

ANNEX A: VULNERABILITY TO VIABILITY (V2V) COMPACT

A joint initiative between the V20 Group and Partner Institutions

Launched in Vienna on 23 June 2026

PREAMBLE

- i. We, the Member States of the CVF-V20 and Development Finance Institutions, united under the Vulnerability to Viability (V2V) Compact gathering in Vienna on 23 June 2026, recognize the scale of compounding vulnerability and the widening financing gap confronting the countries of the V20 Group. The Vulnerability to Viability (V2V) Compact is a shared-principles partnership between the CVF-V20 and Development Finance Institutions to turn vulnerability into viability – improving the flow, affordability, predictability, and effectiveness of development finance for Water, Education, and Health.*
- ii. We recognize that recent global shocks—including the economic spillovers associated with ongoing conflicts, pandemics, and increasingly more severe and more frequent extreme weather events as well as slow-onset events—have cumulatively intensified fiscal pressures, energy insecurity, inflationary risks, and development financing gaps across V20 nations. Underlying these pressures is sovereign risk pricing that affects the cost of capital for climate-vulnerable economies and accordingly constrains investment despite strong underlying development and resilience needs. As climate-related shocks and rising debt vulnerabilities continue to constrain access to affordable finance, we underscore the importance of strengthening financial resilience and ensuring the continuity of essential services during and after crises, including through more coordinated policy and operational approaches to advance shock-responsive instruments.*
- iii. We affirm our shared intent to turn **vulnerability into viability** in V20 countries—protecting lives, livelihoods, and nature —through stronger cooperation that improves the flow, affordability, and effectiveness of sustainable development finance.*
- iv. We acknowledge existing initiatives and reforms across development and climate finance, and we commit to build on what works, prioritize country context, strengthen coordination, and avoid duplication.*
- v. We recognize that the effectiveness of our collective response depends not only on the volume of finance, but also on its terms, coherence, and delivery through country-led systems that can withstand shocks and sustain essential services.*
- vi. We commit to the V2V Compact, which sets out shared principles of cooperation between Development Finance Institutions and the 74 member economies of the V20, focused on three critical cross-cutting sectors to boost resilience: Water, Education, and Health. We also agree to work together on a White Paper that captures practical mechanisms, implementation opportunities, and potential targets for discussion, subject to respective institutional requirements and provisions. Water, health, and education are the bedrock of human security, long-lived assets that serve over 50 years, universal across all CVF-V20 economies, and inter-generational in their returns; yet they are routinely financed on 10–20-year debt.*

A. PILLARS OF COOPERATION

Action Pillar 1: Scaling Concessionality

1. We commit to strengthening the affordability, accessibility, predictability, and suitability of finance for V20 priorities in Water, Education, and Health, recognizing that quality and effective deployment of financing are critical for delivery and impact. We further recognize that affordability must be benchmarked against a country's debt-carrying capacity and the long-term requirement of Water, Education, and Health assets.
2. We commit to using concessional resources strategically and catalytically -- individually and collectively -- to mobilize additional public and private capital, derisk investment opportunities, and improve affordability to accelerate implementation in the Focus Areas.
3. We commit to expanding support for project preparation, technical assistance, and pipeline development and institutional readiness through concessional and grant-based resources to accelerate the preparation of investment-ready and bankable projects in V20 economies, aligned with country priorities as per Action Pillar 3.
4. We seek to strengthen coordination and coherence especially among DFIs, including through co-financing, blended finance, project preparation support, and other collaborative mechanisms to reduce transaction costs for V20 countries.
5. We will work toward greater transparency of terms, including pricing, tenor, and grace periods, to enable countries to plan with predictability and to support a joint concessionality benchmark across Members over time.
6. We will pursue these principles while recognizing differentiated institutional mandates and financing terms, and while still remaining mindful of country context and debt sustainability considerations.

Action Pillar 2: Mobilizing Private Capital

7. We strive to catalyze greater private capital in support of Water, Education, and Health, using appropriate risk-sharing instruments, blended finance approaches (including philanthropic capital), viability gap support, guarantees, and other catalytic mechanisms that improve bankability and mobilize additional private capital.
8. We will support the development of a robust project pipeline as well as enabling environments through coordinated upstream support, including policy and regulatory reforms, project preparation facilities, transaction advisory support, and stronger PPP frameworks that help translate national priorities into investable and scalable programs.
9. We will promote practical, scalable platform approaches and partnerships that can crowd in additional resources, facilitate replication of successful financing structures, and strengthen development impact across V20 countries, including through collaboration with MDBs, DFIs, and philanthropic organizations, using existing mechanisms such as the *DFI Working Group on Blended Concessional Finance for Private Sector Projects*, among others.
10. We will encourage the use of financing and risk mitigation instruments suited to V20 context, including blended finance, subordinated or first-loss structures, political risk mitigation instruments, local currency financing solutions, and other mechanisms

that can reduce perceived risks, improve bankability, and enhance access to private capital.

Action Pillar 3: Strengthening Country Ownership

11. We commit to aligning finance and delivery with country-led priorities and national strategies for Water, Education, and Health, through Country Partnership Frameworks and Climate Prosperity Plans, where applicable.
12. We will support the strengthening of local financing ecosystems and domestic intermediaries, including national development banks and local commercial intermediaries, including through policy-based support designed to build project development, origination, and structuring capability within country-owned institutions, and expand direct access modalities where feasible, enabling countries to retain ownership of implementation while building sustainable domestic institutional capacity over time.
13. We will advocate for country-led delivery and pipeline development and institutional readiness through coordinated project preparation, technical assistance, and institutional strengthening that reinforces national systems and implementation capability. We support direct partnerships, direct access, and mutual accountability, where feasible and appropriate, supporting the establishment and strengthening of national delivery units through national strategies and Climate Prosperity Plans, country platforms, while maintaining appropriate fiduciary standards, and where appropriate shifting from external intermediaries toward locally led and owned models that retain value creation and institutional knowledge in V20 economies.
14. We aim to reduce duplication and transaction costs through stronger coherence and coordination among Members, including by exploring practical coordination modalities—such as pooled project preparation support—that accelerate country-owned pipelines.

Action Pillar 4: Advancing Shock-Responsive Instruments

15. We will promote more timely, predictable, and flexible shock-response support so that V20 countries can sustain essential services and continue investing in Water, Education, and Health sectors during crises, including through the exploration of innovative de-risking and risk-sharing instruments that can mobilize private capital, provide rapid liquidity following fiscal shocks, and support economic stabilization and recovery.
16. We aim to protect fiscal space and safeguard development gains during shocks by better connecting emergency response with longer-term development finance, including, where feasible, through the timely mobilization of concessional resources with longer maturities and lower costs for countries with limited fiscal buffers, so that investment in resilience, social protection, and essential public services can be sustained during periods of heightened vulnerability.
17. We recognize that the international financial system should consider that public infrastructure and social development projects' economic and social benefits extend beyond generations. Water systems, sanitation works, modernization of health care services for improved access and delivery, and similar for education, and other foundational public assets often remain functional for 50 to 100 years. Currently, many V20 and other developing countries finance them through debt with ten - to twenty-year - horizons. This mismatch between the life of the asset and the maturity of the corresponding financing used to build it is elevating debt service costs, often causing these critical investments to be deferred or not undertaken at all. We will

therefore examine potential innovative mechanisms to address this gap in the international financial architecture.

18. We will use the V2V platform to coordinate the exploration of shock-responsive instruments, consistent with respective mandates and institutional processes, including options to be further developed through the White Paper, such as strengthening early-warning systems, including where applicable, the use of debt suspension clauses in debt instruments, contingency planning, debt swaps, and operational safeguards to maintain the continuity of essential services before, during, and after fiscal shocks, as well as accelerating support through shorter negotiation and approval timelines during crises where feasible.

B. V2V Monitoring & Evaluation

19. Members of the V2V Compact are encouraged to undertake reviews of delivery against the four key areas of the Compact annually to feed into practice and innovation exchanges on what is working, driving continuous improvement across the Compact signatories.

C. Way Forward

20. We will continue coordination on the accompanying White Paper, including at the forum and through follow-up consultations, to refine practical mechanisms, implementation opportunities, and potential targets in time for the World Bank and IMF Annual Meetings in the Fall. The White Paper will contain options for countries and partner institutions to use, some of which may require further institutional and Board consideration.
21. We welcome opportunities for continued coordination, stocktake, advanced coherence, and knowledge exchange through the semi-annual V20 Ministerials on the sidelines of the Spring and Annual Meetings, to sustain political guidance and momentum for delivery.

ANNEX B: V2V COMPACT MEMBERS

V20: Africa	V20: Asia & Pacific	V20: Latin America & Caribbean	Partner Institutions
<ol style="list-style-type: none"> 1. Benin 2. Burkina Faso 3. Cabo Verde 4. Chad 5. Comoros 6. Côte d'Ivoire 7. Democratic Republic of the Congo 8. Eswatini 9. Ethiopia 10. The Gambia 11. Gabon 12. Ghana 13. Guinea 14. Kenya 15. Liberia 16. Madagascar 17. Malawi 18. Morocco 19. Mozambique 20. Namibia 21. Niger 22. Rwanda 23. Senegal 24. Sierra Leone 25. Somalia 26. South Sudan 27. Sudan 28. Tanzania 29. Togo 30. Tunisia 31. Uganda <p><i>Observers:</i></p> <ul style="list-style-type: none"> - São Tomé and Príncipe - Central African Republic - Republic of the Congo 	<ol style="list-style-type: none"> 1. Afghanistan 2. Bangladesh 3. Bhutan 4. Cambodia 5. Fiji 6. Jordan 7. Kiribati 8. Kyrgyz Republic 9. Lebanon 10. Maldives 11. Marshall Islands 12. Mongolia 13. Nauru 14. Nepal 15. Pakistan 16. Palau 17. Palestine 18. Papua New Guinea 19. Philippines 20. Samoa 21. Solomon Islands 22. Sri Lanka 23. Timor-Leste 24. Tonga 25. Tuvalu 26. Vanuatu 27. Viet Nam 28. Yemen 	<ol style="list-style-type: none"> 1. Barbados 2. Colombia 3. Costa Rica 4. Dominica 5. Dominican Republic 6. Grenada 7. Guatemala 8. Guyana 9. Haiti 10. Honduras 11. Nicaragua 12. Paraguay 13. Saint Lucia 14. Suriname 15. Trinidad & Tobago 	<p><i>Arab Coordination Group (ACG):</i></p> <ol style="list-style-type: none"> 1. OPEC Fund for International Development 2. Islamic Development Bank Group (IsDB) 3. Abu Dhabi Fund for Development (ADFD) 4. Arab Gulf Programme for Development (AGFUND) 5. Arab Fund for Economic & Social Development 6. Arab Bank for Economic Development in Africa (BADEA) 7. Kuwait Fund for Arab Economic Development 8. Qatar Fund for Development 9. Saudi Fund for Development (SFD) <p><i>Multilateral Development Banks (MDBs):</i></p> <ol style="list-style-type: none"> 10. African Development Bank (AfDB) 11. Asian Development Bank (ADB) 12. Caribbean Development Bank (CDB) 13. Development Bank of Latin America and the Caribbean (CAF) 14. Inter-American Development Bank (IaDB) 15. International Fund for Agricultural Development (IFAD) 16. World Bank Group <p><i>Observers:</i></p> <ul style="list-style-type: none"> - Asian Infrastructure Investment Bank (AIIB) - Arab Monetary Fund (AMF)