#FixTheFinance

The Private and Public Finance Fuelling the Climate Crisis

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More of the world's money is flowing to the causes of climate change than the solutions.[1] Private banks and government funds are providing trillions of dollars in loans, bonds, subsidies and tax breaks for the continued expansion of the two biggest causes of climate change: fossil fuels and industrial agriculture. These industries are driving up global greenhouse gas emissions and destructive climate impacts, while also causing land grabs, deforestation, pollution of water and soils, and loss of livelihoods that devastate local communities.

- **Since the Paris Agreement was signed in 2016, the world's 60 biggest banks - including Barclays, HSBC and Citibank - have poured over US$5.5tn into the fossil fuel industry.[2] In a similar period, banks have also poured US$616bn into the world's largest meat and dairy corporations since the Paris Agreement, despite these companies driving deforestation and climate breakdown.[3]**

- **Since 2016 banks have provided US$3.2tn to fossil fuel industry activities in the Global South, and US$370bn to industrial agriculture activities in the Global South,[4] causing local destruction and compounding injustice to communities already on the front lines of climate change.**

- **Many banks claim to be acting on climate change and have committed to 'net zero' emissions in their financing portfolios by 2050, but none of them have adequate policies in place to genuinely decarbonise their portfolios.[5] They continue to finance the planet's destruction.**

- **Globally, subsidies directed to fossil fuels amounted to US$1.3tn in 2022,[6] while global agriculture subsidies are estimated to exceed US$635bn per year.[7]**

- **Instead of bringing development benefits to communities, the extraction and export of fossil fuels and industrialised agriculture is largely used to repay extractive external debt [8], and often only benefits corporates and elites.**

Banks must stop financing expansion of fossil fuels, deforestation and other harmful industrial agribusiness activities, by ending lending and underwriting for both project and corporate financing. To prevent the planet crossing the 1.5°C threshold, banks must fully phase out all current fossil fuel financing, including an immediate end to coal financing and oil and gas expansion, alongside a rapid exit strategy from all oil and gas. Banks must strengthen transparency and tools for verification, improve their standards for agriculture commodities including through due diligence and supply chain checks, and must take responsibility for preventing harm against local communities.

Governments must stop supporting and subsidising harmful fossil fuel and industrial agriculture activities, and redirect public funds for just transitions to real solutions that address climate change and inequality. They must effectively regulate the banking, finance, fossil fuel and industrial agriculture sectors, and mobilise resources for climate action and to meet climate finance obligations through progressive tax justice policies that address tax avoidance and illicit financial flows.

[1] https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf
[2] https://www.bankingonclimatechaos.org/
[3] https://feedbackglobal.org/wp-content/uploads/2024/03/Feedback-2024-Still-Butchering-the-Planet-Report.pdf
[4] https://actionaid.org/publications/2023/how-finance-flows-banks-fuelling-climate-crisis#downloads,
[5] https://shareaction.org/reports/in-debt-to-the-planet, https://actionaid.org/publications/2020/not-zero-how-net-zero-targets-disguise-climate-inaction
[6] https://www.imf.org/en/Publications/WP/Issues/2023/08/22/IMF-Fossil-Fuel-Subsidies-Data-2023-Update-537281
[7] https://openknowledge.worldbank.org/server/api/core/bitstreams/61d04aca-1b95-4c06-8199-3c4a423cb7fe/content
[8] https://actionaid.org/publications/2023/vicious-cycle