grant-equivalence, accessibility and accountability of climate finance to Small Island Developing States (SIDS) and other climate vulnerable developing countries.

(a) What are your overall expectations for the climate finance work programme? What concrete outputs and outcomes should the climate finance work programme deliver?

Vanuatu expects the work programme to serve as a structured, action-oriented process that advances the full and effective implementation of Article 9 of the Paris Agreement, consistent with the principles of common but differentiated responsibilities and respective capabilities (CBDR-RC) and equity. It should not merely be a forum for dialogue but rather produce concrete, operationally relevant outputs that demonstrably improve the provision, mobilisation, accessibility, and predictability of climate finance for developing countries, with particular attention to the needs and special circumstances of SIDS and least developed countries (LDCs).

Vanuatu considers that the work programme should deliver the following concrete outputs and outcomes:

1. **Agree on a common grant-equivalent methodology** for tracking and reporting climate finance flows, ensuring that non-concessional loans, equity instruments, and guarantees are not counted at face value alongside grants. This is essential for transparency and accountability under Article 9, paragraphs 5 and 7, and for enabling a credible assessment of progress toward the New Collective Quantified Goal (NCQG).
2. **Establish sub-goals and indicative allocation benchmarks** for adaptation finance, loss and damage response finance, and finance for SIDS and LDCs, including interim floors

and annual milestones measured in grant-equivalent terms that can be reviewed at successive CMA sessions.

3. **Develop recommendations for strengthening direct access modalities**, including simplified and expedited accreditation processes for national and sub-national entities, mutual recognition of safeguards, devolution of decision-making to country and sub-national entities, and recognition of non-traditional institutional arrangements such as community-based and customary governance structures that are particularly relevant in the Pacific context.
4. **Establish an accountability framework** comprising enhanced reporting obligations under Article 9, paragraph 5, with clear, standardised indicators for developed country Parties, and a mechanism for periodic assessment of adequacy and responsiveness of finance flows against the needs articulated in developing countries' Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and national climate strategies.
5. **Provide actionable guidance to the operating entities** of the Financial Mechanism on programming priorities, access modalities, allocation policies, and service level standards (e.g., time to first disbursement, maximum due diligence cycles, fee caps) that reflect the outcomes of the work programme.
6. **Adopt a substantive CMA decision** at the conclusion of the two-year programme that consolidates agreed outcomes and establishes a clear pathway for the ongoing implementation of Article 9, paragraph 1, obligations in the context of the NCQG and the global stocktake cycle.

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

Vanuatu proposes that the work programme be organised around the following thematic pillars, each of which corresponds to a critical dimension of the effective implementation of Article 9:

Pillar 1: Adequacy, scale, and predictability of climate finance

This pillar should address the quantum of finance required to meet the needs of developing countries, with reference to the NCQG target and the obligations of developed country Parties under Article 9, paragraph 1. Subtopics should include methodologies for needs-based assessments at the national and regional level, pathways for scaling public finance from developed countries (including through fiscal and budgetary commitments), the role of innovative sources of finance (including solidarity levies on aviation, shipping, fossil fuel extraction, and financial transactions consistent with the polluter-pays principle), and mechanisms for ensuring multi-year predictability of finance flows.

Pillar 2: Access, equity, and effectiveness

Access to climate finance remains a persistent and acute challenge for SIDS. Vanuatu's experience demonstrates that transaction costs, lengthy accreditation processes, and onerous fiduciary requirements disproportionately burden small and capacity constrained countries. This pillar should examine reform of access modalities across all climate funds, direct access and enhanced direct access through national entities and community-level institutions, devolution of

programming authority and decision-making to recipient countries, country platforms and programmatic approaches that reduce fragmentation, and equity in allocation (including explicit floors for SIDS and LDCs in fund programming).

Pillar 3: Adaptation finance

The CMA 7 outcome called for tripling adaptation finance by 2035. This pillar should develop a concrete roadmap for achieving that target. Grant-based adaptation finance should be established as the default modality for SIDS, given the non-revenue-generating nature of adaptation investments and existing debt vulnerabilities. The pillar should also address dedicated adaptation delivery plans at the national and regional level, the integration of adaptation finance with national development planning including NAPs, and the role of regional approaches and institutions such as the Pacific Resilience Facility in channelling adaptation finance effectively. Performance and learning systems that support adaptive management and south–south exchange should also be considered.

Pillar 4: Loss and damage finance

The operationalisation of the Fund for Responding to Loss and Damage (FRLD) and the Santiago Network represents a critical advance, but initial capitalisation levels remain far below assessed needs. This pillar should address the development of a multi-year replenishment pathway for the FRLD with ambitious targets, maintaining the minimum 50 per cent allocation floor for SIDS and LDCs. It should also examine the scope and modalities of loss and damage finance beyond the FRLD, including insurance mechanisms, social protection instruments, and pre-arranged contingency finance. Additionally, the pillar should consider support for national loss and damage response mechanisms, including innovative, transparent and low-cost disbursement modalities, including digitally enabled direct transfers to affected communities where appropriate.

Pillar 5: Concessionality, debt sustainability, and fiscal space

Climate finance must not exacerbate the debt vulnerabilities of SIDS and other climate vulnerable developing countries. This pillar should address the primacy of grants and highly concessional instruments for SIDS and LDCs, and the exclusion of non-concessional sovereign lending from climate finance accounting. It should also examine debt-for-climate swaps, climate resilient debt clauses, and natural disaster clauses in sovereign lending, as well as the re-channelling of Special Drawing Rights (SDRs) through multilateral development banks (MDBs) for climate action. Reform of international financial architecture, including MDB capital adequacy frameworks, to expand concessional lending capacity without raising debt risks for SIDS should also be addressed.

Pillar 6: Transparency, accountability, and the Article 9.5 framework

Robust transparency arrangements are foundational to trust and accountability. This pillar should consider enhanced ex ante reporting by developed countries on projected climate finance provision, aligned with the updated biennial communications framework adopted at CMA 7. It should also address standardised methodologies for reporting on grant-equivalent value, independent verification and assessment mechanisms, and how the work programme's outputs can feed into the second global stocktake process and successive NDC cycles.

Pillar 7: Safeguarding Article 9.1 obligations in relation to Article 2.1(c)

Article 2, paragraph 1(c), of the Paris Agreement calls for making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. The Veredas Dialogue, established at CMA 7 as a successor to the Sharm el-Sheikh Dialogue, provides a separate process for deliberations on the scope and implementation of Article 2.1(c) and its complementarity with Article 9. Vanuatu notes that Parties remain deeply divided on the interpretation of Article 2.1(c) and its scope. This work programme must therefore establish clear safeguards to ensure that discussions on Article 2.1(c) are not used to broaden the definition of climate finance in ways that dilute or substitute for the provision obligations of developed country Parties under Article 9, paragraph 1. In particular, the counting of regulatory shifts, private finance alignment, or enabling environment measures should not be permitted to offset or displace the obligation to provide new and additional public financial resources to developing countries.

(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?

- 1. Two-phase structure:** The work programme should be organised in two phases. The first year (2026) should focus on scoping, evidence gathering, and technical exchange under each thematic pillar. The second year (2027) should focus on consolidation of findings, development of draft recommendations, and negotiation of outcomes for adoption at CMA 9. Each phase should include at least two in-session workshops or technical expert dialogues, supplemented by intersessional work. A clear workplan with milestones, deliverables, and timelines should be agreed at the earliest opportunity.
- 2. Inclusive and equitable participation:** The modalities must ensure the full, effective, and equitable participation of SIDS and LDC Parties, whose capacity constraints and small delegation sizes often limit meaningful engagement in multiple parallel processes. Sessions should be scheduled to avoid overlap with other finance-related agenda items. Dedicated funding should be made available through the Trust Fund for Participation to support SIDS and LDC delegates. Virtual participation options should be provided for intersessional activities, and regional preparatory consultations should be supported, including through collaboration with regional bodies such as the Pacific Islands Forum Secretariat (PIFS) and the Secretariat of the Pacific Regional Environment Programme (SPREP).
- 3. Engagement of experts and stakeholders:** The work programme should draw on expertise from the Standing Committee on Finance, the operating entities of the Financial Mechanism, multilateral development banks, the Independent High-Level Expert Group on Climate Finance, the private sector, civil society, academia, and representatives of communities and Indigenous Peoples directly affected by climate change. Technical papers commissioned by the secretariat on key topics under each pillar would provide a valuable evidence base.

4. **Coherence with related processes:** The co-chairs should establish clear mechanisms for ensuring complementarity between this work programme and related processes, including the Baku to Belém Roadmap to 1.3T, the Veredas Dialogue on Article 2.1(c), the NCQG high-level ministerial roundtable, the work of the Standing Committee on Finance, the second global stocktake, and guidance to the operating entities, to avoid duplication and maximise coherence.
5. **Substantive outcome:** The work programme should conclude with a substantive CMA decision at CMA 9 that reflects agreed outcomes on each thematic pillar, provides actionable guidance to the operating entities, and establishes a framework for the ongoing implementation and review of Article 9 obligations, with provisions for follow-up that ensure progressive enhancement of climate finance provision in line with the scale and urgency of the climate crisis.

Vanuatu reaffirms that the credibility of the Paris Agreement rests in significant part on the willingness of the international community to translate financial commitments into accessible, adequate, predictable, and grant-based flows of resources to the most vulnerable. The International Court of Justice's Advisory Opinion on the obligations of States in respect of climate change further underscores the importance of implementing climate finance obligations in good faith, consistent with equity and the best available science. Vanuatu stands ready to engage constructively in this work programme and calls upon all Parties to approach these deliberations with the ambition, urgency and accountability that the climate crisis demands.