

18 September 2014

Dear Secretary-General Ban Ki-moon,

In the lead-up to the U.N. General Assembly and Climate Summit, world leaders, particularly from developed countries and including yourself, have placed great emphasis on the urgent need for private finance to shift away from climate-polluting investments and toward environmentally sound initiatives. We couldn't agree more. That said, we are writing to convey two critical concerns.

First, the greening of private investment is an entirely different matter from the provision of international climate finance. One cannot substitute for the other. The provision of \$100 billion annually by 2020 is a legal and ethical obligation of developed countries. It must be public and grant-based, and the deployment of funds must be driven entirely by the adaptation and mitigation needs of developing countries. We urge you to make this wholly clear at the Climate Summit. An emphasis on private finance must not provide cover for the lack of political will to mobilize public funds by rich countries. Regrettably, we see this troubling trend at the UNFCCC and the Green Climate Fund, and we see it at your Climate Summit, which devotes substantial time to the role of the private sector.

Secondly, given the state of planetary emergency, there is no room for greenwashing private investment. The proliferation of green bonds as a mode of raising capital for climate-friendly initiatives requires the creation of common standards and criteria for bonds to qualify as "green." While we recognize the creation of the Green Bond Principles in 2014 as an initial step in the right direction, these principles fall far short of what is needed.¹ Rather, green bonds should comply with the following:

- Exclusion of dirty energy. Green bonds should not finance dirty energy such as fossil fuels, nuclear energy, destructive dams, waste incineration or harmful biomass or forestry projects.
- Safeguard the environment and affected communities. In addition to greenhouse gas emissions, green bond-funded projects must adhere to high social and environmental standards.
- Transparency and reporting. Green use of proceeds bonds must report transparently and publicly on eligible investments at the outset, and then on the actual investments made through the lifetime of the bond. Such reporting should be independently verified.
- Guaranteed use of proceeds. The proceeds of green bonds must be used for their intended purposes. Currently, in most countries, green bond issuers are not contractually obligated to finance the projects for which the bond has been publicized. Fixing this would require regulatory changes as well as high standards of transparency, disclosure, monitoring and reporting that is available to the public.

Given the emphasis you have placed on the private sector's involvement in climate change, we urge you to use the power of your office to ensure that private finance is not counted as international climate finance and the green bond market is truly green.

Sincerely,

ActionAid International
All Nepal Peasants Federation, Nepal

¹For a more detailed critique of the Green Bonds Principles, see an open letter calling for the principles to be strengthened – by Bank Track, Amigos da Terra - Amazonia Brasileira, Berne Declaration, Friends of the Earth US, Global Witness, International Rivers and Rainforest Action Network.
http://www.banktrack.org/download/159d532/140409_banktrack_letter_to_green_bonds_principles_banks_0.pdf

Alliance Sud - Swiss Alliance of Development Organizations, Switzerland
Alyansa Tigil Mina (Alliance Against Mining), Philippines
Amazon Watch, USA
Aniban ng Manggagawa sa Agrikultura, Philippines
Asociacion Interamericana para la Defensa del Ambiente, Mexico
Bagladesh Krishok Federation
BankTrack, Netherlands
Beyond Copenhagen collective / Bharat Jan Vigyan Jatha, India
Bienfaisance et de d'Veveloppement, Djibouti
Blue October Campaign - for Water as a Common, Bolivia
Bolivian Platform on Climate Change, Bolivia
Both ENDS, Netherlands
Campaign for Climate Justice, Nepal
Carbon Market Watch, Belgium
Carbon Trade Watch, Spain
CECOEDECON, India
Center for Biological Diversity, USA
Center for International Environmental Law
Center for Participatory Research and Development, Bangladesh
Centre pour l'Environnement et le D'Veveloppement, Cameroon
Centro Humboldt, Nicaragua
China Association for NGO Cooperation, China
CIDSE, Belgium
Citizens for Global Solutions, USA
Climate Action Network - South Asia
Climate Action Network Canada
Climate Action Network Uganda
Climate Change Network Nigeria
Climate Justice Programme, Australia
CNCD-11.11.11, Belgium
Coastal Association for Social Transformation (COAST) Trust, Bangladesh
Creed Alliance, Pakistan
Earth in Brackets, USA
ECA Watch, Austria
EcoEquity, USA
Ecological Christian Organisation, Uganda
EFICOR, India
Environment America, USA
Equity and Justice Working Group Bangladesh (EquityBD)
Facing Finance, Germany
FDC-Western Mindanao Region, Philippines
FERN, Belgium
FIAN, Nepal
Finance and Trade Watch, Austria
Finance GreenWatch, Japan
Forest Peoples Programme, UK

Freedom from Debt Coalition, Philippines
Friends of the Earth England, Wales and Northern Ireland
Friends of the Earth Malaysia
Friends of the Earth U.S.
GAIA - Global Alliance for Incinerator Alternatives, International
Green Watershed, China
Greenid, Vietnam
Greenovation Hub, China
Greenpeace
Gujarat Forum On CDM, India
Halifax Initiative, Canada
Heinrich Boell Stiftung North America, USA/Germany
IBON International, Philippines
Indian Youth Climate Network, India
Initiative to Keep Hasankeyf Alive, Kurdistan/Turkey
Institute for Agriculture and Trade Policy, USA
Institute for Policy Studies, Climate Policy Program, USA
Integrated Regional Support Program, Pakistan
International Forum on Globalization, USA
International Rivers, USA
International Trade Union Confederation
International-Lawyers.Org (INTLawyers), Switzerland
Jamaa Resource Initiatives, Kenya
Jatiyo Sramik Jote, Bangladesh
Jeunes Volontaires pour l'Environnement, Togo
Kitanglad Integrated NGOs, Philippines
KRuHA - People's Coalition for the Right to Water, Indonesia
Labor Network for Sustainability, USA
Labour, Health and Human Rights Development Centre, Nigeria
LDC Watch
LEAD TCHAD, Chad
Les Amis de la Terre - Friends of the Earth France
LILAK, Purple Action for Indigenous Women, Philippines
Manikaya Kauci Foundation, Philippines
Market Forces, Australia
Mayknoll Office for Global Concerns, USA
Medium Term Cooperation Program/ South Asia, Nepal
Mineral Policy Institute, Australia
National Network on Right to Food, Nepal
Ofraneh. Honduras
Oroeco, USA
Oxfam
Pakistan Fisherfolk Forum, Pakistan
Pan African Climate Justice Alliance, International
ParyavaranMitra, India
People's Movement on Climate Change, International

Philippine Movement for Climate Justice, Philippines
Pragya Seeds Nepal
Quercus – ANCN, Portugal
Rainforest Action Network, USA
Rivers Without Boundaries, China
Rural Reconstruction Nepal
Sagip Sierra Madre Environmental Society, Inc., Philippines
Sanlakas, Philippines
Sawit Watch, Indonesia
Solon Foundation, Bolivia
South Asia Alliance for Poverty Eradication, South Asia
Sustain Labour, Spain
Taiwan Environmental Protection Union, Taiwan
Taiwan Youth Climate Coalition (TWYCC), Taiwan
The Asia Indigenous Peoples Pact , Thailand
Third World Network, Malaysia
Transparency International Korea Chapter
U.S. Climate Plan, USA
Urgewald, Germany
Water Initiatives Odisha, India
WEED - World Economy, Ecology & Development, Germany
WomanHealth Philippines
World Development Movement, UK
Worldview-The Gambia

cc: Ms. Diann Black-Layne and Mr. Stefan Schwager, Co-chairs, UNFCCC Standing Committee on Finance