

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 governments¹ 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 studies² 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

¹ 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

² 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).³ 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,

³ 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
KRUHA - 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