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## UN Advisory Group on Climate Finance Report Falls Flat

### Recommendations Downplay Role of Public Finance, Rely Too Much on Private Finance

A new report on climate change financing options released today by a U.N. Advisory Group unwisely emphasizes carbon markets and other private finance options, while irresponsibly advocating an increased role for multilateral development banks (MDBs). Despite concluding that public sources of climate finance are available and promising, the report's findings downplay the role that public finance can and must play in helping developing countries deal with climate change.

The U.N. Secretary General's High-level Advisory Group on Climate Change Financing (AGF) issued its report today ahead of the annual U.N. climate summit in Cancún that begins November 29. The report outlines a number of public and private options to raise money to help developing countries adapt to the impacts of climate change and reduce greenhouse gas emissions.

"The AGF recommendations are unfortunately based on unduly optimistic econometric projections and a blind faith in the capacity of highly volatile and unreliable carbon price signals to induce long-term investments in low carbon energy production and manufacturing," said Steve Suppan of the Institute for Agriculture and Trade Policy. "A better start on climate finance would be for developed countries to make good on their \$30 billion pledge for immediate funding to allow developing countries to adapt agricultural production and water management systems to the imminent ravages of climate change."

"It was inappropriate for the AGF Report to make reference to the role of multilateral development banks. MDBs are not a source of climate finance, but are used as a channel. And they are not acceptable even as a channel. MDBs are a part of the climate problem, not the solution. The World Bank and other MDBs are far, far more adept at causing climate pollution than in helping countries to mitigate or adapt to it. Using MDBs as a channel would also mean climate finance in the form of loans or other debt-creating instruments," said Lidy Nacpill of Jubilee South - Asia/Pacific Movement on Debt and Development.

"Adaptation funding, in particular, is compensation for damages done by developed countries and should only be given in grants. It is untenable that the AGF suggests otherwise. The enormous costs of dealing with climate change must not add to the already heavy debt burdens experienced by many developing countries," added Nacpil.

"The AGF report—as limited in scope and conservative in its estimates as it is—still shows that there are numerous viable options to generate public finance for climate change," said Ilana Solomon of ActionAid USA. "Developed countries have no excuse for inaction. The options are there. They must work

through the U.N. Framework Convention on Climate Change to come to agreement on a combination of public sources to generate the desperately needed resources to help developing countries confront climate change."

"The AGF acknowledges that meeting the needs of developing countries will take a 'systemic approach' to financing climate adaptation and mitigation," noted Janet Redman, co-director of the Sustainable Energy and Economy Network at the Institute for Policy Studies. "Options like a financial transaction tax meet the mark: stabilizing the economy by curbing dangerous speculation and raising hundreds of billions of dollars each year for global public goods like combating climate change. The AGF is undercutting its own mission by underestimating the revenue generated by a feasible and popular source of public finance."

The groups expressed concern that the AGF was guided by a pledge developed by countries made in Copenhagen to mobilize \$100 billion per year by 2020 in public and private finance—a pledge which falls short of reasonable estimates of climate financing.

"\$100 billion is an arbitrary, political figure that is based neither on need nor on equity. If the U.S. government rapidly mobilized trillions to bail out Wall Street, why cannot at least equal effort be put toward bailing out the planet from a climate crisis that rich countries caused?" said Karen Orenstein of Friends of the Earth U.S.

In October, at the global climate talks in Tianjin, more than 25 civil society organizations sent a letter to the co-chairs of the AGF outlining their recommendations for climate finance.

ActionAid USA, Friends of the Earth U.S., Institute for Agriculture and Trade Policy, Institute for Policy Studies, Jubilee South - Asia/Pacific Movement on Debt and Development.