Oireachtas Joint Committee on Environment and Climate Action

Meeting in advance of the COP28

Tuesday, 28 November 2023

Opening Statement

The climate crisis and its gendered nature

The world is burning. "The era of global warming has ended; the era of global boiling has arrived" according to the UN Secretary General Antonio Guterres. New record high temperatures are being regularly recorded.

People in the Global South have already been experiencing the extreme effects of the global climate and biodiversity crisis for years. This compounds poverty and inequality and undermines attempts to alleviate poverty. It is a crisis not of their making, but the result of the carbon intensive industrialisation of countries of the Global North and those countries' insatiable need to live and consume at rates beyond what the planet can sustain.

It is estimated that 75% of the costs of the global crisis will be borne by countries of the Global South, despite the poorest half of the world's population causing just 10% of carbon dioxide emissions.[1]

Malawi and Mozambique have faced the terrifying effects of Cyclone Freddy, the longest-lasting cyclone on record. Five seasons without rainfall have left severe drought and unprecedented hunger across Eastern Africa. Devastating floods in Pakistan put one third of the country underwater. Previous research by ActionAid has found that even if current climate targets are met by the world's governments, by 2050 more than 60 million people in South Asia alone are likely to be displaced by the impacts of rising sea levels, water stress, crop yield reductions, ecosystem loss and drought.[2]

[1] https://www.ohchr.org/en/press-releases/2019/06/un-expert-condemns-failure-address-impact-climate-change-poverty?LangID=E&NewsID=24735

[2] https://actionaid.org/news/2020/climate-migration-south-asia-set-treble-2050-due-political-inaction-global-warming

Across the Global South nearly half of the agricultural workforce are women, and in sub-Saharan Africa the proportion is far greater.[3] This means women's livelihoods and food security are particularly vulnerable to the effects of climate change.

Women and children are 14 times more likely to die from climate disasters as men,[4] and the greater the gender and economic inequality, the greater the disparity between men and women's chances of survival.[5] 80% of people displaced by climate disasters are women.[6]

When water sources dry up, women and girls must walk further to fetch water. When crop failure impacts on family income, women are more likely to skip meals than men. Girls are pulled out of schooling before their brothers either to save on school fees or so they can be sent to fetch water, setting them on an unequal path for life. They may be married off at an early age by parents who can no longer afford to feed them, depriving them of schooling and exposing them to gender based violence. When climate change leaves families hungry, women report higher incidences of domestic violence.[7]

More of the world's money is flowing to the causes of the climate crisis than to the solutions

Fossil fuels are by far the largest contributor to climate change, accounting for over 75% of global greenhouse gas emissions.[8] While this climate impact of burning fossil fuels is well known, the role of industrialised agriculture in the

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[3] FAO (2012) Smallholders and Family Farmers: Factsheet, http://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf

[4] UN Women (2018) Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development, https://www.unwomen.org/en/digital-library/publications/2018/2/gender-equality-in-the-2030-agenda-for-sustainable-development-2018

[5] Neumayer, E. (2007) The gendered nature of natural disasters https://www.researchgate.net/publication/30523075_The_Gendered_Nature_of_Natural_Disasters_The_Impact_of_Catastrophic_Events_on_the_Gender_Gap_in_Life_Expectancy_1981-2002

[6] UNDP (2016) Overview of linkages between gender and climate change, https://www.undp.org/sites/g/files/zskgke326/files/migration/africa/Policy-Brief-Overview-of-linkages-between-gender-and-climate-change.pdf

[7] ActionAid (2016a) Hotter Planet, Humanitarian Crisis, https://actionaid.org/publications/2016/hotter-planet-humanitarian-crisis

[8] SEI, IISD, ODI, Climate Analytics, CICERO, and UNEP (2019) The Production Gap: The

discrepancy between countries' planned fossil fuel production and global production levels consistent with limiting warming to 1.5°C or 2°C, https://productiongap.org/wp-content/uploads/2019/11/Production-Gap-Report-2019.pdf p. 8

climate crisis is less widely publicised. Agriculture is the second-largest contributor to climate change, and industrialised approaches marketed and controlled by giant agribusiness corporations are responsible for the bulk of emissions in the sector.[9]

The financing provided for fossil fuels and industrial agriculture in the Global South is likely to dwarf the financing provided by banks for renewable energy and agroecology over the same period. Recent research has shown that only seven percent of the financing provided by the major international banks featured in our report has gone to renewable energy in the seven years since the Paris Agreement.[10]

New global research by ActionAid shows that:

- Bank financing provided to the fossil fuel industry in the Global South reached an estimated US$3.2 trillion in the seven years since the Paris Agreement on Climate Change was adopted.
- Bank financing provided to the largest industrial agriculture companies operating in the Global South amounted to US$370 billion over the same period.
- Since the Paris Agreement, banks have provided 20 times more financing to fossil fuels and agriculture activities in the Global South than Global North governments have provided as climate finance to countries on the front lines of the climate crisis.

This glut of unsustainable financing is being provided by many of the world's biggest banks. The largest European financiers of fossil fuels and agribusiness are HSBC, BNP Paribas, Société Générale, Barclays and Standard Chartered. In the Americas, the three largest US banks – Citigroup, JPMorgan Chase and Bank of America – were the most enthusiastic funders of both industries. The largest Asian financiers of fossil fuels and industrial agriculture are the Industrial and Commercial Bank of China, China CITIC Bank, and Bank of China.

Ireland's role

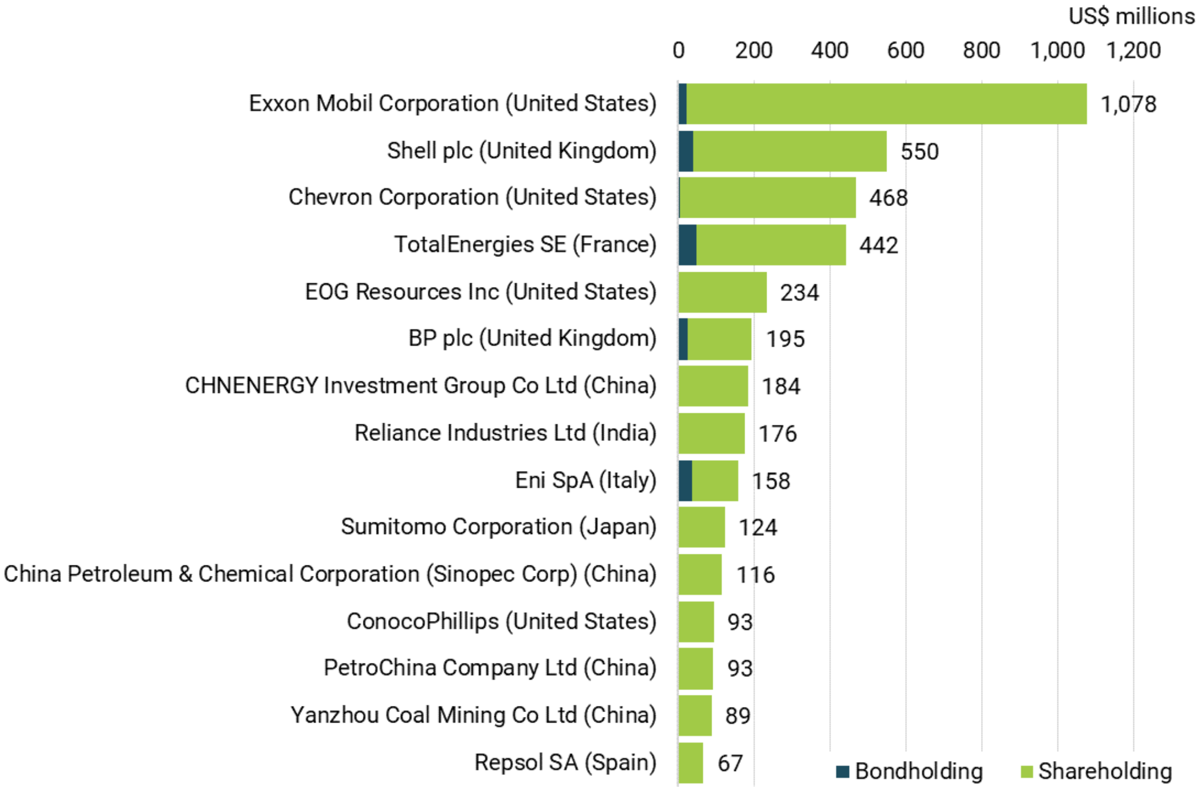
[9] IPCC (2022c) Climate Change 2022: Mitigation of Climate Change. Working Group III contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf, p.750.

[10] Sierra Club (2023) "Just 7% of global banks' energy financing goes to renewables, new data shows", https://www.sierraclub.org/press-releases/2023/02/just-7-global-banks-energy-financing-goes-renewables-new-data-shows

ActionAid Ireland commissioned independent researchers, Profundo, to analyse financial institutions headquartered and registered in Ireland, looking at both agribusiness and fossil fuel industries.

This unsustainable financing is provided by many of the world's biggest banks- and Ireland enables billions of this money to flow. More than 1,200 multinational companies have established themselves in Ireland. Investment managers registered in Ireland held US$ 6.2 billion in bonds and shares attributable to fossil fuels and agribusiness in the Global South. The top six investments are all oil and gas companies.

Figure 1 Irish investment managers' fossil fuels in the Global South investments (2023 January, US$ millions)



It is completely by design that Ireland acts as a channel for global institutional investors to profit from their fossil fuel investments in the Global South. Ireland needs to address this and ensure policy coherence. Given Ireland's position in the global financial architecture, and the importance of Foreign Direct Investment (FDI) to the State, this is not surprising that Ireland is a channel for billions worth of fossil fuels and agribusiness.

But Ireland's tax regime has also been widely criticised, including for its negative impact on the human rights and poverty levels of citizens of the global south, and for its lack of coherence with Irish Aid development and poverty objective.[11][12] Research shows that Ireland's tax regime plays an important role in allowing multinational companies to avoid tax in countries of the Global South, by funnelling profits out of those countries and into low tax Ireland. Most recently the UN Committee on the Rights of the Child called on Ireland to ensure that Irish tax policies were not undermining the ability of other countries to raise revenue to address poverty experienced by children in those countries.[13]

The landmark 2018 Irish Fossil Fuel Divestment Act made Ireland a global pioneer in divesting public money from fossil fuel assets. On January 2023, Irish financial institutions held US$ 13.2 million in bonds and shares attributable to fossil fuels in the Global South. Of this, the Ireland Strategic Investment Fund (ISIF) held US$ 11.2 million, mostly in bonds issued by Chinese electric utility company State Grid Corporation of China. At the beginning of 2023, the ISIF also held US$ 12.5 million in bonds and shares attributable to agribusiness in the Global South. Of this, the Ireland Strategic Investment Fund (ISIF) held US$12.1 million and Waystone accounted for the majority of the remaining investments.

In 2023, as the scale of the climate crisis deepens, so too must our actions. The Act needs to be amended to include all fossil fuel use, not just undertakings, it should not exclude 'indirect' investments in exclusion of financial derivatives, exchange traded funds and hedge funds of fossil fuel exploration- undermining the spirit of divestment from fossil fuels, it should include agribusiness and agrichemical companies, it should have a wider scope beyond one public fund. It also fundamentally does not address the billions of private finance flows.

Recommendations

At a time of unprecedented climate breakdown, there is also an obvious and untenable contradiction between government policies that on the one hand facilitate the ongoing flow of money through the State that sustains and exacerbates the climate crisis, and Ireland's obligations to play its role in reducing global emissions under the Paris Climate Agreement, on the other.

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[11] https://www.irishtimes.com/business/economy/ireland-s-tax-system-undermining-developing-countries-warns-aid-agency-1.3289238

[12] https://www.irishtimes.com/business/health-pharma/ireland-s-corporate-tax-rate-hurting-emerging-economies-oxfam-1.3632501

[13] https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC%2FC%2FIRL%2FCO%2F5-6&Lang=en

Banks, investment funds and pension funds:

STOP FINANCING FOSSIL FUELS: Investment and pension funds based in Ireland must avoid investment in new fossil fuel exploration, as well as ongoing fossil fuel activities. This means stopping bond investments in companies that are expanding, extracting and producing fossil fuels in contradiction to the 1.5°C goal, and selling off equity investments in their shares.

STOP FINANCING DEFORESTATION AND OTHER HARMFUL AGRIBUSINESS ACTIVITIES: Investment and pension funds based in Ireland must end new investments and sell off current bonds and shares in industrial agribusiness corporations proven to be driving deforestation and land grabs. They must improve standards for investment in corporations involved in agricultural commodities such as palm oil and soy, through enhanced due diligence and supply chain checks, and alignment with the EU's deforestation-free value chain legislation.

The Irish government

SHOULD: AMEND AND UPDATE THE FOSSIL FUEL DIVESTMENT ACT 2018:

The Fossil Fuel Divestment Act, 2018, should be reviewed and amended to consider the following:

- Consider widening the scope of the Act beyond just the Irish Strategic Investment Fund, consider including investments in harmful agribusiness companies and extend the Act beyond just undertakings or exploration to include all fossil fuel use.
- Prohibit the indirect investment in fossil fuel undertakings through hedge funds, and other financial vehicles. • In the absence of publicly available audited accounts, allow estimates of those figures to be made through other public information • Insert a requirement for periodic review of the Act, to ensure ongoing alignment with climate science and its implications.

PROMOTE GREATER CORPORATE ACCOUNTABLITY FOR FINANCIAL INSTITUTIONS TO REDUCE POVERTY AND ENSURE ENVIRONMENTAL PROTECTIONS

• Ireland should support the highest level of ambition in the European Union CSDDD and continuing to support the inclusion of institutional investors and asset managers within the scope of the CSDDD.

• Actively support the proposed Global Treaty on Business and Human Rights.

• Actively support fairer global tax rules through a new UN Framework Convention on International Tax Cooperation