

CLIMATE FINANCE FOR JUST TRANSITION: HOW THE FINANCE FLOWS

ActionAid's third annual How the Finance Flows report



NOVEMBER 2025



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CONTENTS

Glossary	4
Executive Summary	5
Introduction	8
Section 1: Climate crisis	9
Section 2: We need system change, not climate change	12
Section 3: Fixing the finance	32
Section 4: Climate finance flowing to just transition – what the data shows	35
Section 5: Conclusions and recommendations - the way forward	44
Annex: Summary of methodology	48

GLOSSARY

ADB	Asian Development Bank
AfDB	African Development Bank
BAM	Belém Action Mechanism on just transition
BECCS	Bioenergy with Carbon Capture and Storage
CSO	Civil Society Organisation
CDR	Carbon Dioxide Removal
CFS	Committee on World Food Security
CH₄	Methane
CIFs	Climate Investment Funds
COP	Conference of the Parties of the UN Framework Convention on Climate Change
CO₂	Carbon dioxide
CTF	Clean Technology Fund
EBRD	European Bank of Reconstruction and Development
EOR	Enhanced Oil Recovery
EVs	Electric Vehicles
FAO	United Nations Food and Agriculture Organisation
FPIC	Free, Prior, and Informed Consent
G8	Group of Eight countries
G20	Group of Twenty countries
GAM	Global acute malnutrition
GAP	Gender Action Plan
GCF	Green Climate Fund
GDP	Gross Domestic Product
GHG	Greenhouse gas emissions
HREDD	Human Rights and Environmental Due Diligence
IADB	Inter-American Development Bank
ICJ	International Court of Justice
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
ITUC	International Trade Union Confederation
JTWP	Just Transition Work Programme
LLA	Locally Led Adaptation
MDB	Multilateral Development Bank
NCQG	New Collective Quantified Goal on finance
NGO	Non-Governmental Organisation
N₂O	Nitrous oxide
OECD	Organisation for Economic Co-operation and Development
PCC	Presidential Climate Commission (South Africa)
SAM	Severe Acute Malnutrition
SCF	Strategic Climate Fund
SRM	Solar Radiation Management
UN	United Nations
UNDROP	United Nations Declaration on the Rights of Peasants and Other People Working In Rural Areas
UNFCCC	United Nations Framework Convention on Climate Change
UNGPs	UN Guiding Principles on Business and Human Rights (UNGPs)
WB	The World Bank Group

EXECUTIVE SUMMARY

Barely any climate finance is going to support workers and communities to undertake just transitions.

This is absurd.

The climate crisis continues to escalate, but the cost-of-living crisis and rising economic insecurity are fuelling resistance to climate action around the world. It is therefore time for climate policy makers to learn key lessons, and to make sure that people's priorities are front and centre of every climate response. An approach to climate action known as "just transition," which addresses the needs of workers, women and communities, must form the basis of climate action.

The alarming approach of the Paris Agreement's 1.5°C warming threshold is a clear sign that action on climate change has been, and continues to be, deeply insufficient. There is an urgent need to phase out polluting energy and agriculture sectors, and to scale up renewable energy and agroecology. In spite of this, the two industries most responsible for causing climate change – fossil fuels and industrialised agriculture – continue to expand relentlessly.

Public recognition of industrial agriculture's contribution to climate change is far lower than for fossil fuels, however, even though the agriculture and the land sector is the second most polluting sector after fossil fuels.¹ The bulk of these emissions are caused by industrialised agriculture's driving of deforestation, dependence on fossil fuelled-fertilisers, and aggressive use of factory farmed livestock.² As COP30 climate negotiations come to the Amazon city of Belém, industrial agriculture's role in destroying the "lungs of the Earth" for soy, corn and beef is now in the climate spotlight.

At the same time, agriculture is not only the sector most vulnerable to the impacts of climate change, but is also the world's biggest employer, providing **the livelihood for one quarter of the world's population**, nearly half of whom are women.³ This highlights the need for just transition approaches to be carefully applied to climate action in agriculture and food systems, in addition to other sectors such as energy and the extraction of critical minerals.

Indeed, in many parts of the world workers, farmers and community members who have good reasons to be worried about climate change are even more concerned that narrow carbon-counting logic and top-down climate policies might harm their livelihoods, their food security or their access to land and energy. Fossil fuel and industrial agriculture farmers and workers may feel demonised, defensive, and blamed for the climate crisis. But most are themselves overburdened, squeezed, exploited and often trapped. Many fear that climate action will either add to their impossible burdens – or take away their livelihoods altogether.

These concerns can contribute to local and political resistance to climate action. Increasingly, such concerns are also being cynically exploited by actors seeking to polarise debate and boost climate scepticism. Approaches to climate action must therefore address and not ignore people's valid concerns about precarious livelihoods, the cost of living, and of course their human rights to land, water and safety.

It is therefore time for climate action to learn from its own successes and failures, and to update and evolve into a people-centred process shaped by just transition. In other words, it's time for just transition to form the basis of **"Climate Action 2.0"** to unlock, unleash and accelerate climate transformations.

Just transition approaches put people at the centre, ensuring that those most affected by climate and economic shifts are not left behind but are empowered and supported. ActionAid's four principles of just transition can ensure that both the PROCESS and the OUTCOME of climate action are truly just.

1

Ensure participatory and inclusive processes to give workers, women and communities a meaningful chance to voice their concerns, and to shape futures that are better for them and the climate.

2

Develop comprehensive plans and policy frameworks to support people to make transitions and cope with potential impacts on their livelihoods, for example with regional strategies for economic diversification, training and reskilling, and provision of income support where needed.

3

Address – and don't exacerbate – inequality, for example by making sure people have decent jobs, affordable food and energy, access to public services, secure rights, and that the needs of women and marginalised communities are centred.

4

System change for people, nature and the climate that goes beyond narrow carbon-counting logic and corporate greenwashing, to systemic change away from fossil fuels and harmful industrial agriculture, towards transformative solutions that protect ecosystems and people's rights.

Climate finance is a critical enabler of climate action and just transition. Much analysis of the challenging politics around climate finance has focused on the woeful insufficiency of climate finance provided by rich countries, and the frustrating fact that two-thirds of climate finance has so far been in the form of loans rather than grants.⁴ When it comes to the impact of climate finance, however, there are further questions to ask about which activities are (and are not) getting support, and whether climate finance is really doing enough to put people at the centre of climate action.

In this report, therefore, we review the policies and analyse the funding proposals of the world's two largest multilateral climate-specific funds for which data was publicly available: the **Green Climate Fund (GCF)** and the **Climate Investment Funds (CIF)**. We developed a quantitative analysis of mitigation and cross-cutting projects, to understand the extent to which the multilateral funds are financing and enabling just transitions in efforts to cut emissions.

New research by ActionAid finds that:

- **A shockingly low 2.8% of multilateral climate finance for mitigation has gone towards supporting just transitions - just US\$630 million over more than a decade.**
- **This means just one dollar in every 35 has been spent supporting just transitions. Just transition approaches to climate action are jaw-droppingly under-funded.**
- **Less than one in 50 projects (1.9%) supported by the GCF and the CIF were found to be adequately listening to and supporting workers, women and community through just transition.**
- **Almost all just transition projects were found to be funded through the GCF, where fewer than one in 18 projects (10 out of 178 projects, or just 5.6%) adequately fulfilled just transition criteria. Only two CIF projects out of 466 (0.4 %) were found to be supporting just transition.**
- **Billionaire Jeff Bezos has spent more on purchasing and running his superyacht (US\$635 million),⁵ than multilateral climate funds have spent on just transition across the Global South.**

Climate finance flows are clearly failing to address the need for just transition in climate action, and are not sufficiently prioritising people's participation, their rights or livelihoods. Meanwhile the institutional policies of

the GCF, the CIFs and their implementing institutions have only partial policies on paper, and major gaps in practice when it comes to supporting just transitions.

The lack of sufficient climate finance, rising climate scepticism and corporate greenwash are holding back the urgent and transformative action needed to avert runaway climate breakdown. There is an urgent need to re-shape climate policies, climate financing and climate proposal writing to make just transition a core approach to climate action. Climate policies and the finances flowing to support them must now learn key lessons and prioritise people-centred just transitions to address communities' needs, unlock resistance, and unleash transformations.

Recommendations:

- 1. Climate finance:** Wealthy polluting countries must do their fair share and provide trillions of dollars in grant-based climate finance each year, so that Global South countries on the front lines of the climate crisis can take the necessary steps to ensure a just transition. Governments at COP30 must clearly recognise that private finance instruments such as loans, investments or carbon offsets are no substitute for real grant-based public finance, and cannot “fill the gap” when it comes to just transitions or urgently-needed climate action.
- 2. Multilateral climate funds:** The Green Climate Fund (GCF) must increase its support for just transitions through improved guidance, allocations, proposal formats and institutional policies. Countries and institutions developing projects must actively integrate just transition into their planning and proposal writing, in collaboration with workers and communities. Meanwhile, the failure of the Climate Investment Funds (CIFs) to support just transition projects and their poor performance on the majority of just transition indicators exposes the fundamental shortcomings of the CIFs and their MDB-led governance. Our recommendation is therefore that the CIFs “sunset” (wind up) as originally intended when they were set up. Any new or existing projects should centre communities' and workers' participation, and include robust monitoring to ensure rights are respected and just transition principles are followed.
- 3. Just transitions at national and sub-national level:** Government policies relating to energy, agriculture and extractives must phase out fossil fuels and harmful industrial agriculture, and accelerate the shift to renewable energy, agroecology and responsible sourcing of minerals. These should be guided by just transition approaches that include participatory planning, reskilling, economic diversification, social protection, public services, gender inclusiveness and safeguarding rights. Just transition approaches must be integral to the design and funding of projects to implement these policies.
- 4. UNFCCC climate negotiations at COP30** must agree to a new **Belém Action Mechanism (BAM)** for a global just transition under the Just Transition Work Programme (JTWP). The proposed BAM must cover a whole-of-the-economy approach including energy, agriculture and minerals, and coordinate action within and outside the UNFCCC to align a shared direction of travel; build a global network for shared learning and collaboration; and support implementation by making just transition more eligible for finance, capacity building and technology transfer, as well as finding pathways to address barriers to just transition such as unfair trade, investment and debt policies.

INTRODUCTION

Climate action is facing multiple barriers that include lack of climate finance, economic insecurity, climate scepticism and rampant greenwashing. It is time for the concept of **just transition** to come to the fore, and to shape climate financing flows.

This report lays out the key principles for just transition and analyses the extent to which climate finance flows – particularly those through multilateral funds – are supporting this approach.

Part 1 sets out the context of the climate crisis in which more frequent and intense climate impacts are being triggered every year, disproportionately harming those in the Global South who have done the least to contribute to global emissions.

In **Part 2** we explain why, as we change systems from polluting fossil fuels and industrial agriculture to renewable energy and agroecology, “just transition” approaches are needed to address inequality, create livelihood opportunities and protect rights. The concept was initially developed by trade unions to protect the rights of workers and communities. Here we set out a framing of just transition principles to shape processes and outcomes across the energy, agriculture and critical mineral sectors, so that climate action can be shaped to meet people’s needs, address concerns, unlock resistance and unleash transformation.

In **Part 3** the steps necessary to fix the financial system are outlined.

Part 4 of the report then assesses climate finance flowing through the multilateral climate funds the Green Climate Fund (GCF) and Climate Investment Funds (CIFs), against a set of indicators for just transition. The available data reveals shocking findings – that **less than 3% of climate finance channelled through the GCF and CIFs has supported “just transition”** approaches when cutting emissions.

In the final section, **Part 5**, we set out conclusions and recommendations for policies and finance flows to unleash just transitions, including for the GCF and CIF. United Nations COP30 climate negotiations in Belém provide a timely opportunity to systematically adopt and support just transition approaches, through a new proposed mechanism to coordinate across international and national policy, finance and support frameworks.

The current political climate contributes to today’s frustratingly slow pace of climate action, and there are key lessons that still have yet to be fully integrated into climate planning and financing. Chief among these is that climate action must *always* put people’s needs and social justice at the centre. People need guarantees that climate action will strengthen – and not threaten – their voices, their livelihoods, their lands, rights, and ability to access affordable food and energy.

Ultimately, it is people that power climate action. Just transition approaches provide a systematic and stepwise way to unleash that people power.



Climate change is bringing more extreme rainfall and frequent flooding events to Nepal. Krishni stands with Parbati, Rismani and Gauri on the banks of the Kauriala river in Nepal, where some areas are becoming uninhabitable due to flood risks.
CREDIT: Uma Bista/ ActionAid

SECTION 1: CLIMATE CRISIS

Planet Earth is at risk of runaway climate breakdown. In 2025, climate records have been broken almost every month of the year so far.

The climate crisis is triggering more frequent and intense droughts, heatwaves, wildfires, cyclones, floods, landslides, rising sea levels, desertification, loss of fresh water sources and crop failures. These continue to disproportionately impact countries in the Global South that have done the least to contribute to global emissions.

Climate impacts felt in the Global North, where planetary warming is now starting to make itself felt in earnest, have particularly made headlines this year. Summer 2025 was the warmest on record for several countries including the UK, Spain and Japan. Multiple record-breaking, back-to-back heatwaves were felt across Europe. Extreme heat was calculated to have killed over 2,000 people across 12 European cities in a month. A glacier collapsed in Switzerland, burying the village below. Record wildfires in Spain burned nearly 400,000 hectares. Farmers across Europe felt the lack of rainfall this year in their struggling harvests. The United States reported 15 separate so-called 'billion-dollar weather disasters' in the first half of the year, including fires across Los Angeles. And even the Arctic Circle region experienced record-breaking extended periods of more than 30°C.

At the same time, quietly devastating droughts, floods, rising sea levels and increasingly unpredictable rainfall patterns around the world continue to escalate in the Global South. Across Africa, Asia and Latin America the climate crisis has been making itself felt for much longer, and the impacts on people continue to be far more severe. In 2025, however, multiple devastating events barely made headlines. But the lack of media spotlight on climate change in 2025 does not mean the issue has gone away.

Global news coverage of the ongoing drought in East Africa has been minimal. Virtually unrecognised by the world, Nepal is also suffering from a prolonged drought affecting more than six million people. Meanwhile, heavy floods have hit Pakistan and Bangladesh yet again this year. By July, Bangladesh had already reported surpassing average annual rainfall amounts, and that nearly all districts of the country had been affected. This

comes as the country is still recovering from the impacts of Cyclone Remal the year before. Severe weather and floods in Colombia and Venezuela hit both countries in July and then again in August, causing deadly landslides, overflowing rivers, and dangerous torrential mudflows carrying rocks and debris. August also brought the hottest nights on record to areas of the Middle East; a phenomenon which worsens the health impacts of extreme heat by preventing people from cooling down at night.

The majority of greenhouse gas (GHG) emissions accumulated in the atmosphere and heating the planet today have been produced by the wealthy countries of the Global North, through a century or more of industrialisation, extractivism and colonialism. It is communities in the countries of the Global South, however – particularly marginalised communities and those living in poverty, who have contributed almost nothing to causing the climate crisis – who disproportionately experience and are harmed by climate impacts.

In January this year, 2024 was confirmed to be the planet's warmest year on record, at an average of 1.55°C above pre-industrial levels.⁶ Scientists are worried that this may mean the planet is set to surpass the 1.5°C long-term warming threshold of the Paris Agreement target, and far sooner than expected.

Clearly the world is not taking sufficient action to slow down, yet alone stop, the GHG pollution that is setting our planet on a dangerous path to escalating climate destruction.

Governments, especially those in the Global North most responsible for historical emissions remain reluctant to hold powerful corporations to account, fearful that bold climate action will be blamed by climate sceptics for economic insecurity.

They are still not implementing the systemic changes needed to transform our energy and agriculture into systems that are equitable and fair for communities and workers, respectful and protective of our ecosystems, and sustainable for future generations.

BOX 1:

WOMEN ARE PARTICULARLY AND DISPROPORTIONALLY AFFECTED BY CLIMATE CHANGE

80% of people displaced by climate disasters have been found to be women.⁷ Women face multiple challenges of discriminatory patriarchal norms and gender-blind or gender-biased policies that create particular burdens and barriers to dealing with climate change. Across the Global South, women make up nearly half the agricultural workforce, and the proportion is even greater in sub-Saharan Africa,⁸ which means that women's livelihoods and food security are particularly vulnerable to climate change.

Women are the first to sacrifice meals when food is scarce. They are the ones walking miles in droughts to fetch water for the family's needs and are more likely to die of dehydration. Women are more likely to be carrying children and unable to run when a flood or cyclone strikes. They are the ones breastfeeding through famine. Women usually carry unequal responsibilities in caring for their families, while also facing barriers to accessing land, markets, finance and public services. They tend to have lower literacy levels due to being taken out of school earlier than their brothers and thus have less ability to access timely weather information, training or farming advice, and less influence over decision-making processes to address their needs.⁹ Women farmers are therefore less able to invest in strategies for resilience to climate change, while also earning less for their effort than male farmers.

All of this adds up to the odds systemically stacked against women when climate disasters strike. The greater the economic and gender inequality, the greater the disparity between women and men's chances of survival.¹⁰

BOX 2:

ONGOING EAST AFRICAN DROUGHT CRISIS IGNORED BY THE WORLD

The ongoing drought in East Africa began in 2020. Repeated failed rainy seasons have continued across the region for five years, including through 2025.

In Somalia, more than 3.4 million people experienced high levels of acute food insecurity between July and September 2025, with around 624,000 people experiencing Emergency levels of active food insecurity, and more than 2.8 million people experiencing crisis. An estimated 1.85 million children aged between six months and five years old are expected to suffer acute malnutrition (GAM). This includes approximately 421,000 children likely to suffer severe acute malnutrition (SAM). There are reports of escalating food insecurity, dwindling access to water and pasture, urgent appeals for humanitarian assistance. The rainy season expected later this year is also projected to be below-average.

Even though the recent rainy season brought welcome rainfall in the second quarter of 2025, Kenya is still reeling from the long-term devastation caused by multiple successive failed rainfall seasons over the last years. 1.8 million people face high levels of acute food insecurity, and the country faces alarmingly high malnutrition levels, with food assistance needs projected to increase over 2025. Of this total, around 179,000 people are experiencing emergency food crisis.

In Ethiopia, 10.2 million people are severely food insecure. Massive livestock losses as a result of the extended drought means that recovery is challenging for many. To complicate things further, flooding in West and Southwest Shewa has displaced communities, destroyed crops, killed livestock, caused outbreaks of disease, and led to rising food prices.

Reference: Internal ActionAid humanitarian team situation reports, as of 29th September 2025



Last year, Gwembe District in Southern Zambia suffered one of the worst droughts in decades last year. "The fields were bare and there was nothing to harvest. It was heartbreaking to see my children cry for food, and I was helpless, not able to feed my family" says Melvis. Since then, Melvis has received training in disaster preparedness, early warning systems and resilient farming techniques, so that she can advise her community and strengthen resilience.
CREDIT: ActionAid Zambia

Faith is a farmer in the Niger Delta, where her community suffers from the combination of oil spillages and increasingly frequent flooding events. "The cassava we planted is all rotted due to the flooding of our farms. Due to the oil spillage on the water, we no longer engage in fishing or catch any fish. We are not happy with what has befallen us and our land."

CREDIT: Etinosa Yvonne/ ActionAid

SECTION 2: JUST TRANSITIONS FOR SYSTEM CHANGE

The alarming approach of the 1.5°C warming threshold set as a target under the Paris Agreement in 2015 is a clear sign that action on climate change has been, and continues to be, deeply insufficient. The window of opportunity for meeting this goal to limit planetary heating is closing fast.

In spite of impending climate breakdown, the two industries most responsible for causing climate change – fossil fuels and industrialised agriculture – continue to expand relentlessly. Even though most governments repeatedly state their commitment to addressing the climate crisis, most continue to provide massive and disproportionate support to the fossil fuel and agribusiness sectors in the form of government policies and public subsidies.

FOSSIL FUELS OUT, RENEWABLES IN

There is global scientific and political consensus that shifting away from fossil fuels and scaling up renewable energy must be at the heart of our planet's efforts to avert planetary catastrophe.¹¹ The burning of fossil fuels – coal, oil and gasⁱ – currently accounts for over 75% of global GHGs, making this sector the largest contributor to climate change.¹² Burning all the coal, oil and gas from the fossil reserves that are currently in production would create emissions that would push planetary warming far past 1.5°C.¹³ Indeed, the latest Production Gap report in 2025 shows that governments are still planning to produce more than double the volume of fossil fuels in 2030 than would be consistent with the Paris Agreement threshold.¹⁴

This means that not only must there be no expansion into new fossil fuel reserves, but in order to avert runaway climate breakdown, fossil fuel production must be equitably phased out, energy demand by wealthy countries must be phased down, and renewable energies – particularly decentralised, small scale – must be scaled up. Renewables have potential to go much further than the fossil fuel industry's own record in these areas. Nigeria, for example, is one of Africa's largest oil and gas producers, but is failing to provide electricity to 43% of its population.¹⁵ These processes must therefore be undertaken with strategies that fulfil basic energy needs, increase energy efficiency and curb energy waste.

i. Liquefied Natural Gas, or LNG, is often promoted as a low carbon or a necessary transition fuel relying on comparisons with other sources of carbon emissions, such as coal. However, LNG is a large contributor to global warming due to significant and underreported source of methane. Despite its shorter atmospheric lifespan, methane can be 84 times more potent than carbon dioxide on a 20-year timescale. Yet, sustained lobbying and advertising by the fossil fuel industry have successfully positioned natural gas as a clean and green energy solution. As a result, global LNG supply is expected to grow at its fastest pace since 2019 by 2026, as reported by the International Energy Agency (IEA).

Meeting 100% of the world's energy needs can be achieved entirely with the renewable energy technologies currently available today.¹⁶ And even assuming projected growth in energy demand in the Global South over the decades to come in order to address energy poverty, the world has significantly more renewable energy potential than will be needed to provide 100% of global energy access by 2050.¹⁷ Abundant sunshine in the Southern Hemisphere means that the Global South is particularly well placed to harness solar energy and address energy poverty, requiring relatively lower land coverage to power its needs, compared to the far higher land requirements of fossil fuel extraction and infrastructure.¹⁸

Fortunately, decentralised and small-scale renewable energy by its very nature lends itself to a democratic approach that meets communities' needs while also protecting their rights to make decisions over their own land. Rooftop solar panels, small-scale wind farms and micro-hydro generators mean that energy can be generated, controlled, used and potentially sold by communities, cooperatives, and even individual households.

In a warming world, renewable energy can also make a major contribution towards adaptation strategies such as irrigation, food processing and storage, transport and cooling. In communities still dependent on firewood for cooking, renewable energy access can help to avoid the overexploitation of forest ecosystems, which can disrupt local rainfall patterns and leave communities in hilly areas at risk of dangerous landslides.

The arguments for renewables are not only based on climate, energy access and human rights, but economic reasons too. 91% of new renewable projects are now cheaper than fossil fuel alternatives.¹⁹ Indeed, there is no longer any real business case to justify fossil fuel expansion.

The expansion of renewable energy does not come without potential risk for communities involved in the growing demand for metals and minerals, however. The minerals and mining sector is dogged by human rights violations, deep inequalities and environmental harm. The energy transition from fossil fuels to renewables must avoid simply displacing injustice and exploitation from one type of extractive mining to another. Strong mandatory regulations to ensure labour and environmental standards in mining must therefore be an integral part of the renewable energy vision.

INDUSTRIAL AGRICULTURE IN THE HOT SEAT: FOSSIL FERTILISERS, FACTORY FARMS AND FOREST DESTRUCTION

Agriculture and the land sector are responsible for up to 21% of global emissions, according to the United Nations' (UN) Intergovernmental Panel on Climate Change (IPCC), making it the second most polluting sector after fossil fuels.²⁰ At the same time, agriculture is not only the sector most vulnerable to the impacts of climate change, but it also provides **the livelihood for one quarter of the world's population**.²¹ Recognition is thus growing for the urgent need to transform agriculture and food systems to address the climate crisis while also meeting the world's food and livelihood needs.

In fact, it is specifically large-scale industrialised agriculture – in which agribusiness corporations control and profit from almost every step of the process – that is most responsible for causing both climate change and loss of rural livelihoods and incomes.²²

Public recognition of industrial agriculture's contribution to climate change is far lower, however, than for fossil fuels.

Industrialised agriculture is exemplified by factors including: large-scale monoculture plantations of single crop varieties covering hundreds of hectares, often expanding aggressively onto new land and ecosystems and displacing local and indigenous communities; a focus on commodity crops destined for export; widespread application of agrochemical fertilisers, pesticides and herbicides, that often harm ecosystems and human

health; corporate-sold hybrid or genetically modified seeds that need to be purchased each year; factory-farmed livestock; and mechanised farming. Many of these characteristics are in fact the very factors that increase agricultural emissions.

Industrial agriculture relies heavily on the burning of fossil fuels to produce synthetic nitrogen fertilisers ('fossil fertilisers') and other agrochemicals. Fossil fertilisers are not only a cause of emissions in their production, but when applied to soils they cause emissions of nitrous oxide (N₂O), which has 310 times the warming effect of CO₂. Fertilisers also degrade stable soil carbon into CO₂, and kill off beneficial fungi that provide natural fertility to the soil.

Industrialised agriculture is also strongly correlated with high rates of deforestation and biodiversity destruction. Demand for commodities such as soy, beef and palm oil drives aggressive rates of farmland expansion into the precious ecosystems that our planet relies on for climate stability. In fact, 90% of deforestation worldwide has been found to be caused by agricultural expansion.²³ Of this, cropland expansion accounts for 49.6%, and 38.46% due to livestock grazing.

Deforestation for livestock grazing is not the only problematic part of livestock's climate contribution. More than half of the world's maize (corn)²⁴ and the majority of soy²⁵ production taking place is destined as animal feed for billions of cows, pigs, chickens and other animals, often reared on so-called 'factory farms'. Here, many thousands of animals are kept in cramped, enclosed and usually cruel conditions, barely able to move and dosed with high levels of antibiotics. Three quarters of the world's land-based livestock are estimated to be factory farmed,²⁶ and the growing global livestock population is driving up planetary methane emissions.²⁷

The full supply chain emissions of synthetic nitrogen fertilizer, deforestation linked to industrial commodity production including cattle, and intensive livestock production form the majority of agriculture-related emissions. When added together, they make industrial agriculture the second largest source of global GHG emissions.

At the same time as accelerating the climate crisis, industrialised agriculture is particularly vulnerable to its impacts. As erratic rainfall patterns, droughts, floods, landslides, cyclones and rising sea levels strike with increasing severity each year, agriculture is the sector most vulnerable to these impacts. Industrialised agriculture is particularly susceptible to temperature extremes and unpredictable weather patterns, for multiple reasons. The degradation of soil quality reduces the ability of soil to absorb and retain water. This leaves them more likely to dry out quickly during periods of low rainfall or high temperature, reducing the availability of water necessary for successful yields.

STORY 1

INDUSTRIAL AGRICULTURE IN THE SPOTLIGHT AS COP30 COMES TO THE AMAZON

In November 2025, UN COP30 climate negotiations will be held in the Brazilian city of Belém, at the mouth of the Amazon River. But the iconic Amazon ecosystem, the world's largest, home to 10% of known species, and the 'lungs of Planet Earth,' is under attack from agribusiness.

For generations, a community living near Timbiras in Maranhão, part of the legal Amazon region, have made a living from babassu coconuts, a type of palm that grows naturally in the forest and which produces oil and fibres that are widely used in food, industry and cosmetics. *"The babassu coconut tree is our second mother because it gives us everything,"* says a babassu coconut breaker who chose not to be identified.

As deforestation advances, the community faces growing pressure from farmers, business and politicians to leave their forest territory to make way for expanding industrial agriculture. *“They want to push us out to grow corn, soya or cattle. They just want to grab this land,”* says a second babassu coconut breaker who chose not to be identified.

Agriculture is the primary driver of deforestation in Brazil, accounting for over 97% of native vegetation loss between 2019 and 2023.²⁸ In 2022 (the most recent year in which data is available), the industrial agriculture giant Cargill, one of the world’s largest distributors of soy, was found to have caused 55,131 hectares of deforestation due to soy expansion in Brazil, and GHGs equivalent to more than 10 million tonnes of CO₂.²⁹ Fellow commodity giant Bunge is associated with 77,766 hectares of soy deforestation, and 10.3 million tonnes of CO₂-eq.³⁰ Beef production in Brazil is an even greater driver of deforestation. In 2020 (the most recent year for which data is available), 1.38 million hectares across the country were deforested and converted from native vegetation.³¹

After refusing the “offer” to be allowed to stay on just a few hectares of their territory, the community have faced intimidation. *“We felt very threatened. We were told ‘you’ll have to leave with nothing,’”* one of them recounts.

Soon after, planes and drones began spraying the community, their children, their homes, crops, water sources, babassu trees and forest areas with pesticides. Following this, community members experienced headaches, nausea, stomach pains, dizziness and rashes. The pesticide attacks have been taking place for at least three years now, and are a systematic method used to displace traditional communities and deforest native trees such as the babassu. Family farmers producing food on a small scale for local consumption have reported 50 to 70 per cent yield losses. The pesticides are affecting water quality for at least 120 families in the area.

After years of resistance and campaigning by the community, the municipality finally banned pesticide spraying by airplane or drone in October 2024. However, impunity and a lack of enforcement mean that the pesticide spraying continues. Meanwhile, illegal logging and deforestation continue to encroach on the forest.



Aerial view of a babassu coconut breaker family home and forest, under threat from industrial agriculture expansion in Timbiras, Maranhão. CREDIT: Ruy Sposati/ ActionAid

AGROECOLOGY: FERTILE GROUND FOR CLIMATE SOLUTIONS

Fortunately, alternatives to the multiple harms brought by industrial agribusiness exist. Agroecology is increasingly recognised as one of the strategies that provides the most potential for addressing the climate while providing multiple socio-economic and environmental benefits. This approach has been recognised by global expert reports, including the IPCC 6th Assessment Report,³² the IPCC special report on Climate Change and Land,³³ the UN Food and Agriculture Organisation's (FAO) Committee on World Food Security (CFS)³⁴ and many others.

Agroecology means working with nature instead of against it. Agroecology uses natural materials, a diversity of locally-adapted crop and seed varieties, local knowledge, and the natural behaviour and functions of plants, birds, insects and microbes, instead of relying on seed and chemical inputs purchased from corporations every year. This approach is particularly suited to the needs of smallholder peasant farmers, especially women and young farmers, who do not usually have the deep pockets or access to finance to invest in expensive agribusiness inputs, and yet who make up the majority of the farmers practicing agriculture, and feeding people across the planet.

Far from signifying a concession or loss in yields and incomes, agroecological practices can produce impressive results for farmers, bringing not only an effective mitigation strategy, but also important adaptation benefits, particularly evident when climate impacts strike.

Additionally, agroecology deserves widespread recognition as jobs-boosting employment strategy for protecting “green and just jobs” for millions. In contrast to large-scale mechanised industrial agriculture plantations that cover hundreds of hectares but provide few jobs, agroecology ensures more jobs and livelihoods per hectare of land, and a more thriving and equitable local economy.

Given the disproportionately large emissions associated with factory farming of livestock, and the fact that per capita meat consumption of factory-farmed livestock is particularly high in the Global North, there are also growing calls for consumption of “less and better meat” as a climate strategy.

Indeed, livestock rearing can be done in “better” ways that have a low climate impact if done as part of mixed farming systems, smallholdings or pastoralist systems. Regions with high rates of per-person meat consumption and waste – typically countries in the Global North³⁵ – also have huge potential to eat “less” meat.

Northern Kenya has experienced prolonged droughts and flash floods over the last few years. The resilience to climate impacts provided by agroecological farming methods have helped Rael and the farmers in her women's group in Komolion, Baringo to ensure vital food security and incomes.

In times of reduced rainfall and high temperatures, agroecologically-cultivated soils are far slower to dry out than soils treated with agrochemicals. This water retention extends the growing season for crops, and results in more successful yields than for crops grown conventionally. The crop and seed diversity characteristic of agroecological farming systems also helps farmers to spread risk, reducing the chances of drought, flood, pests or disease from wiping out entire harvests and farmers' entire seasonal incomes.

CREDIT: Moses Thurania/ ActionAid



JUST TRANSITION: CLIMATE ACTION 2.0

The science is clear. The global political commitments are clear. The calls from frontline communities are clear. But the scale and speed of climate action on the ground is still falling far short of what is needed to put our planet on a path for a safe future. Indeed, economic insecurity, climate scepticism and rampant greenwashing increasingly shape the political landscape when it comes to climate action.

In many parts of the world workers, farmers and community members who have good reasons to be worried about climate change are even more concerned that narrow carbon-counting logic and top-down climate policies might harm their livelihoods, their food security or their access to land and energy. Fossil fuel workers and industrial agriculture farmers may feel demonised, defensive, and blamed for the climate crisis. But most are themselves overburdened, squeezed, exploited and often trapped. Many fear that climate action will either add to their impossible burdens – or take away their livelihoods altogether.

These concerns can contribute to local and political resistance to climate action. Increasingly, such concerns are also being cynically exploited by actors seeking to polarise debate and boost climate scepticism. Approaches to climate action must therefore put people's valid concerns about precarious livelihoods, the cost of living, and of course their human rights to land, water and safety, front and centre.

It is therefore time for climate action to learn from its own successes and failures, and to update and evolve into a people-centred process shaped by just transition. In other words, it's time for "Climate Action 2.0" to unlock, unleash and accelerate climate transformations.

Just transition approaches put people at the centre, ensuring that those most affected by climate and economic shifts are not left behind but are empowered and supported.

Through steps and support structures that are inclusive and participatory, driven by the needs of people whose lives and livelihoods are on the frontlines of both the climate crisis and the necessary climate action, just transitions provide clear protections, opportunities, and benefits for workers, communities, women, youth, Indigenous Peoples and all marginalised groups. In ensuring that both processes and outcomes are fair, just transition is the *how* of climate action.

A just transition is therefore the essential foundation for effective and lasting climate action.

Otherwise, climate action that ignores inequality, displaces communities, or deepens existing injustices will fail. Fail to gain support, fail to deliver climate justice, and fail to meet the scale of the climate crisis.

The concept of "just transition" was originally developed by workers' trade unions who recognised that the world needed to transition away from fossil fuel and hazardous chemical industries, but wanted to be sure of workers' job security and community wellbeing in the face of closures. As trade unions they developed a format requiring social dialogue with governments, inclusion in regional and national planning processes, and government provision of support to enable workers to benefit from climate transitions instead of losing out, by creating supported pathways to diversified economies and alternative opportunities for good jobs.

Decades after the concept was developed, however, climate plans and strategies often lack enough protections for workers' and communities' rights. This is contributing to a sense of scepticism around vague promises for job retention, reskilling and support. Workers are right to be worried about declining industries and rapidly changing sectors steaming ahead without providing support for workers to transition. Understandably, unions are concerned whether a transition will actually lead to new or improved jobs, maintain the union recognition, conditions, standards of health and safety and fair pensions. A real and scaled-up implementation of just transition offers an opportunity to mainstream the role of workers and their demands throughout policy design and implementation. As such, the International Trade Union Confederation (ITUC)

has stressed the need to refer and safeguard labour rights, including freedom of association, collective bargaining, social dialogue and occupational health and safety as defined by the ILO.³⁶

Today, the trade union movement continues to be at the forefront of national and global calls for governments to bring about just transitions. But the scope of just transition has widened beyond the needs of fossil fuel workers, to all relevant actors – women, farmers, community members, young people, Indigenous Peoples, seasonal workers – who could suffer serious harm from unjust, or simply careless and top-down climate action. Now the climate, youth and women's rights movements have joined this momentum, with the understanding that systematic just transition approaches are essential to ensuring climate justice.

When moving away from climate-destructive industries, just transitions can enhance employment in decent work through creating **green and just job opportunities**, not least for women, youth and marginalised groups. For example, the uptake of sustainable practices in energy, transport and building could create far more opportunities for decent work, than might be lost in the transition away from carbon-intensive industries.

Economic and educational strategies should aim to boost green and just jobs that contribute to the wellbeing of people and planet – particularly those that produce or use environmentally beneficial goods and services, as well as care and social work roles that are inherently low-carbon or carbon neutral. Green jobs should not be primarily defined by sector, skillset, or narrow carbon metrics—but by their capacity to redistribute power and care, restore dignity, and resist extractive approaches.

Key roles such as those in care, agroecological farming or the informal sector may currently be excluded from mainstream “green growth” narratives centred on assumptions around Gross Domestic Product. However where they provide decent work, improve local wellbeing and boost local economies, they should be recognised and integrated into just transition strategies.

As the term “just transition” gains traction in public discourse and mainstream media, however, vested interests – particularly fossil fuel corporations and free market advocates – are attempting to co-opt its use, weakening the term to emphasise the business opportunities of a green economy, while maintaining business-as-usual. The

fossil fuel and agribusiness industries are experts on this. For instance, Shell and Exxon claim on their websites to stand behind a *Just Transition* - while continuing to support expansion of fossil fuel infrastructure and ignoring the harmful impacts to communities, the environment and the climate.³⁷ Similarly, private financial institutions have also embraced “transition finance” as a means to direct financial flows towards the transition, yet the little accountability and transparency and lack of robust standards means that money is flowing to companies far from transitioning.



Through ActionAid, Stanley was trained to install solar panels, and is now making a living from solar installation in his community.
CREDIT: ActionAid Zimbabwe

In spite of – or perhaps because of – efforts to weaken the meaning of “just transition”, it is critical that we continue to push for a just transition based on real and systemic transformations that are anchored in human rights, and that put people at the centre. Truly just transitions are decolonial and antiracist, rejecting extractive, market-driven models and instead centring the rights, needs, and voices of workers, communities, and frontline groups – especially in the Global South. This means valuing the universal provision of public services, challenging corporate capture, avoiding the replication of colonial dependencies, and redistributing value and power across global supply chains.

As vested interests attempt to co-opt the language of just transition to maintain the status quo, we must remain clear: a truly just transition must deliver a transformation of our food and energy systems away from polluting and destructive industries and toward real and inclusive solutions anchored in justice, equity, and dignity for all.

BOX 3:

JUST TRANSITIONS ARE FEMINIST

Women are disproportionately impacted by food and water insecurity, conflict, displacement, gender-based violence and unpaid care work exacerbated by climate change. Within communities, however, intersecting power dynamics may exclude or silence women’s voices and perspectives, even though women have expertise, knowledge and roles necessary for climate change mitigation, adaptation and disaster risk reduction. More so, women’s participation in decision-making results in more effective climate solutions. Furthermore, the disproportionate responsibility for care that is all-too-often left on women and girls holds them back from productive activities, such as farming or education, and often leaves them exhausted. The current economic system based on undiscriminated production and profit not only continues to fuel the climate crisis, but completely undervalues the paid and unpaid care work of women and girls, and its role in society and the economy.

Just transitions therefore ensure that climate interventions have specific and comprehensive plans and approaches for gender inclusivity, and that women are heard and their needs addressed as an integral element of climate action. A just transition ensures that women participate from the very beginning and are included in design and decision-making processes. Just transitions centre people’s needs, including women and girls, and provide locally led alternatives that are fair and just for all, directly benefitting women through reducing their burden of unpaid care work. A just transition is aligned with the recognition, reduction, redistribution and representation of unpaid care and domestic work, including through investing in gender responsive public services. Just transition recognises the foundational role of women and girls paid and unpaid care work with the prioritisation of safety nets, offering social protection that support women to transition into new opportunities.

Just transitions integrate plans that support women in a shift to alternative or new livelihood opportunities, through local-level initiatives, training, education and skills building. A Just transition creates green and just job opportunities through economic and educational strategies that contribute to the wellbeing of people and planet – including care and social work roles that are inherently low-carbon or carbon neutral. As such, green jobs are recognised by their capacity to redistribute power and care, restore dignity and resist extractive approaches. If a transition is not feminist, it is not truly just.

FOUR PRINCIPLES OF JUST TRANSITION

Drawing from the leadership and experience of trade unions in developing the concept of just transition, ActionAid has contributed to applying these concepts to the agriculture (2019)³⁸ and extractives (2020)³⁹ sectors, through identifying and publishing core principles to shape action. In spite of sector-specific contexts, we find that these core principles can apply across all sectors, defining both the **process** (the HOW) and the **outcome** (the WHAT) to ensure that both are intrinsically just.

PROCESS

1. ENSURE PARTICIPATORY AND INCLUSIVE PROCESSES

Participation means taking account of perspectives, knowledge and concerns right from the start, and building comprehensive plans centred on the needs and rights of all people. To be successful, climate transitions must address power inequalities and give communities and workers a seat at the table where they can participate in - and not just be superficially consulted on - transition policies and activities.

Failure to be inclusive from the very start will mean that transitions may well only benefit elites, while ignoring and even potentially harming women and girls, young people, the poorest workers and the most marginalised communities.

To be inclusive, processes must use deliberate strategies to address power imbalances and to create safe spaces where people feel confident to speak. Different stakeholders may have different skillsets, different ways of communicating their views, different levels of literacy, and different levels of confidence in speaking out. By presenting communities with an opportunity to shape their own future in a way that benefits them, inclusive planning processes can avoid the risk of top-down change that reinforces inequality.

Unions and civil society organisations can play a key role in supporting workers, farmers, women, young people and their communities to organise, strengthen confidence and present their perspectives in key planning and policy-making processes. Gender-sensitive impact assessments at regional and national level should be undertaken where appropriate, to understand the impacts of climate change and climate change policies on respective sectors, looking at a range of factors including jobs lost, potential created, and skills needed.

→ *In practice*, this means governments holding inclusive and participatory planning processes with local communities, unions, workers, women, youth, farmers, Indigenous Peoples and other potentially impacted people. Participatory methods might include collective mapping exercises representing the characteristics, relationships, and dynamics of a specific territory; interviews, focus groups and public hearings with socially appropriate language; as well as community-based impact assessments, benefit agreements around revenue-sharing or employment opportunities, amongst others.

Particular efforts must be made to map, include and empower stakeholders who may not be part of organised or represented groups, for example seasonal workers, women, youth, people involved in processing, marketing and secondary industries, and members of the wider community, who are likely to be affected by local changes. It is also important to take steps to address intersectional power

dynamics within communities that may exclude or diminish certain people's voices and perspectives. Rather than quick consultations that tick boxes but ignore inputs, these processes must be meaningful in shaping policies and practices, addressing concerns and delivering positive outcomes.

Processes must also respect and strengthen the codification of free, prior and informed consent as well as rights enshrined in the UN Declaration on the Rights of Peasants and Other People Working in Rural Areas (UNDROP)⁴⁰ and the International Labour Organisation (ILO) Convention 169,⁴¹ on the rights of Indigenous and Tribal Peoples.

2. DEVELOP COMPREHENSIVE PLANS AND POLICY FRAMEWORKS

Comprehensive plans and policy frameworks are needed to support the shift and protect people. Delivering climate transformations at the speed and scale required will not be possible without strong public leadership. A just transition requires proactive government intervention in the sector at national, regional or local level, through regulation and supervision. It must properly address the needs of affected communities and help them to actively participate in economies that benefit the climate.

Climate interventions may be small or large, and may cause significant changes in the world of work. Just transition approaches are therefore essential to protect and reshape regional or national economies. According to ILO estimates, climate mitigation policies could contribute to as many as 6 million job losses worldwide, mainly in carbon-intensive sectors, industry, transport and agriculture.⁴² Yet the adoption of sustainable practices that include changes across the energy, transport and building sectors, is also set to create an estimated 24 million jobs, with a net increase of approximately 18 million jobs globally. Job loss and creation timelines, geographies and skillsets might be mismatched, however. Clear plans and policy frameworks, as well as budgeting, will therefore need to be developed by governments, where workers have access to gender-responsive reskilling, upskilling and training, as well as livelihood diversification.

Additionally, these labour-focused policies must include integration with different strategies, policies and public services. The need for a comprehensive just transition approach will be greater in lower-income regions and communities, where people may not have access to information or training resources, or time to devote to skills development and job searches. As such, universal social protection and quality public services will often be key to the justice side of a just transition. There is no more effective means to improve equity, and to reach even the most excluded people than through comprehensive investments in quality public services. Investments should include strengthening social protection systems, providing opportunities for universal public education and health, reskilling and economic diversification, as well as expanding public ownership and democratic control over key sectors, including energy and transport.

The impacts of the climate crisis must also be anticipated and prevented, if possible, or addressed such that people are supported to protect and diversify their income, and to take risks in innovating and incentivising sustainable practices, investments and decisions.⁴³ Some key policy instruments may include unemployment protection, social health protection, pensions, public employment programmes, income support, cash transfers, training schemes, or even support for early retirement.

→ *In practice*, this means formulating national just transition plans, policies and budgets so that communities can diversify their economies, and workers can confidently transition into green and just jobs, including new sectors and livelihood opportunities. Specific elements may include gender-responsive training, life-long access to education, reskilling, upskilling and extension support. Young people must have access to relevant education and training programmes to be employed or start their professional careers in these green and just sectors.

Concrete social protection measures that mitigate or prevent adverse impacts must be planned for, such as income support or cash transfers, which can provide universal safety nets to help workers and communities bridge and survive through dips in income. Public services must be built upon and strengthened at all levels – whether through provision of education, health, care services, agricultural extension and transport; public ownership of key sectors such as energy; or the use of public procurement to create demand and raise standards.

Environmental and social standards must regulate corporate power and harm, and public finance should be allocated to people-centred climate solutions. Any newly created policy frameworks requiring corporate sector cooperation must have explicit reference to international due diligence standards as set out in the UN Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Development (OECD) Guidelines for Multinational Enterprises. This includes requirements for substantive human rights and environmental due diligence (HREDD) and avoidance of sole reliance on industry-led certification schemes. Internationally recognised rights, in particular Indigenous Peoples' right to self-determination, which includes the right to give or withhold their Free Prior and Informed Consent to projects on their lands must be respected. This will be particularly key in the mining sector and any new related legislation on critical or transition materials supply chains.

Wealthy countries in the Global North must also provide their fair share of grant-based climate finance to facilitate this scale-up of Just Transitions in the Global South.

OUTCOMES

3. ADDRESS AND DON'T EXACERBATE INEQUALITY

Transitions must address pre-existing inequalities including lack of access to food, energy or decent work, gender-based inequalities, historical responsibility for causing the climate crisis, and vulnerability to its impacts. Climate transitions must not simply push exploitation and destruction into new areas for different resources. They must explicitly ensure that no community is worse off, and that fairness and equity is central to all transition efforts. Otherwise, the transition will only work for powerful stakeholders, and harm the very people whose role will be central to a climate-safe future. Young people must also play a central role, and their demands for decent jobs, livelihoods and their innovations must be supported in just transitions.

Just transitions must centre gender equality, addressing women and girls' disproportionate share of unpaid care and domestic work, their overrepresentation in informal, low-wage and precarious work, and persistent gender pay gaps and sectoral and occupational segregation, as well as unequal access to natural and productive resources, including finance, markets, technology, energy, land, water and food.⁵⁷ Women and girls may also face challenges in attaining high-quality green and just jobs in new sectors due to discriminatory social norms and stereotypes. Addressing these intersecting forms of discrimination and maintained inequality will be absolutely key to ensuring the success of any transition.

→ *In practice*, this means putting the needs of women, marginalised people and people living in poverty at the centre of policy making and climate objectives. Gender-responsive policies, plans that ensure land rights are protected, access to affordable and safe energy and food, quality public services and securing green and just jobs for people are all key to just transition. As new areas of employment grow (including in agriculture, mining and recycling of materials, and expansion of renewable energy) these must be governed by strong labour and environmental standards to protect worker health, women and youth's rights, community wellbeing and the environment.

4. SYSTEM CHANGE FOR PEOPLE, NATURE AND THE CLIMATE

We can only address the climate crisis if we transform the systems that are at the root cause of the crisis. A fundamental reshaping of our energy, extractive, food and agriculture systems is needed at large-scale and rapid speed – alongside transformations in the international financial architecture. Thus, systemic policy changes, bold initiatives, effective regulations and support mechanisms are needed to bring about transformation to genuinely sustainable approaches at the speed and scale required. These changes must be holistic in that they go beyond narrow carbon-counting priorities, to consider the priorities of people, nature and the climate.

They must also avoid false solutions and technologies that harm communities, and that concentrate control, wealth, land and power in fewer hands. Greenwashing efforts such as carbon offsetting projects, for example, do not benefit the climate, but are used by corporations to justify their continued profiteering and climate harm, and to delay or prevent the real transformations to real climate solutions that are not dominated by corporations.

→ *In practice*, this means that climate policies must bring about systemic shifts in energy and agriculture from fossil fuels to renewable energy, and from industrial agriculture to agroecology. They must not permit climate-harming fossil fuel corporations to “offset” their emissions with carbon credits and continue polluting. Large-scale bioenergy or carbon offset plantations that are likely to drive land grabs and displace marginalised communities, or business-as-usual practices by industrial agriculture corporations claiming to be “climate smart” while simultaneously harming local communities, must be rejected.

Furthermore, climate policies guided by just transition approaches must not only take into account the needs of the climate (reducing the total GHG footprint across the full life-cycle of production, distribution and use, strengthening resilience to climate impacts); but also ensure social justice (for example by securing people’s rights and the rights of women, improving public services, strengthening protections for workers, valuing unpaid care work, improving access to food, energy, livelihoods and wellbeing); and ensuring that the planet’s biodiversity and natural ecosystems are protected and enhanced.

We must also transform the international financial architecture that has created a permanent cycle of debt crises across lower income countries – further accelerating the climate crisis. Breakthroughs have been made in shifting global policy making on tax away from the OECD club of rich nations through a UN Framework Convention on Tax that should come into force in 2027. Similar bold action on debt is needed, shifting power from the IMF and creditor nations whose development has been financed through unfair appropriation of the atmospheric commons – through creating a new UN Framework Convention on Sovereign Debt, as demanded by African nations. Until there are representative bodies setting fair rules and guidelines for tax and debt, the global financing architecture will continue acting as a river of both debt crises and climate crises.

SECTOR-SPECIFIC DIMENSIONS OF JUST TRANSITIONS

I. Transitioning away from fossil fuels

For workers reliant on coal, oil or gas for their employment, the shift away from fossil fuels raises concerns that they will be left behind and stranded with few livelihood opportunities. Key to this sector, then, will be efforts to provide, scale up and diversify new economic opportunities, including green and just jobs for workers, women and young people and communities - as well as providing the support needed for making those transitions.

Workers, young people, women and communities, whose livelihoods are connected to the fossil fuel sector must be given opportunities for a better future. They must be provided with the space to organise, opportunities to participate in decision-making, positive alternatives for their livelihoods, community and well-being, and meaningful support, social protection and training to make the transition away from fossil fuel extraction.

While workers in this sector can often benefit from unionisation or community representatives who can engage and negotiate with governments and companies, this does not apply to the entire workforce, by any means. In some contexts, workers, especially young workers, those with precarious employment status or those working in informal or artisanal mining, might not be part of organised unions. Women who may live in the community and derive their income from secondary industries that build up around the sector, are also all-too-often systematically ignored in planning. Particular efforts must therefore be made to ensure that the perspectives and needs of those most marginalised are taken into account in planning processes.

Across much of the world, the fossil fuel extraction sector is also subject to deep levels of inequality and exploitation. Fossil fuel livelihoods can be associated with difficult work that is poorly paid, in unforgiving working conditions with limited labour protections, and associated with a range of negative health impacts for workers. Devastating local environmental and social impacts including pollution of air, water and soil are also common.

Governments must therefore ensure the fossil fuel industry's responsible exit, including clean-up (e.g., of oils spills and insecure infrastructure), access to remedy for affected communities – including detrimental effects on health and livelihood of communities - and provision of funds for decommission.

II. Scaling up renewables

Transitioning away from fossil fuels should go hand-in hand with the scaling up of renewables to meet energy needs, improving access and ending energy poverty in the process. Decentralised, small scale renewable energy – particularly solar, wind and micro-hydro – can and must be scaled up to replace fossil fuels and address energy poverty, while avoiding the climate-devastating emissions associated with fossil fuels.

Ensuring access to energy is crucial to breaking out of poverty. Reliable access to energy can open up livelihood opportunities, including by saving time that would otherwise be spent – usually by women and girls – in sourcing fuel. Access to electricity increases opportunities for education and studying, especially for young people. With access to energy, women and farming communities have more opportunities for processing and value addition of their produce, meaning that they can earn more income. Access to energy can also help to cut down on food loss and waste, which in turn improve food security and reduce emissions. Renewable energy can increase safety for women and girls through the provision of electrical lighting at night.

Efforts to scale up economic opportunities for green and just jobs can work in tandem with scaling up access to renewable energy. Installation of renewables in communities can be particularly successful when also coupled with key assets – for example agro-processing machinery, or ice machines that preserve fish.⁴⁴ Thus if renewable energy installation is combined with strategies to sustainably raise incomes, the community is also more likely to be able to afford to fix and sustain technologies in case of damage.

Public buildings such as schools, hospitals and universities can also become producers of energy. Control and ownership over electricity in the hands of households, small and medium-size enterprises, communities and public institutions, in a mosaic of connected or island mini-grids, has profound and exciting implications. When energy is used close to where it is generated, the significant energy loss associated with transmitting electricity over long distances is dramatically reduced.

Diversified renewable energy production means that energy can be delivered as a common good, in contrast to the profit priorities of fossil fuel corporations. This “energy democracy” revolution is a step that can and must take place alongside the renewable energy revolution. Before roll-out of these technologies, social programmes to ensure the inclusive participation, education, training and empowerment of communities are needed. When it comes to local, decentralised renewable energy, communities should not be seen as mere customers, but as partners in planning, adding value, implementing, fixing and learning lessons. Communities must be able to effectively participate in, shape, control and sustain this energy revolution, so that interventions are shaped to meet their needs.

Certain renewable energy technologies, such as wind or solar farms, can however, require large areas of land. If not planned carefully, these dynamics risk reproducing or aggravating extractive and colonial systems that put the interests of international corporations before the needs of local communities. Scaling up of renewable energy in communities and on land they use must therefore be accompanied by community consent and fair negotiations, as well as strong social and environmental safeguards that particularly consider the risk of impacts on women and girls.

A further benefit of small-scale and distributed renewable energy systems that tend to be owned at the local or national level, is that profits and taxes are retained and spent within the country, in contrast to multinational corporate profits which all too-often benefit only the headquarters and shareholders in the Global North, owing to aggressive tax avoidance by large multinationals operating in the Global South.

Finally, a just transition in the energy sector must be paired with a phasing down of the energy demand by wealthy countries, corporations and individuals – not least a reduction in energy consumption in the Global North, where strategies can include a modal shift from private towards public transportation. This must be done following equitable energy demand reduction strategies that fulfil basic energy needs, increasing energy efficiency and curbing energy waste. Mobilising spare capacity stemming from this phase-down in energy production would need to be directed toward public services.

III. Critical minerals

The Global South is home to the majority of strategic or critical minerals and metals needed for an upscaling of renewable technologies, such as wind turbines, solar panels and batteries. In meeting the needs of an energy transition and global demand of renewable energy, the IEA has estimated that the demand for critical minerals will increase sixfold by 2050.⁴⁵ The scaling up of mineral extraction is often enthusiastically presented by governments and advocates in mineral-rich countries as providing new jobs and opportunities for local and national economic development.

In spite of this potential, in practice there are insufficient safeguards to avoid the harms of mining, or to ensure Global South countries actually benefit from their resources through value addition and green industrial strategies. In fact, the global mining industry has historically been associated with severe human rights and environmental harms, land grabs and evictions, inadequate compensations, loss of livelihood, health issues, lack of access to water and violence. “Pit-to-port” export models that prevent countries from benefiting from their own resources are the norm, with foreign corporations controlling and benefiting from the sector, while also avoiding taxes.

With the rise in private sector use of “green transition” language to advance their own agendas, the sector is also at risk of corporate capture and control by Global North entities, through trade, debt or other agreements in which nations rich in resources are trapped into detrimental relationships that fuel dependency and colonial models of extractivism. The industry has shown a general lack of commitment or implementation in respect to water rights, Indigenous Peoples’ rights, land rights, workers’ rights, or child labour through Free, Prior, and Informed Consent (FPIC) and adequate due diligence, as well as lack of protection of human rights defenders.⁴⁶

The most talked-about minerals for the energy transition are often copper, cobalt, nickel and lithium, however there is a long list of minerals including manganese,⁴⁷ aluminium and graphite that are also destined to face higher demand with the development of renewable technologies. So far, there is a systemic failure of addressing the same issues faced by the mining industry in the past in this new era of critical mineral extraction. Nickel, for example, is necessary for lithium-ion batteries used to power electric vehicles (EVs) and renewable energy storage units. In the Philippine provinces of Zambales and Palawan, consultations have failed to take place or have been far from meaningful, and FPIC has not been obtained.⁴⁸ These nickel mining projects are harming the right to a clean, healthy and sustainable environment and seriously risking impacted communities' rights to health, access to water, and livelihoods.

The renewables industry must take great care to ensure the responsible sourcing of metals and minerals, including where new mining is required. Governments have the responsibility to develop and enforce mandatory regulations for "responsible mining", strong labour and environmental standards, and due diligence processes. Communities must also have the right to reject new mining developments, with community consent and fair negotiations a central part of the planning process. The views of women, young people and marginalised community members must count as equal to that of supposedly high-status community members.

Additionally, overconsumption and demand for new sources of critical minerals must be reduced, with recycling of minerals and metals incentivised and scaled up.

IV. Agriculture

Agriculture is the world's largest employer (accounting for the livelihoods of 25% of the world's population), the second largest contributor to climate change, the sector most vulnerable to its impacts, and the source of most of the world's food. This combination of complexities within food and agriculture create a particular need for climate transitions that are just.

Shifting from industrial agriculture (which is largely fossil-fuelled) to sustainable approaches such as agroecology that benefit the climate, are better-adapted to its impacts, and that are socially-equitable, is a necessary step to ensure our food systems are fit for an era of climate change. But the particular contexts, challenges and inequalities within the diverse global food system mean that farmers and local economies require specific awareness and targeted support structures.

With women making up nearly half of the agricultural workforce in the Global South, but often rendered invisible or specifically disadvantaged by cultural and policy barriers, all efforts in agriculture need to be gender-responsive and targeted to addressing women farmers' needs. Rather than assuming men are the default farmers, policies and interventions must recognise that women farmers tend to carry far greater responsibilities for unpaid care work, have lower literacy rates, and have less access to opportunities for decision-making or training – even though they largely provide the vital food that feeds communities. Agriculture interventions must therefore map potential impact, views and needs of women and other marginalised stakeholders – such as farmworkers - including seasonal or migrant workers.

Exploitation is prevalent across the agriculture sector, in all parts of the world. Farmers themselves may be exploited and underpaid by intermediaries. Farmworkers, including migrant and seasonal workers, can also be vulnerable to exploitation in the form of underpay, poor labour conditions, and overuse of agrochemicals. Shifting to farming systems that are better for the climate must therefore also avoid creating new risks for workers. Just transition is an opportunity for farmers and farm workers to organise and build collective power, to ensure decent jobs.

Agricultural transformations may imply significant regional economic shifts. Many regions have become dependent on the production of single commodities. Moving towards diversified economies may entail significant changes in agricultural products, production methods, processing and marketing opportunities,

and maybe even diversification of livelihoods to include non-agricultural incomes. Local and national governments can increase the chances of success by convening inclusive planning processes that bring communities on board, and ensuring they get the support needed. Support can include gender-responsive training and extension advice in new farming practices (such as agroecology), support for value addition and marketing new products, or encouraging government institutions such as schools, hospitals and offices to use their purchasing power to support farmers (i.e. public procurement).

It is also critical to note that while agroecology boosts soil fertility, resilience and yields, it can take time for soils to reach their potential after chemical fertiliser use has stopped. Techniques such as composting, manure and mulching encourage the return of networks of beneficial microbes including filaments of mycorrhizal fungi that transport nutrients through the soil to plant roots, and improve soil structure. In the months or years between stopping synthetic fertiliser applications, and building up the natural fertility, however, yields may dip slightly. In order to facilitate this transition, which will bring climate, food security and socio-economic benefits, farmers may need income support or other social protection options to bridge this temporary dip, and to give them the confidence to make the shift.

V. Shifting public finance and subsidies

Public finance has a vital role to play in enabling just transitions, and subsidies must make a key contribution. With fossil fuels and industrial agriculture currently absorbing the lion's share of public subsidies,⁴⁹ shifting subsidies from the causes of climate change to the solutions can not only serve to constrain climate-destructive industries, but also scale up essential climate action.

However, if not carried out with appropriate care and justice, marginalised communities could be disproportionately affected, exacerbating inequality and triggering understandable resistance. People in poverty already spend a disproportionately large share of their income on food and energy. Communities dependent on farming and fossil fuel extraction labour, low-income communities, and communities on the front lines of the climate crisis, are likely to be affected by shifts in policy and public financing. They can be particularly vulnerable to price rises and often lack access to decision-making and information.

Key lessons must be learned from previous experiences which have failed to take sufficient just transition measures. In 2019, for example, Ecuador's government tried to remove diesel and gasoline subsidies, resulting in political insurgency that swept the country. Similar attempts to remove subsidies in Kenya, Nigeria, India, Indonesia, Egypt and Jordan over the past 15 years have also been faced with mass protests and riots. Similarly, a fuel carbon tax imposed in France in 2018 has relevant lessons, even though this was not a subsidy shift. The tax was felt to disproportionately penalise lower-income communities and triggered the nationwide *Gilets Jaunes* or "Yellow Vest" protests. It is therefore essential to understand the political and social implications of shifting policies and subsidies from fossil fuels and industrial agriculture, and to take careful measures to smooth the transition and address potential challenges in ways that are socially and economically fair.⁵⁰ Shifting finance is part of the just transition and must therefore also be governed by just transition principles.

Mapping to understand who will be most affected and how – for example low-income households reliant on subsidies - must be undertaken before any potentially risky shifts are initiated. Marginalised communities, particularly women, must be at the centre of plans and planning, to ensure a clear feminist analysis of potential impacts, and to avoid exacerbating gender inequalities. Subsidy reform to phase out support for fossil fuels and harmful industrial agriculture must be paired with supportive mechanisms that prioritise the needs of potentially affected communities, especially workers, low-income communities, women and youth. Careful sequencing must ensure that effective communication, alternatives and protection mechanisms are in place and being used before critical subsidies are withdrawn. These will include compensation schemes, social safety nets, capacity building, training, economic diversification plans, as well as accessible and affordable people-centred food, energy and public transport systems that benefit the climate.

Once these foundational elements are in place, corporate subsidies should be targeted for reductions first, particularly those directly benefitting fossil fuel producers, agricultural input producers, or commodity traders. To complement this process, governments should aim to regulate corporate power and implement progressive taxation so that companies are paying fair taxes on their profits, thereby contributing to the public purse that can then support social protection, public services and other initiatives to ensure a just transition. Progressive subsidies that support low-income communities to afford fossil fuels and industrial agriculture products can then be phased out once communities have access to climate-friendly alternatives.

STORY 3

A JUST TRANSITION FOR MINERAL AND METAL MINING?

Zambia's Copperbelt Province is central to the country's mining industry, historically known for its vast deposits of copper and cobalt. As copper becomes increasingly vital to the future of renewable energy technologies like solar and wind power, rising demand is deepening exploitation and eroding rights.

John is a young artisanal miner at the Black Mountain site in Kitwe. As far as he can remember, John and his peers have been mining here, many since they were teenagers. *"Most youths have worked for more than 10 years."*

Few of the artisanal miners here have formal licenses. Most mining in the Black Mountain site takes place without protection or training. Many of the miners here suffer from silicosis, a permanent scarring of their lungs that makes breathing difficult. Nonetheless, most of them work year-round, with no breaks, even in the rainy season.

Because of the illegal nature of these activities, John and his peers are unable to sell the copper in official markets. Instead they are forced to sell directly to big industrial companies and briefcase buyers. Their limited options, added to the fact that they have little sense of the real value of the minerals they are mining, forces them to accept unfavourable prices.

'It is not living, it is surviving. But this is the only way we have to feed our families' says John.

ActionAid Zambia is working to bring Zambia's mining sector into a just transition future. Together with John and his peers, they are appealing to the government to formalise the artisanal mining sector. This would allow miners to benefit from professional training, safety and health standards, financing, equipment, and access to fair market rates. John and his peers are asking for a transparent grievance redress mechanism for artisanal miners, for a legal framework that reinvests revenues into the community, and to also be provided with viable and sustainable alternative livelihood options.



CREDIT: Wezi Nyalazi/ ActionAid Zambia

STORY 4



Community meeting in Mbababe village, Kwazulu Natal, South Africa
CREDIT: Lucky Tshabalala/ ActionAid South Africa

JUST TRANSITION DIALOGUES IN SOUTH AFRICAN MINING COMMUNITIES

Coal dominates South Africa's energy landscape, and its extraction has been a major source of employment in the country for decades. As South Africa explores ways to reduce its reliance on coal in recognition of the climate crisis, the Presidential Climate Commission (PCC) released a Just Transition Framework in 2022. The Framework seeks to empower workers and communities in planning, ensure fairness in distributing the risks and opportunities across society, and to address harm that has been historically imposed on workers, communities and land as a result of coal mining.⁵¹

This commendable vision is still in its early stages. Challenges to implementation have included funding gaps, conflicting agendas (including of powerful private interests), inconsistent policy support for renewable energy alternatives, insufficient coordination between national and subnational government processes, as well as efforts by different actors to narrow the scope of just transition to a purely decarbonisation agenda without social justice dimensions.⁵²

With community participation recognised as a key foundation of just transition, ActionAid South Africa initiated a series of community dialogues with women and youth in the coal mining areas of Ermelo and Secunda (Mpumalanga region), Bronkhorstspuit (Gauteng), Mokopane (Limpopo) and Newcastle (Kwazulu-Natal). The dialogues created a powerful space for communities to document their lived experiences in mining-affected areas, to identify and challenge the power structures that have marginalised vulnerable groups, to identify recommendations for inclusive climate and energy policies, and to empower women and youth to raise their voices to shape just transition outcomes.

The dialogues have exposed a consistent history of environmental harm from coal mining that has degraded land and prevented farming livelihoods across the country. In Ermelo, many coal mining

communities remain without access to electricity in spite of their proximity to a coal-fired power station. In Bronkhorstspuit, coal mines have forced communities to relocate without compensation. And in Mokopane, water shortages caused by coal mines have forced women to walk long distances every day for household water needs. For some, efforts to speak out have resulted in intimidation and a climate of fear.

As communities learned about the opportunities presented by the Just Transition Framework, they identified key strategic areas for action. The need for skills development, reskilling and upskilling came out prominently, along with the need for government to engage with a broader range of community stakeholders, inclusive participation and grassroots leadership, transparent governance, gender equality, financing for community-led projects, and promotion of small and medium enterprises. The need to enforce Free, Prior and Informed Consent (FPIC), develop community-led Just Transition Frameworks, and to integrate poverty and food security strategies into transition plans, were also identified.

Through these inclusive and powerful processes of dialogue, learning, reflection and sharing, women and youth strengthened their belief in the importance of inclusive decision-making - and their own agency, empowerment and enthusiasm to engage.

These initial community dialogues are only the first step. ActionAid South Africa continues to support capacity building, information sharing, raising voices, women-led advocacy in national and sub-national policy processes, and collaboration with civil society allies to build solidarity and amplify community voices. Achieving an effective transition will require dismantling structural inequalities, enabling genuine community-led decision-making, and creating sustainable, equitable economic opportunities. Only through a holistic, inclusive and justice-centred approach can South Africa build a future that is sustainable, socially just, and economically empowering for all.

BOX 4:

NOT JUST, NOT TRANSITION: GREENWASHING AND TECHNOFIXES

Carbon market mechanisms, including carbon credits and offsets, have long been favoured by private sector actors in the Global North. They consist of trading systems in which carbon credits are sold and bought, which can be used by states, companies or individuals to compensate or offset for their greenhouse gas emissions, which are then cancelled out. The reality is that carbon markets have historically failed again and again in meeting their objectives with little accountability, often merely allowing emissions to happen somewhere else. Research has found that less than 16% of carbon credit projects represent real emission reductions.⁵³ Not only do carbon markets have a history of failing to deliver any benefits to communities, but they also have a record of violence, displacement, abuse and other injustices, with Indigenous Peoples particularly at risk as stewards of nearly 40% of the remaining intact ecosystems.

Carbon Capture and Storage (CCS) and Carbon Capture, Utilization, and Storage (CCUS) are climate technologies aiming to capture large amounts of carbon dioxide (CO₂) and sequestering or storing it so that is not released into the atmosphere again. Ironically, this supposed “climate solution” still requires the generation of carbon emissions – usually from the burning of fossil fuels – which legitimises and even incentivizes their continued use. Not only this, but the captured carbon dioxide is often pumped into oil wells and used to increase fossil fuel extraction – a practice known as Enhanced Oil Recovery (EOR). In practice, CCS is unproven to be scalable. The capture and storage technology itself is still scientifically challenging and expensive. Transportation to storage sites would require large infrastructure with demanding conditions, such as pipelines. This reproduces the risks and impacts of fossil fuel pipelines: land grabs and burdens on farmers and fisherfolk livelihoods, water and air pollution with severe health hazards for local communities and workers, even catastrophic explosions. These health and environmental threats would disproportionately fall on marginalised communities.

However the mere concept of the technology serves to give license to the fossil fuel industry to continue business-as-usual. CCS development absorbs massive amounts of public subsidies that should be better spent on real and effective climate transformations.

Bioenergy approaches - including liquid biofuels and Bioenergy with Carbon Capture and Storage (BECCS) – are climate approaches that usually rely on vast areas of land to grow trees, crops or ecosystems, which are then harvested, processed and burned to provide energy. However, the expansion of biofuels and bioenergy will inevitably require vast amounts of land to meet envisioned targets and has long been associated with devastating impacts for land-based and low-income communities in the Global South. Some estimates call for nearly 1 billion hectares of land to be devoted to Bioenergy with CCS (BECCS) – an area of land equivalent to India.⁵⁴ Widespread examples of large-scale land grabs and deforestation for biofuel crops displacing farming and Indigenous communities have been widely tracked across Africa, Asia and Latin America. The wholesale diversion of food crops from bellies to fuel tanks was also found to have contributed to global food price spikes, and rising hunger among the world’s poorest.⁵⁵

Geoengineering technologies are being increasingly proposed as a planetary ‘Plan B’ when climate action falls short. These technologies aim to intervene in the Earth’s natural systems with the objective of combating climate change either through removing CO₂ from the air or oceans (i.e., Carbon Dioxide Removal (CDR)) or limiting how much sunlight reaches the Earth’s surface (i.e., Solar Radiation Management (SRM)). But these technologies are likely to create severe disruption and harm – and pose even greater risks than the climate heating they aim to address. If deployed at scale, geoengineering technologies could likely cause changes in the planet’s precipitation and cooling patterns, as well as oxygen depletion, weakening the ozone and disrupting nutrient cycling and food networks.⁵⁶ SRM also puts the planet at risk of a devastating spike in global temperatures from ‘termination shock’ if cooling interventions are ultimately paused or halted.

There is significant confusion and debate over what the term ‘**Climate Smart Agriculture**’ really means. The lack of clear definitions, exclusions, or social and environmental criteria for what can – or cannot – be called ‘Climate Smart Agriculture’ means that practices and corporations that are destructive to the climate, the environment and farmers are free to use the term. ‘Climate Smart Agriculture’ has no safeguards to exclude industrialised agriculture, agrochemicals or factory farming approaches, or activities that lead to land grabs, undermine farmers’ livelihoods or harm communities.⁵⁷ Agribusiness corporations use a range of debunked arguments to justify their ‘Climate Smart’ claims. At the same time, however, some groups that promote agroecological farming practices which really do benefit the climate and farmers, do also sometimes use the term ‘Climate Smart’ to describe their activities. Confusion arises when corporations, governments, farmers and NGOs use the shared term ‘Climate Smart Agriculture’ – even though they may be talking about entirely different approaches.

SECTION 3: FIXING THE FINANCE

Even as the climate crisis escalates, and warming levels continuously break records, far more of the world's money continues to flow to the causes of climate change than the solutions.

This is absurd.

BANKS FINANCING THE CLIMATE CRISIS

The world's banks are simply mouthing climate platitudes, while eagerly profiting from climate destruction. The Paris Agreement was signed in 2015, including a pledge to “make all financial flows consistent with a pathway towards low-emissions and climate resilient development.” Since that time, the world's 65 biggest banks have committed US\$ 7.9 trillion to the fossil fuel industry. Almost all of these banks actually increased their fossil financing in 2024 in comparison to the previous year.⁵⁸

Communities in Africa, Asia and Latin America living on the front lines of the climate crisis are already suffering the effects of floods, droughts, cyclones and rising sea levels. Banks are adding insult to injury by financing fossil fuel and industrial agriculture corporations to expand activities in the Global South that push the same communities off their land and pollute their waters.

Banks are providing trillions of dollars in financing to corporations for coal mines, gas wells, oil pipelines, coal-fired power plants and monoculture plantations blasted with fossil fertilisers and pesticides in the Global South. These are leading to conflicts over land and water, causing premature deaths, destroying ecosystems, poisoning rivers and lakes, while also driving up the climate change impacts already devastating communities. Financing provided to the fossil fuel and industrial agriculture industries by HSBC bank between 2021 and 2023, for example, has caused £128 billion in climate damages - nearly three times the net profit made by the bank through such financing.⁵⁹

ActionAid's 2023 “How the Finance Flows” publication which focused on banks, revealed that bank financing provided to the fossil fuel industry in the Global South reached an estimated US\$ 3.2 trillion in the seven years following the Paris Agreement. The largest industrial agriculture corporations had been provided with US\$ 370 billion of bank financing over the same period.⁶⁰

Banks must turn off the taps through which money continuously flows to the industries that are driving the climate crisis and harming local communities. It is time for banks to end project and corporate financing for all coal and the expansion of fossil fuel and deforestation activities, and to develop rapid exit strategies from oil, gas and harmful industrial agriculture. Governments must regulate the banking and finance sectors to end destructive financing, while also progressively redirecting public finance away from the causes of climate change towards real solutions.

PUBLIC FINANCE FLOWING IN THE WRONG DIRECTION

In spite of the climate emergency, fossil fuel and industrial agriculture corporations continue to exert an iron grip on government-funded public subsidies around the world. ActionAid's annual “How the Finance Flows” analysis in 2024 found that even in Global South countries, the same industries that are fuelling the climate crisis are simultaneously draining climate-vulnerable countries' limited public funds. The corporate capture

of public finance means that each year the climate-destructive fossil fuel and industrial agriculture sectors are getting US\$ 677 billion in subsidies in the Global South, of which US\$ 238 billion goes to the industrial agriculture sector, and US\$ 438.6 billion to the fossil fuel sector.⁶¹ This amount could pay for primary school education for all sub-Saharan African children more than 3.5 times over. Meanwhile, governments of the Global North (with a population one-third that of the Global South) are giving proportionally more per capita to the fossil fuel industry, with an annual average of US\$ 239.7 billion.

CLIMATE FINANCE: INSUFFICIENT AND INDEBTING

The wealthy polluting countries of the Global North who have done the most to cause the climate crisis through a century or more of extraction, industrialisation and pollution, have the legal obligation – under Article 9 of the Paris Agreement – to provide climate finance to Global South countries for mitigation and adaptation. This was further recognised by the International Court of Justice (ICJ) in its recent Advisory Opinion, emphasising states’ legal obligation to cooperate, including through climate finance, based on equity and the principle of common but differentiated responsibilities and respective capabilities. The ICJ ruling confirmed that wealthy polluting countries have a duty to provide their fair share⁶² of climate finance to front line communities, to help them recover and rebuild from climate-induced loss and damage, adapt to future impacts, and undertake climate mitigation action to transition to greener pathways.

Trillions of dollars in grant-based climate finance are needed annually, to cover the costs of putting our planet on a path to a safe future. The “climate debt” owed from the richest polluters to those on the front lines in lower income countries has in fact been calculated to be more than US\$ 4 trillion per year.⁶³ Averting planetary breakdown and protecting people from escalating climate extremes must clearly be a priority use of public funding. In the Global South, public investment is needed not only to scale up renewable energy and agroecology, but also ensure that communities have access to key public services such as education, healthcare, extension services, transport, etc that are key to enabling people to actively participate in and benefit from the transition.

But wealthy countries continue to refuse to provide anything close to their fair share, or to step up to avert climate catastrophe and to help those at risk.

In 2015, under the Paris Agreement, rich countries only agreed to offer US\$ 100 billion per year by 2020. Then in 2024, at COP29 in Baku, Azerbaijan, during negotiations on a New Collective Quantified Goal (NCQG) on climate finance, rich countries once again failed to respond to the urgent need for trillions in grant-based financing. Instead, they only agreed to a goal in which all countries (including developing countries in the Global South) are expected to collectively “mobilise” US\$ 300 billion per year by 2035. Developing countries found this outcome to be a disappointment and a betrayal. This amount is vastly insufficient to meet the crisis, with the goal allowing the richest polluters off the hook by deflecting obligations onto other countries. Possibly even worse, **the vague “mobilising” language of the NCQG had no specific provision of grant-based finance, and will likely be used to craftily count all sorts of private finance and profit-making instruments towards climate finance accounting.**

Indeed, what little climate finance that Global North countries are providing to Global South countries, is already mostly (two-thirds) in the form of loans, rather than as grant-based finance.⁶⁴ This is not only inherently unjust and woefully insufficient to address the planetary crisis, but it is exacerbating an acute debt crisis for the countries most vulnerable to climate change, and who have done the least to cause the problem.

International debt drives low-income countries to expand their production of fossil fuel and industrial agriculture export commodities, in order to generate foreign currency for debt repayment. Many governments are also forced to prioritise allocating scarce public finances to their international debt repayment obligations, diverting scarce public funds away from investment in urgent climate action, such as transitioning to greener pathways, or adapting to future impacts. Thus debt is a major driver of climate change, and an exacerbator of climate vulnerability.⁶⁵

Rich countries' insistence on counting loans towards their "climate finance" contributions, instead of providing real grant-based public finance, is thus exacerbating the vicious cycle in which the costs of climate disasters are pushing vulnerable countries deeper into debt. Money that is supposed to help countries respond to the climate crisis should not make the climate crisis worse. But that is exactly what is happening.

The lack of climate finance grants for climate action is all the more alarming when compared to the finance flowing to the causes of the climate crisis. Grant-based climate finance provided by Global North countries was found to be equivalent to just 1/20th the average amount of financing that banks provide each year to fossil fuel and industrial agriculture activities in the Global South.⁶⁶ The lack of real finance for solutions in the Global South means that renewable energy is receiving 40 times less public finance than the fossil fuel sector.⁶⁷

TIME TO TRANSFORM INTERNATIONAL DEBT AND TAX ARCHITECTURE

The international financial architecture – controlled by the wealthy countries of the Global North, the World Bank and the International Monetary Fund (IMF) – has been a major factor pushing lower-income countries into a permanent cycle of debt crises, and further accelerating the climate crisis. Recent breakthroughs have been made in shifting global policy making on tax away from the OECD club of rich nations, and towards setting up a new UN Framework Convention on Tax that should come into force in 2027. Similar bold action on debt is needed. African nations are leading demands to shift decision-making power from the deeply unequal terms dictated by the IMF and creditor nations, and towards the creation of a new UN Framework Convention on Sovereign Debt. Until there are representative bodies setting fair rules and guidelines for tax and debt, the global financing architecture will continue acting as a driver of both debt crises and climate crises.



Kathia grows bananas, cassava, sweet potatoes and other vegetables using agroecology to improve her soils. "Agroecology is really important at this time."
CREDIT: Jean Oscar Augustin/ ActionAid

SECTION 4: CLIMATE FINANCE FLOWING TO JUST TRANSITION – WHAT THE DATA SHOWS

Climate finance is a critical enabler of climate action and just transition.

Much analysis of the challenging politics around climate finance has focused on the woeful insufficiency of climate finance provided by rich countries, and the frustrating fact that two-thirds of climate finance has been in the form of loans rather than grants.⁶⁸

When it comes to the impact of climate finance, however, there are further questions to ask about which activities are (and are not) getting financed, and whether climate finance is really doing enough to put people at the centre of climate action. When taking action to cut emissions, centring the needs of communities and workers should not be seen as simply “nice to have”. Climate plans that have a narrow carbon-counting focus or fail to work within the complex reality of humanity, are all-too-likely to run into resistance and backlash.

Just transition approaches should therefore be the basis of much – if not all – efforts towards cutting emissions. When it comes to climate action, just transition is the essential key to addressing concerns, unlocking resistance and unleashing transformation.

However key steps that are central to just transition approaches - such as inclusive and participatory processes, support for economic diversification, training for new employment opportunities, investment in public services or social protection to compensate for lost earnings - are often not recognised as integral to climate processes. Indeed, these essential elements are often not seen as eligible for climate financing.

In this report, we review the policies and analyse the funding proposals of the world's two largest multilateral climate-specific funds for which data was publicly available: the Green Climate Fund (GCF) and the Climate Investment Funds (CIF),ⁱⁱ to understand the extent to which they are financing and enabling just transitions.

PARTIAL POLICIES ON PAPER, GAPS IN PRACTICE: THE CLIMATE INVESTMENT FUNDS AND THE GREEN CLIMATE FUND

When founded, neither the CIFs nor the GCF had a mandate to use their climate finance to support just transitions. Only recently have they added initiatives to explore the concept of just transitions for consideration in some projects.⁶⁹ Currently neither have any overarching policy requiring a just transition approach to energy or agriculture.

The Climate Investment Funds (CIFs) were established in 2008 at the request of the G8 and G20 governments, under the trusteeship of the World Bank. There are two CIFs: the Clean Technology Fund

ii. The CIF and GCF are the two largest multilateral climate funds for which project data is publicly available for analysis. The Global Environment Facility (GEF) serves as a financial mechanism to 6 different UN conventions. It has not been included in scope as it does not sufficiently disaggregate its climate spending between the UNFCCC, the Convention on Biological Diversity (CBD), the Stockholm Convention on Persistent Organic Pollutants, the UN Convention to Combat Desertification (UNCCD), the Minamata Convention on Mercury, and the Biodiversity Beyond National Jurisdiction (BBNJ) Agreement; not are project documents publicly available in a manner that is consistent enough to enable systematic analysis. The Just Energy Transition Partnerships (JET-Ps) are plurilateral framework between groups of donors and individual recipient countries. Project documents for JET-Ps are currently not publicly available in a manner that is consistent enough to enable analysis.

and the Strategic Climate Fund, each with a number of sub-funds. US\$12.5 billion has been pledged to the CIFs by donors, with most of this committed to 442 mitigation and adaptation projects in 81 countries.⁷⁰ All CIF projects are implemented exclusively by six development banks: The World Bank (WB), the International Finance Corporation (IFC), The African Development Bank (AfDB), the Asia Development Bank (ADB), the European Bank for Reconstruction and Development and Reconstruction (EBRD), and the Inter-American Development Bank (IADB).

Importantly, the CIFs were meant to be a stopgap institution, to begin channeling climate finance before a proper multilateral climate fund could be formally established. A “sunset clause” written into the CIF governing documents should have triggered the closing of the CIFs once the UNFCCC’s Green Climate Fund became operational. Indeed, this has been a key demand of civil society due to the shortcomings of the CIFs in terms of governance, accountability and effectiveness – many of which stem from their being housed at the World Bank.

The six large MDBs through which the CIFs channel funds each have their own set of safeguards, on which the CIFs rely to prevent harms in their projects. However, even the safeguards that do exist often fail to require the analysis, planning and budgeting that is needed to protect and include all vulnerable groups.⁷¹

Indeed, when it comes to monitoring and implementation of its own safeguard policies, the MDBs have a track record of glossing over risks and negative impacts.⁷² The disastrous history of the World Bank and IFC’s hydroelectric dam projects are clear examples of failures of safeguards in “green” energy projects.⁷³ In spite of this, the push for mega dam projects continues. Currently the Rogun dam project in Tajikistan is underway⁷⁴ and four more huge dam projects are in the works.⁷⁵

More emphasis on implementing wind and solar energy projects is urgent, but large-scale projects risk land grabbing, especially given the World Bank’s historical lack of rigorous community consultations.⁷⁶ As a review of the large-scale Taiba N’Diaye wind farm project in Senegal illustrated, World Bank safeguards were not enough to prevent negative livelihood impacts on communities or to ensure the inclusion of women in project implementation.⁷⁷

When it comes to gender, the CIFs do at least have an overarching gender policy⁷⁸ which promotes gender mainstreaming and inclusiveness of both women and men in projects. This provides a layer of accountability that is somewhat stronger than relying on the MDBs to implement their own gender safeguards. In spite of gender policies, however, the banks have often failed to ensure that women are included and empowered.⁷⁹

Although the CIFs have recently taken steps towards recognising the role of just transition, neither have an overarching or obligatory just transition policy. The Strategic Climate Fund (SCF) has recently adopted a Just Transition Toolbox⁸⁰ based on civil society input. The steps suggested in the Just Transition toolbox are commendable and include mobilising stakeholders, social protection analysis, mapping impacts and opportunities, and tackling inequalities. Unfortunately, the “toolbox” is not a policy that the implementing MDBs are required to follow. Also, as it only applies to the SCF, it does not apply to the many large projects coming out of the CIFs’ Clean Technology Fund.

MDB policies do not require just transition approaches to be integral to projects. None of the six largest MDBs have comprehensive just transition policies that cover energy or agriculture.

The Green Climate Fund (GCF) was established by the UNFCCC in 2010 and became operational in 2015. It was set up to channel funds from wealthy developed countries of the Global North to support developing countries on the front lines of the climate crisis to adapt to climate impacts and reduce emissions. The GCF governance differs from the World Bank and multilateral banks, in that its rules and allocations are decided by all countries under the UNFCCC – including those in the Global South – and not just wealthy donor countries of the Global North. Civil society has successfully pushed for the GCF to allow civil society observers of its governance, to fund “country-led” projects based on local solutions, and to make direct funding accessible to regional and subnational non-governmental organizations.

So far, the GCF has received pledges of US\$33 billion. It has committed US\$18 billion to 362 mitigation and adaptation projects in 82 countries. GCF funds can be channeled via a variety of accredited entities – international, national or subnational; public sector, private sector, or non-profit/ non-governmental. At this point, 153 organisations have been accredited by the GCF but not all have not received funding. Many smaller organisations have found the bureaucratic process of accreditation impossible to complete. As a result, multi-lateral development banks play a larger role in the GCF than civil society had originally envisioned.

The GCF has an Environmental and Social Policy⁸¹ a Gender Policy⁸² and an Indigenous Peoples policy⁸³ much like the World Bank and other MDBs. These policies mandate efforts to consider impacts on the environment, marginalized groups, and consult key stakeholders. However they do not require the kind of analysis, inclusivity, social protection and grant-based support to ensure just transitions in energy and agriculture.

Instead, GCF projects often empower the private sector to be the largest beneficiaries of large-scale energy projects, and lean towards ‘Climate-Smart Agriculture’ approaches, many of which require private sector inputs and services and are oriented towards international markets rather than regional food security and food sovereignty.

An example of this is the GCF’s *Thai Rice: Strengthening Climate-Smart Rice Farming* project which is being implemented by the the German and Thai governments, with the support of large multinational food traders like Mars, Olam and Pepsi. The project has been strongly criticised by Thai farmers and NGOs and CSO observers to the GCF.⁸⁴

Rather than working with agroecological systems and using local knowledge and experience to find ways to reduce fossil fuel inputs and reduce rice paddy methane, the project is focused on incorporating farmers in the supply chains controlled by multinationals. It relies on expensive technological packages and encourages farmers to borrow additional money for required inputs. These inputs include new seeds that produce a rice variety that is marketed internationally as “sustainable rice” by companies like Mars, replacing the rice varieties preferred by Thai families.

The project’s attitude to farmers and their perspectives can be read in the environmental and social risk assessment⁸⁵ (p. 173), where it describes many Thai farmers as “old and reluctant to change their established practices.” A more accurate and just transition oriented assessment might state that the project risks increasing local food insecurity by destroying agroecological systems and privileging better off farmers while further marginalizing poorer farmers, especially those who rent land and might be displaced by the project.⁸⁶

While progressive institutional policies are clearly needed, there is a lack of coherent and systematic implementation or monitoring to ensure their comprehensive implementation on the ground – particularly in the case of the World Bank and MDBs implementing CIF financing. The GCF’s Governing Instrument⁸⁷ includes a provision for participatory monitoring, which could help to address some of these concerns. Unfortunately, however, this has not been implemented consistently or effectively in practice.

This means that on their own, institutional policies on paper are not a sufficient basis to assess the extent to which climate finance is enabling just transition

WHAT THE DATA SHOWS ON HOW THE FINANCE FLOWS: GCF AND CIF FINANCING OF JUST TRANSITIONS

To build a fuller picture of the extent to which the GCF and CIF are supporting just transitions in practice, we therefore undertook a detailed quantitative analysis of both institutions’ funding proposals for mitigation activities, for 10 key indicators of just transition processes and outcomes: Participatory and inclusive processes; direct financing of community-led organisations; support for economic or livelihood

diversification; training, support, education and skills-building; social protection and public services; grant-based financing; improving access to energy and food; securing and protecting rights; gender-inclusiveness; and transformative practices in energy and agriculture.

These elements of just transition are consistent blind spots in climate policy and financing. If not specifically mentioned and elaborated in funding proposals, they are unlikely to be part of a project's theory of change and will likely be forgotten. For example, if a fund has a gender policy, but its project does not mention gender in its planning proposal, this means the project is gender-blind and will most certainly exacerbate or at least uphold gender inequality.

Analyses of GCF and CIF funding proposals can give us a strong sense of the funds' and projects' intentions. It is important to recognise, however, that analysis of proposals does not equate to an analysis of what is happening in practice on the ground. In fact, most of these proposals are written on behalf of governments by a handful of expert consultancies, who know the jargon and the correct boxes to tick. Indeed, the level of community engagement in project design and implementation is often minimal- which we spotlight in our approach. We are not, therefore, making any claims about the extent to which just transition is being implemented *on the ground*. Our analysis is focused on the extent to which climate finance is being allocated to projects that reflect just transition approaches in their planning. We undertake this analysis based on the theory of change that this information can help to shape future funding directions and decisions – and ultimately practice and implementation on the ground.

This study relies on data that was publicly accessible online. The GCF and the CIFs are supposed to make funding proposals and project information publicly available as a default. However the CIFs are not meeting this expectation in practice, constraining access to information. We further recognise the limits to this methodology, based on a mix of data scraping and human review. More comprehensive and in-depth approaches would require substantially more time and resources, be impractical for the study's timeline, and would not be proportionate to the expected insights or advocacy relevance.

BOX 5:

OUR JUST TRANSITION RESEARCH SCOPE: MITIGATION AND CROSS-CUTTING PROJECTS

The concept of just transition has gained traction in response to concerns arising when efforts to reduce GHGs insufficiently centre people's needs. **The scope of this research is therefore focused on GCF and CIF projects relating to mitigation** (including activities that are cross-cutting with both mitigation and adaptation).

We note of course that many of the elements of just transition are also relevant to adaptation efforts, and just transition should never undermine adaptation. However, adaptation efforts – while of course not universally perfect – tend to be more specifically centred on meeting communities' livelihood and food needs, and do not prioritise GHG reduction efforts over such concerns. Our analysis therefore focuses on the risk to people's food and livelihoods rights posed by mitigation without just transition. In fact, adaptation – particularly Locally-Led Adaptation (LLA) – approaches have many important lessons to share in shaping just transitions.

Just transition indicators for climate finance

PROCESS

1	Participatory and inclusive processes In order to shape climate action that addresses people's needs, just transitions use participatory processes – including social dialogue – as a first step to involve unions, workers, women, youth and communities in planning. This gives people who may be at risk of losing out, opportunities to shape alternative futures for the better and to identify the forms of support that they may need to successfully transition.
2	Direct financing of community-led organisations When climate finance goes to community-led organisations, this empowers those involved and affected by projects to design and implement activities to address their specific needs and challenges. Direct financing better builds local capacity, ownership and empowerment, and improves effectiveness of projects and climate finance. Direct financing is better suited to just transitions than financing that goes to international or national institutions that are not locally rooted, but which currently get the lion's share of climate finance.
3	Support for economic or livelihood diversification Where activities such as phasing out fossil fuels or changing agricultural practices may affect jobs or incomes, just transitions integrate plans that support people in their shift to alternative – and hopefully better – livelihood opportunities. This may include interventions that target individuals, as well as district/regional initiatives to boost new economic opportunities at the local level.
4	Training, support, education and skills-building Training, education and skills-building is an essential component of the support that just transitions provide to workers, women, youth and communities as they transition away from fossil fuels, industrial agriculture or other climate-destructive sectors, towards better livelihood alternatives for a climate-safe future.
5	Social protection and public services Workers need to hear certainties, not vague promises. Safety nets must offer social protection for example in the form of income support, cash transfers, or job, wage or benefit parity guarantees, in order to help workers and communities navigate livelihood transitions that may lead to potential temporary dips in income. Universal public services in education, health and other sectors can also play a key role in supporting communities to transition into new opportunities
6	Grant-based financing Just transitions are about ensuring that climate action provides necessary support to local communities – including through inclusive planning, training and social protection – so that they can successfully transition. These activities need to be funded by grant-based financing, as loans or other non-grant instruments are more likely to deepen poverty traps for communities or governments, and are inappropriate for climate finance.

OUTCOMES

7	Improving access to energy and food Interventions in energy and agriculture must not ignore or exacerbate the fact that people living in poverty may lack access to energy, or safe, nutritious and affordable food. Just transitions in these areas will therefore be designed to address the food security and energy needs of people living in poverty, by improving their access to energy and food.
8	Securing and protecting rights Just transitions put people's rights at the centre of planning, to avoid the risk that climate action could undermine people's rights, including the right to land or food. For example, climate projects that involve land, and which could affect communities' access must ensure their Free, Prior and Informed Consent (FPIC).
9	Gender inclusiveness When women's perspectives are ignored, outcomes will almost always exacerbate gender inequality and leave women facing greater barriers and heavier burdens. Climate interventions must therefore have specific and comprehensive plans and approaches for gender-inclusivity, to ensure that women's perspectives are heard and addressed as an integral element of climate action.
10	Transformative practice in energy or agriculture To qualify as a just transition in energy and agriculture, climate interventions must be about systemic change that is about moving away from fossil fuels and/or scaling up renewables; or away from harmful industrial agriculture, and towards approaches that work with nature rather than against it, such as agroecology.

To be counted as a just transition, projects must score positively on five of the indicators:

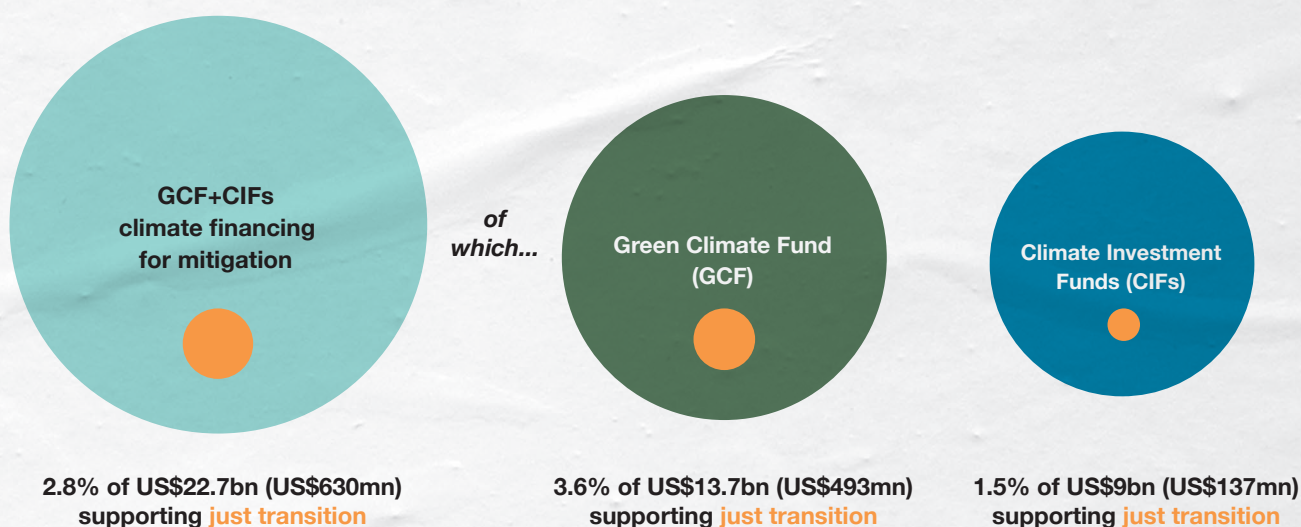
- Participatory and inclusive process
- Gender inclusiveness
- Transformative practice in energy or agriculture
- Plus at least two more

ActionAid's analysis of available data for multilateral climate finance flows to GCF and CIF mitigation and cross-cutting projects reveals the shocking extent to which just transitions are desperately underfunded.

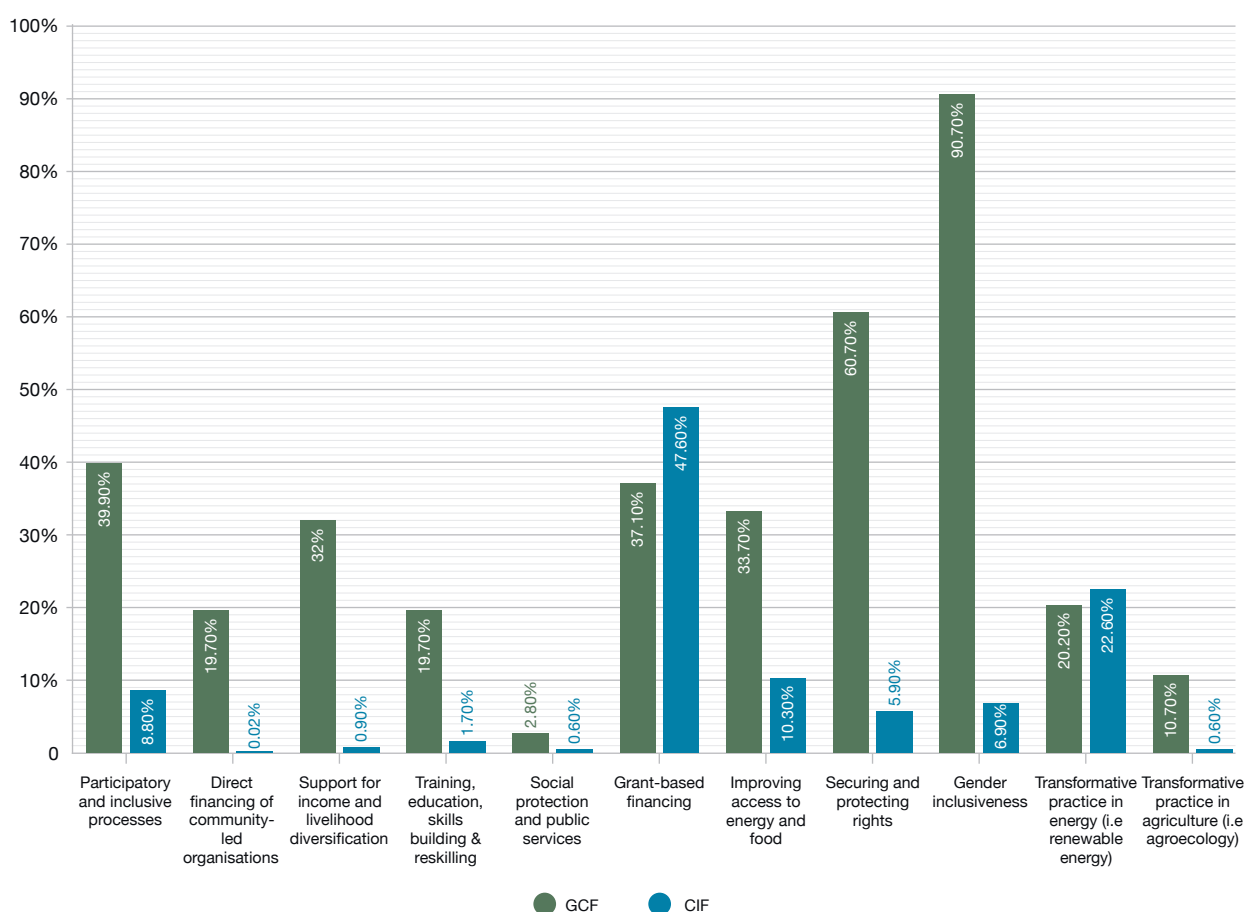
- **A shockingly low 2.8% of multilateral climate finance for mitigation has gone towards supporting just transitions, worth just US\$630 million over more than a decade.**
- **This means just one dollar in every 35 has been spent supporting just transitions.**
- **Less than one in 50 mitigation projects (1.9%) supported by the GCF and the CIF were found to be adequately listening to and supporting workers, women and communities through just transition.**
- **Almost all just transition projects were found to be funded through the GCF, where fewer than one in 18 projects adequately fulfilled just transition criteria (10 out of 178 projects, or 5.6%). Only two CIF projects out of 466 (0.4 %) were found to be supporting just transition.**
- **Billionaire Jeff Bezos has spent more on purchasing and running his superyacht,⁸⁸ than multilateral climate funds have spent on just transition across the Global South.**

Climate finance flows are clearly failing to recognise or support the need for just transition in climate action, and are not sufficiently prioritising people's participation, their rights or livelihoods.

The GCF is taking deeply insufficient steps to support just transition, with one in 18 of its projects found to be listening to and supporting workers, women or communities in climate transitions, and demonstrating action in at least five of the 10 just transition indicators. This amounts to 5.6% of GCF mitigation projects, but just 3.6% of its financing. Only three projects were found to have scored positively on seven indicators out of 10.



Title: % of GCF and CIF mitigation project proposals aligned with just transition indicators

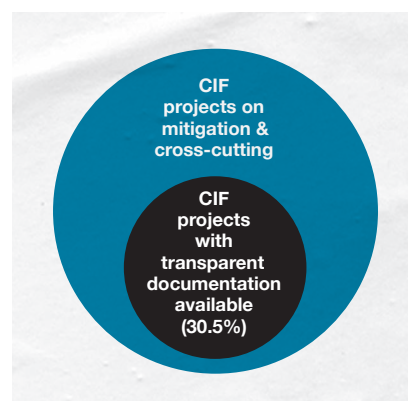


In spite of its disappointing score, however, GCF projects have still demonstrated significantly greater commitment to just transition principles than CIF projects.

The CIFs have almost completely failed to support just transition in practice, with just two of its publicly available project proposals found to be based on just transition. The CIFs perform particularly poorly across almost all social justice indicators, and have not been taking meaningful steps to require specific activities to be elaborated in plans.

Further findings revealed by the data include:

Transparency: Transparency is essential for accountability. The CIFs were extremely disappointing, however, when it comes to transparency. Less than a third (30.5%) of its mitigation projects had detailed “cover notes” accessible on the CIF database, limiting potential for scrutiny or accountability. Where cover notes were unavailable, our analysis has been based on the available project summary information. Even where cover documents were available, the CIFs scored poorly in key areas. The CIFs’ guidelines⁸⁹ on transparency and information disclosure state that information on projects should be made publicly available, and non-disclosure of information should only be done “on an exceptional basis.” It appears, however, that exceptional circumstances have almost become the norm, and the CIF is not following its own guidance with regard to transparency.



Participation: Meaningful participation and consultation remains absent from more than half of GCF projects, while it is barely significant for those of the CIFs. If perspectives from impacted workers and communities, particularly those most vulnerable, are not prioritised in design, planning and implementation, this risks the sort of blind, harmful approach to climate action that can jeopardise credibility, support and positive impact.

Direct financing: Considering the GCF was established with the intention of facilitating greater levels of direct access than MDBs, its low levels of support to local institutions (20%) are disappointing. The CIFs, however, do not recognise the value of direct access financing at all, with only 1% of their mitigation projects supporting this approach.

Support for economic or livelihood diversification: About one-third of GCF mitigation and cross-cutting projects recognise communities' need for support to diversify their livelihood opportunities as part of climate interventions. The CIF, however, is abysmal in its apparent failure to recognise the importance of people-centred climate action that supports people to protect or enhance their livelihood options.

Training and reskilling: GCF and CIF financing is failing to sufficiently recognise the value of training and reskilling of workers, farmers, women, youth or communities, and should do more to encourage this element. The GCF currently includes capacity building directly to communities, farmers or SMEs in less than 20% of its projects. Instead, projects include activities around institutional capacity building. Institutional capacity building by itself, however, does not respond to the need for communities, particularly women and young people, as well as workers, to support them towards transitioning to better livelihood alternatives. Instead, it risks delivering a top-down approach that ignores the role of a people-centred transition. Meanwhile, less than 2% of CIF projects recognised the value of training, reskilling or upskilling to enable just transitions.

Social protection: Neither GCF nor CIF projects are allocating finance to social protection, with less than 4% of projects in both funds including actionable activities, such as economic incentives. While several projects acknowledge social protection as an important element to support farmers and communities, this is often left as a public policy issue outside the scope of the project. However, if social protection is not implemented simultaneously to climate interventions, this leaves workers, farmers and communities to themselves to carry the risks of income loss through climate interventions. This gap may be fuelling reluctance or resistance to climate interventions among target communities. The absence of wider support for public services also means the most vulnerable people are likely to suffer most.

Gender inclusiveness: Less than 7% of CIF mitigation projects were found to reflect principles of gender inclusion, a deeply worrying pattern that is likely to be contributing deepening gender inequality. Meanwhile, thanks in large part to advocacy from civil society organisations, the GCF mandates each proposal to undertake a Gender Action Plan (GAP). 90% of GCF project proposals on mitigation therefore outline plans for gender inclusivity. It must be noted that the existence of GAPs is necessary, but still not wholly sufficient, to ensure gender inclusivity in practice. This methodology was neither able to assess GAPs for their respective strengths and weaknesses, nor their implementation on the ground.

Agroecology: 28% of GCF mitigation projects on agriculture are supporting genuinely transformative approaches such as agroecology. This indicates that agroecological practices are being enthusiastically adopted by many countries, and are proving their effectiveness at both reducing emissions and strengthening resilience for farmers. CIF projects on agriculture, however, are almost entirely based on corporate-led agribusiness approaches which are unlikely to meaningfully benefit the climate, and which exert greater control over farmers.



Grant-based financing: Very disappointingly, only 35% of GCF projects currently receive 100% of grant-based finance, and less than 40% of projects receive up to 75% of grant-based finance. In the case of the CIFs, this percentage reaches a little under 50% for all projects. The foundation of climate finance must be in the form of grants, to ensure that communities and countries on the frontlines of the climate crisis do not fall into poverty traps caused by a cycle of indebtedness.

Table 1: Alignment of GCF and CIF project proposals and finance with just transition

	GCF Total = US\$ 13.7 billion		CIF Total = US\$ 9.0 billion			
	178 mitigation and cross-cutting projects in total		466 mitigation and cross-cutting projects, including those without cover pages (no duplicates)		142 mitigation and cross-cutting projects with cover page available online (no duplicates)	
Process indicators						
Participatory and inclusive processes*	40% of projects		9% of projects		29% of projects	
Direct financing of community-led organisations	20%		0.2%		0.7%	
Support for income and livelihood diversification	32.0%		0.9%		3%	
Training, education, skills building and reskilling	20%		2%		6%	
Social protection and public services	3%		0.6%		2%	
Grant-based financing	37%		48%		52%	
Outcome indicators						
Improving access to energy and food	34%		10%		28%	
Securing and protecting rights	61%		6%		11%	
Gender inclusiveness*	91%		7%		22%	
Transformative practice in energy (i.e. renewable energy)*	20%	31%	23%	23%	25%	27%
Transformative practice in agriculture (ie agroecology)*	11%		0.6%		2%	
Projects that scored on the three mandatory indicators + two others	10 GCF projects count as just transition		2 CIF projects count as just transition			
	5.6% of GCF projects count as just transition		0.4% of CIF projects count as just transition			
Finance for projects counted as just transition	3.6% of GCF financing is supporting just transition		1.5% of CIF financing is supporting just transition			
	US\$ 493 million of GCF financing is supporting just transition		US\$137 million of CIF financing is supporting just transition			

*Indicators that are mandatory for just transition

SECTION 5: CONCLUSIONS AND RECOMMENDATIONS - THE WAY FORWARD

CONCLUSIONS

Just transition approaches to climate action are jaw-droppingly underfunded. Just one dollar in every 35 of climate finance is spent supporting just transitions.

This report's shocking findings must act as a wake-up call to put climate action on track to really deliver for people.

These findings come in the context of insufficient global action to shift from fossil fuels and harmful industrial agriculture towards real solutions in energy and food systems. Climate action faces headwinds that include corporate capture of policies, and a lack of climate finance. Increasingly, concerns that climate interventions might threaten people's jobs, access to land, or access to affordable food and energy, are also being exploited to inflate resistance and boost climate scepticism.

The concept of just transition speaks to the challenges of the current political moment, and signifies a vital and timely evolution in climate action, putting people's needs at the centre of planning, by design. It is time for climate action to learn key lessons by ensuring people's participation in planning, and the necessary support to protect rights and deliver positive opportunities.

Our analysis shows, however, that climate finance flows to date have not sufficiently financed the steps and social support systems that are inherent to just transitions and successful climate action.

Participation and inclusion of potentially impacted communities must be a non-negotiable step for people-centred climate action. The results show only a moderate engagement with communities and workers impacted by GCF projects, and an extremely low level of participatory and inclusive processes by the CIFs. Clearly, we are still a very long way from what is needed. Just transition projects designed around meaningful engagement are required, to ensure proposals are based on local communities' needs, concerns and potential – and not just the experience of the handful of international consultancies that know the right jargon and boxes to tick. Inclusive participation must be iterative and not a one-off activity.

Despite its remit to facilitating greater direct access to finance, our assessment shows direct financing of community-led organisations is not the normal practice for GCF projects, making up less than 20% of projects. Instead, the GCF's portfolio remains highly concentrated on international entities (up to 80% in 2023) and within these most are MDBs. The CIF is the only multilateral climate fund working exclusively with MDBs as implementing agencies, and as such, fails by design to deliver direct access, with almost no projects based on this approach.

Climate finance aligned with just transition should **address and not exacerbate inequalities**. In the context of energy and agriculture projects, projects must aim to address the food security and energy needs of people living in poverty, by improving their access to energy and food. Only a third of GCF projects currently

incorporate an increase in access to energy or food for workers and communities, while the CIFs do so for just one-tenth of their projects. Safeguarding rights should be an absolute non-negotiable in any climate project. However, only 60% of GCF projects were found to be planning to secure and protect people's rights – a deeply disappointing finding. Shockingly, only 6% of CIF projects were able to demonstrate intended effort in this area.

Women are not only disproportionately impacted by climate change but are systematically excluded from current economic systems. To be in line with just transition, projects must include specific and comprehensive plans and approaches for gender-inclusivity, ensuring that women's perspectives are heard and addressed as an integral element of climate action. Our data shows that more than 90% of GCF projects currently outline Gender Action Plans (GAPS), which is a very welcome result. However, the GCF must also ensure gender inclusiveness is realised in practice, and does not remain empty words whilst project outcomes exacerbate gender inequality and leave women facing greater barriers and heavier burdens. The CIFs fail again in this regard, with less than 7% of projects found to address women in their design.

Comprehensive plans and policy frameworks are essential to ensuring that people get the support and resources they need and are empowered to make the shift toward greener pathways. Within mitigation projects, this can include support for livelihood or economic diversification, reskilling and education, strengthening public services and social protection policies. Our data shows that the GCF is not currently prioritising these approaches in its projects, however. Meanwhile, the continued failure of the CIF to address any of these social justice issues, paired with a significant lack of transparency, calls into question its role as a climate fund working with and for people.

Ultimately, just transitions can bring about much-needed **system change for people, nature and the climate**, outlining real transformative action away from the corporate-controlled sectors of fossil fuel and industrial agriculture, which are pushing our planet to the brink and ruthlessly exploiting communities for consolidated profit. As approaches that can foster community independence from corporate control, meet people's needs for food and energy, while also addressing the climate crisis, people-centred renewable energy and agroecology offer immense hope for our shared future.

Just transition principles must now take centre stage in climate efforts, including in national policies, the UNFCCC, and in climate finance. This report's findings demonstrate that finance is not flowing to just transition – but the gaps also signpost exciting potential for improvement, to scale up climate action that is truly people-powered.

RECOMMENDATIONS

Climate finance for just transitions

- **The Green Climate Fund** is taking moderate but inadequate steps to require people's participation and rights in the roll-out of its projects. It can and must do far more across all of these areas, and strengthen its policies and funding allocations to enable just transitions. Urgent steps must include guidance, allocations and proposal formats that actively support workers and communities to undertake just transitions - such as livelihood diversification, training and reskilling, and social protection. Increasing levels of grant-based financing will be key to delivering these support mechanisms. Furthermore, increasing its Direct Access allocations to local institutions, and requiring local community participation in planning will be essential to facilitating just transition processes that engage with and respond to the needs of local communities. Countries and institutions developing projects must actively integrate just transition into their planning and proposal writing, in collaboration with communities and workers.

- **The Climate Investment Funds'** failure to meaningfully support just transition projects, and their poor performance on the majority of just transition indicators is a clear and quantitative illustration of how their donor-country and MDB-led governance struggles to put the needs of communities at its centre. The policy frameworks of the CIF and its implementing MDBs are insufficient to ensure just transition or people-centred approaches, with the implementation of safeguards inconsistent in practice. While recent steps have been made to develop a just transition toolbox for one of its sub-funds, use of this toolbox and its suggested steps for engaging with communities still remain optional. However, given the fundamental shortcomings exposed by these findings, our recommendation is that the CIFs sunset (wind up) as originally intended. The CIFs have recently received additional funding from developed countries. Any new or existing projects should centre communities' and workers' participation, and include robust monitoring to ensure rights are respected and just transition principles are followed.
- **Climate finance**, particularly grant-based climate finance, must be scaled up from current insufficient levels. The wealthy countries of the Global North must recognise that their cumulative and historic contribution to the emissions that are heating the planet today, means they have the responsibility to cover the costs of climate action in the countries of the Global South that are bearing the brunt of impacts, and provide their fair share. The recent International Court of Justice (ICJ) Advisory Opinion confirms this responsibility. Trillions of dollars are needed annually in grant-based climate finance to cover the costs of putting our planet on a path to a safe future.
- **Grant-based public finance** must be scaled up to form the basis and bulk of finance for just transitions. Governments are able to direct public finance so that it can deliver in the public interest, and it is needed to cover the necessary social steps involved in just transition – including participatory planning, reskilling, economic diversification, social protection, public services and safeguarding rights. Conversely, private finance instruments (including bank loans or corporate investments) are inherently geared to prioritise investor profits first, and are inherently unsuitable for the social support aspects of just transition. Rhetoric that sufficient private finance can be mobilised to “fill the climate finance gap” if public finance is diverted to “derisk” investments are clearly untrue, given widespread experience of paltry mobilisations generated so far, in spite of major public derisking. Public finance should therefore not be treated as a tool for derisking private finance, but instead needs to be scaled up, and the basis of real finance to lead the work of just transition and climate action.
- **The Belém Action Mechanism (BAM)** proposed under the UNFCCC's Just Transition Work Programme (JTWP) at COP30 has a key role to play in influencing how climate finance is allocated and spent, to better support just transitions. The BAM can shape advice to multilateral financial mechanisms and bilateral finance flows, to better recognise the value of just transition approaches – including the social steps that have been historically underfunded – so that funding streams can do much more to support and unleash people-centred climate action.

Policies to unleash just transitions

- **National policies** relating to energy, agriculture and extractives must phase out fossil fuels and harmful industrial agriculture, and accelerate the shift to renewable energy, agroecology and responsible sourcing of minerals. These should be guided by just transition approaches that include participatory processes and the provision of support for workers, women and communities, so that they can participate in the transition to climate-safe economies and livelihoods. National climate plans known as Nationally Determined Contributions (NDCs), which all governments were expected to have updated earlier this year, have enormous potential to put social justice at the core of climate action by making just transition central to their approach. Just transition approaches must also be integral to the design and funding of projects to implement these goals.

- **Sub-national policies** and planning process are key to successful just transitions, as the livelihoods of workers, farmers and communities are often shaped by local and regional economic strategies. Local governments are often better able to convene, listen to and respond to communities' needs, and communities themselves often find local governments more responsive and accessible than national governments. National just transition strategies must therefore work to strengthen synergies with sub-national entities, in order to better engage with and reflect the needs of communities, and to deliver support (such as training, support for economic and livelihood diversification, or social protection.) Many governments already collaborate with sub-national governments and community groups to shape and implement Locally-Led Adaptation (LLA), and this can provide valuable lessons for the roll-out of just transition approaches.
- **Reforming and shifting public subsidies** from supporting fossil fuels and industrial agriculture to enabling people-centred climate solutions has huge potential to accelerate climate action. To protect the needs of people, particularly marginalised people and those on low incomes, subsidy reform must be shaped by just transition principles, progressive values, and careful sequencing of interventions. Clear communication, engagement of communities, training for alternative livelihoods, access to affordable energy and food, and protection mechanisms including compensation schemes and social safety nets must be in place before interventions are rolled out. Corporate subsidies must be targeted for reductions first, particularly those directly benefitting fossil fuel producers, agricultural input producers, or commodity traders. Only once communities have access to climate-friendly alternatives, should progressive subsidies then be shifted.
- **UNFCCC climate negotiations at COP30** must agree to a new **Belém Action Mechanism (BAM)** for a global just transition under the Just Transition Work Programme (JTWP). While most just transition outcomes will be determined at national and local level, international cooperation will be an essential enabling factor. The proposed BAM must cover a whole-of-the-economy approach including energy, agriculture and minerals, and identify key just transition principles and elements to guide climate action that responds to the needs and voices of workers, women, youth and communities. A comprehensive global mechanism can respond to fragmented efforts by: tracking and coordinating action within and outside the UNFCCC to align a shared direction of travel; building a global network for shared learning and collaboration; and supporting implementation by making just transition more eligible for finance, capacity building and technology transfer, as well as finding pathways to address barriers to just transition such as trade, investment and debt.



Women in Areial, Paraíba join the 15th annual March for Women and Agroecology in celebration of the transformative impacts agroecology has had on their lives.
CREDIT: Géssica Amorim/ ActionAid

ANNEX: SUMMARY OF METHODOLOGY

Project selection

Two funds were selected for the analysis due to their relevance to climate change mitigation and the need for implementation of Just Transition principles: the Green Climate Fund (GCF) and the Climate Investment Funds (CIFs).

The GCF is the operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). The fund covers projects with mitigation, adaptation and cross-cutting objectives. As of 2025, GCF has provided US\$13 billion through loans and grants, while it has co-financed an additional US\$42 billion, also including loans and grants.

The GCF has a total of 314 approved projects, with 178 projects under the themes of “mitigation” or “cross-cutting”, which were under the scope of this report. Those projects under “adaptation” were excluded as we consider that they do not necessarily represent the need for just transition implementation. The project’s webpage, approval documents and a gender action plan were selected as the project documentation to use in the analysis.

Total projects under the GCF	Total projects under the scope of this report	Percentage of projects with available documentation
314	178	100%

The CIFs channel finance through six multilateral development banks (MDBs) for both upstream advisory and downstream investment activities to support climate action. The World Bank Group, including the International Finance Corporation, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the International Bank for Reconstruction and Development and the Inter-American Development Bank, are the implementing partners of CIF investments. The CIFs are composed of two funds: the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF), both of which support different programs focused on specific areas of climate action.

The fund covers projects with mitigation, adaptation and cross-cutting objectives. As of the latest data available on their website (December 2024), the CIFs have approved funding for US\$7.7 billion through loans and grants, while it has an expected co-financing of an additional US\$73.1 billion, also including loans and grants.

The CIFs have a total of 506 projects available on the website. However, the total number of projects under the scope of this report is 466 – excluding those under the topic of adaptation, as well as duplicates. Of these, 142 projects have a “cover page” with detailed project proposal information.

Total projects under the CIF	Total projects under the scope of this report	Percentage of projects with available documentation
506	466	30.5%

Assessment through indicators

The assessment of the projects under the scope of this report was carried out through (1) a **computing programme** that scans available documentation and website filters, paired with (2) **manual assessment** of output datasets. Through these two approaches we are able to cover more than 500 projects while keeping a consistent and comprehensive analysis of what information is available. Due to differences in the information available for GCF and CIF, we have adapted the methodology accordingly so slight changes in how the assessment is made for the two funds were made. Each assessment either **fully satisfies, partially satisfies or fails to satisfy** the indicator. If partially satisfying the indicator, this is counted as 0.5 towards the final number of projects satisfying the indicator.

The following is a summary of the methodology with key steps followed.

Indicator	GCF	CIF
1. Participatory and inclusive processes	Keywords + human assessment	Keywords + human assessment
2. Direct financing of community-led organisations	Keywords	Keywords
3. Support for economic or livelihood diversification	Keywords + human assessment	Keywords + human assessment
4. Training, support, education and skills- building	Subsection and tick box checked + human assessment	Tick box checked + human assessment
5. Social protection and public services	Keywords + human assessment	Keywords + human assessment
6. Grant-based financing	- The indicator is satisfied if the proportion of grants against other forms of financing is 100%. - The indicator is partially satisfied if the proportion of grants against other forms of financing is above 75%. - The indicator is not satisfied if the proportion of grants against other forms of financing is between 0% and 75%.	
7. Improving access to energy and food	Keywords + human assessment	Keywords + human assessment
8. Securing and protecting rights	Keywords	Keywords
9. Gender inclusiveness	Gender Action Plan available	Subsection + human assessment
10A. Transformative practice in energy (clean renewable energy)	Tick box checked + human assessment	Tick box checked + topics
10B. Transformative practice in agriculture (agroecology)	Keywords + human assessment	Keywords + human assessment

Definition of Just Transition projects

For the purpose of this report, we identify which projects are aligned with a just transition based on the indicators presented above. We consider a project to be aligned with a just transition when they meet these four conditions:

Conditions for a just transition	Methodology
Must be participatory and inclusive processes	The indicator 1 must be satisfied
Must be gender inclusive	The indicator 9 must be satisfied
Must be transformative in energy or agriculture	Either indicator 10A or 10B must be satisfied
Must have a minimum of social justice integration	At least two other social justice indicators must be satisfied across 2, 3, 4, 5, 6, 7 or 8

Finance for a Just Transition

Our calculation of finance for a just transition, or just transition-aligned finance, refers to the sum of the total amount (both loans and grants) corresponding to each Just Transition project (for both GCF and CIF).

$$\text{Just transition-aligned finance} = \sum_{i=1}^n \text{amount of just transition – aligned project } i$$

Our calculation of finance for a just transition, or just transition-aligned finance, refers to the sum of the total amount (both loans and grants) corresponding to each Just Transition project (for both GCF and CIF).

$$\% \text{ of just transition-aligned finance} = \frac{\text{Just transition-aligned finance (USD)}}{\text{Total GCF (USD)} + \text{Total CIF (USD)}}$$

Further Methodology details can be found online at: https://actionaid.org/sites/default/files/publications/methodology-how-finance-flows_just-transition.pdf

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