

7 October 2015

Dear Ministers,

We are writing to you in response to the “Joint Statement on Tracking Progress Towards the \$100 billion Goal,” issued by your governments<sup>1</sup> on September 6. We agree with and appreciate the recognition underscored in your statement of the need for developed countries to provide the promised \$100 billion annually for developing countries for climate action, and to do so under transparent rules and guidelines.

However, the exclusive intergovernmental process, as well as elements of the content of the joint statement, are flawed and require further attention:

- **Inclusion, universality and UNFCCC forum.** Accounting for climate finance will directly affect how much climate finance is delivered and in what forms, making it just as relevant to recipients as it is to contributors. Deliberations and decisions about transparency and how climate finance is defined and counted must be taken at the forum that is fully inclusive of all countries – i.e. the UN Framework Convention on Climate Change, especially its Standing Committee on Finance. A robust system of measurement, reporting and verification of finance under the UNFCCC is imperative.
- **\$100 billion pledged must equate to \$100 billion delivered.** Multiple studies<sup>2</sup> contradict the statement’s claim, “We have fulfilled our 2010-2012 ‘fast start finance’ commitment.” Greater transparency is essential to ensure that what is counted as climate finance is in fact new and additional to existing international development commitments. Double-counting and counting funds with questionable connections to climate will not build trust at the climate negotiations. More importantly, it will not deliver the needed changes on the ground – relief for the most vulnerable, and a just transition to a clean and sustainable economy for developing countries. Further, developed countries’ resistance to delineate a clear roadmap to the \$100 billion, not to mention the need to scale up finance beyond 2020, calls into question the statement’s claim that “developed countries are well on their way to achieving this goal.”
- **Grants and grant equivalents.** Only public grants – or the grant equivalent of loans, guarantees and other financial instruments – should count as part of the \$100 billion or any future climate finance targets. Estimates suggest that the costs for climate adaptation and loss and damage alone in developing countries already exceed \$100 billion. Money that returns to developed countries (such as through the repayment of loans) and money that does not get spent (such as when a guarantee is provided but default does not occur) should not count towards the \$100

<sup>1</sup> Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Sweden, Switzerland, United Kingdom, United States, and the European Commission

<sup>2</sup> See, for example, IIED, “The eight unmet promises of fast-start climate finance, November 2012, <http://pubs.iied.org/pdfs/17141IIED.pdf?>; Oxfam, “The climate ‘fiscal cliff,’ An evaluation of Fast Start Finance and lessons for the future,” November 2012, <https://www.oxfam.org/sites/www.oxfam.org/files/oxfam-media-advisory-climate-fiscal-cliff-doha-25nov2012.pdf>.

billion. Further, climate finance must not add to the debt burden of fragile and highly indebted developing country economies.

- **Private finance.** Private investment in climate-friendly activities is vital and efforts to increase the transparency of these financial flows are welcome. However, private finance should not be substituted for public funding or counted towards the \$100 billion. As the OECD Research Collaborative of Tracking Private Climate Finance acknowledges, there are inherent difficulties in ascribing causality in relation to private finance flows as well as practical difficulties in accessing information transparently (at best, these would be estimates).<sup>3</sup> We find the stated intention to count private finance mobilized by “a public policy intervention, including technical assistance to enable policy and regulatory reform” to particularly stretch credibility and urge that any consideration of such practice be discarded. Furthermore, the purpose of private finance is different: by definition, its main purpose is to generate profits for investors, not to offer relief or justice for impacted people. Private investment cannot be a replacement for direct public support, especially for adaptation.
- **Developing country as primary beneficiary.** Climate finance must benefit the people of developing countries. Export credit agencies are by design meant to benefit the multinational corporations of the originating country. Thus, finance provided through developed countries’ export credit agencies should not count as climate finance.
- **Harmonization with other tracking and reporting systems.** Alignment should not be pursued with the Common Principles for Climate Mitigation Finance Tracking, adopted by multilateral development banks and the International Development Finance Club. Among other serious flaws, the Common Principles allow for fossil fuel financing and are inconsistent with keeping global temperature rise below 2°C, let alone 1.5°C.

We note an essential step needed now to assure the world that developed countries are on track to provide \$100 billion in climate finance by 2020 is for them to announce public adaptation and mitigation finance targets in Paris.

We look forward to examining the common methodology developed under this initiative, including how you will systematically establish – on an activity-by-activity basis – a clear causal link between public intervention and private finance. We hope the merits and shortcomings of your proposed methodology can be debated openly at the UNFCCC, and that the aforementioned areas of concern are addressed.

Thank you for your consideration. We look forward to a response.

Sincerely,

<sup>3</sup> [http://www.oecd-ilibrary.org/environment/estimating-mobilised-private-climate-finance\\_5js4x001rqf8-en;jsessionid=6b4hb58n15bhj.x-oecd-live-03](http://www.oecd-ilibrary.org/environment/estimating-mobilised-private-climate-finance_5js4x001rqf8-en;jsessionid=6b4hb58n15bhj.x-oecd-live-03), p.46.

ActionAid, International  
Adivasi Mulvasi Astitva Raksha manch, India  
AKSI, Indonesia  
Alliance Sud, Switzerland  
All Nepal Peasant's Federation, Nepal  
All Nepal Womens Association, Nepal  
ARENA, Asia  
Asia Pacific Forum on Women, Law and Development, Thailand  
Asian Peoples Movement on Debt and Development, Regional  
Bangladesh Jatiyo Sramik Jote, Bangladesh  
Bangladesh Krishok Federation, Bangladesh  
BankTrack, Netherlands  
Beyond Copenhagen Collective, India  
Bharat Jan Vigyan Jatha India  
Both ENDS, Netherlands  
Brighter Green, United States  
Bulig Visayas, Philippines  
Campaign for Climate Justice Nepal  
CARE International  
Center for Biological Diversity, United States  
Center for Environmental Justice, Sri Lanka  
Center for Participatory Research and Development, Bangladesh  
Centre for 21st Century Issues (c21st), Nigeria  
Climate Action Network - France  
Climate Action Network Europe  
Climate and Sustainable Development Network, Nigeria  
Climate Justice Programme, Australia  
CNCD-11.11.11, Belgium  
Coalition on the Environment and Jewish Life, United States  
COECOCEIBA - FoE Costa Rica  
Community Development Library, Bangladesh  
Co-ordination Office of the Austrian Episcopal Conference for International Development and Mission (KOO), Austria  
Debt Watch, Indonesia  
Digo Bikas Institute, Kathmandu, Nepal  
Earth Day Network, United States  
EcoEquity, United States  
EKOenergy, Finland/Europe  
Environmental Rights Action/Friends of the Earth Nigeria  
EquityBD, Bangladesh  
Finance & Trade Watch, Austria  
Freedom from Debt Coalition, Philippines  
Friends Committee on National Legislation, United States  
Friends of the Earth Canada  
Friends of the Earth England, Wales and N Ireland  
Friends of the Earth International  
Friends of the Earth Malaysia  
Friends of the Earth Norway

Friends of the Earth Sierra Leone  
Friends of the Earth U.S.  
GAIA - Global Alliance for Incinerator Alternatives, International  
GEFONT - Trade Union Federation, Nepal  
Gitib, Philippines  
GreenLatinos, United States  
groundWork, Friends of the Earth South Africa  
Heinrich Boell Stiftung North America, United States  
Himalaya Niti Abhiyan, India  
Human Rights Alliance Nepal  
IBON International, Philippines  
Indian Social Action Forum, India  
Institute for Agriculture and Trade Policy, United States  
Institute for Policy Studies, Climate Policy Project, United States  
Interamerican Association for Environmental Defense, Latin America  
International Forum on Globalization, United States  
International Rivers, United States  
Jagaran Nepal  
Jatam Indonesia  
Jubilee Debt Campaign, United Kingdom  
Justica Ambiental/Friends of the Earth Mozambique  
KAU - Anti Debt Coalition, Indonesia  
Kerala Independent Fishworkers Federation, India  
KRUIHA - Peoples Right to Water Coalition, Indonesia  
Labour, Health and Human Rights Development Centre, Nigeria  
LDC Watch, International  
Les Amis de la Terre, France  
Les Amis de la Terre-Togo  
Maryknoll Office for Global Concerns, United States  
Migrant Forum in Asia  
mines, minerals and People (mmP), India  
Monitoring Sustainability of Globalisation (MSN), Malaysia  
Nadi Gati Morcha, India  
National Federation of Hawkers Bangladesh  
National Federation of Women Hawkers, India  
National Hawkers Federation, India  
Nature Code – Centre of Development & Environment, Belgium  
NOAH Friends of the Earth Denmark  
Our Rivers Our Life, Philippines  
Pakistan Fisherfolk Forum  
Pakistan Kissan Rabita Committee (Farmers)  
Pan African Climate Justice Alliance, Africa  
PAPDA Haiti  
Philippine Movement for Climate Justice  
Rainforest Foundation Norway  
River Basin Friends, India  
Rural Reconstruction Nepal  
Sanlakas, Philippines

Sawit Watch, Indonesia  
SEAFISH for Justice, Asia  
SOL - People for Solidarity, Ecology and Lifestyle, Austria  
Solidaritas Perempuan, Indonesia  
South Asian Alliance for Poverty Eradication  
Southern Oregon Climate Action Now, United States  
SUPRO, Bangladesh  
SustainUS, United States  
Task Force Detainees of the Philippines  
Tebtebba, Philippines  
The Development Institute, Ghana  
Third World Network, International  
Trade Union Policy Institute (TUPI), Nepal  
VOICE, Bangladesh  
Women's Environment and Development Organisation (WEDO), United States  
Worldview-The Gambia  
Zero Waste Europe