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 climatepolluting 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:

- <u>Exclusion of dirty energy.</u> Green bonds should not finance dirty energy such as fossil fuels, nuclear energy, destructive dams, waste incineration or harmful biomass or forestry projects.
- <u>Safeguard the environment and affected communities.</u> In addition to greenhouse gas emissions, green bond-funded projects must adhere to high social and environmental standards.
- <u>Transparency and reporting.</u> 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.
- <u>Guaranteed use of proceeds.</u> 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 dÃveloppement, 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 DÂveloppement, 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, Taiwain 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