Dear [relevant ministers from 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],

We are writing to you in response to the “Joint Statement on Tracking Progress Towards the $100 billion Goal,” issued 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[1] 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. 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 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

1 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.

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). [2] 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,

2 http://www.oecd-ilibrary.org/environment/estimating-mobilised-private-climate-finance_5js4x001rqf8-en;jsessionid=6b4hb58n15bhj.x-oecd-live-03, p.46.