# EXECUTIVE SUMMARY

## TOWARD A LIBERATION ECONOMY OF CLIMATE FINANCE

"Climate finance" is a familiar, yet slippery term in climate conversations. The concept dates back to 1992 when the United Nations Framework Convention on Climate Change (UNFCCC) was formed at the Rio Earth Summit. There, world leaders recognized that Global South countries will need additional resources to mitigate climate change. Over the years, the concept evolved beyond mitigation to include adaptation efforts.

Today, the UNFCCC defines climate finance as "local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change." According to the Intergovernmental Panel on Climate Change (IPCC), climate finance refers to financial resources delivered through various mechanisms such as grants and loans from bilateral, multilateral, and private sources mobilized from wealthy countries to support low- and middle-income countries.

We draw on the UNFCCC and IPCC definitions even as we argue that they are incomplete. A comprehensive understanding of climate finance from the frontlines is needed to shape policy and resource mobilization at national and international levels. We propose a bold reinterpretation of climate finance as a set of instruments that is rooted in reparative action; invests in frontline, Indigenous, and Black communities; and grounded in relationships based on trust, reducing harm, and preventing indebtedness.

While climate finance often uses complicated mechanisms and schemes to move resources, at its core it is a question of power. Over the last few decades, the international community has answered that question by concentrating authority in the hands of the few, but what would happen if we moved that power to the people at the frontlines of the climate crisis? What would happen if we used it as a tool to repair, rather than to extract?

## THE PROBLEM WITH THE STATUS QUO OF CLIMATE FINANCE

**Today, climate finance is rooted in exploitation, debt, and profiteering that continues to advance the benefit and betterment of Global North and West countries and institutions. Climate finance moves money to the Global South through loans, debt, or charity. The system fails to support community decision-making, power, and collective self-determination.**

International finance is built on risk assessment and return on investment. It is rooted in racialized capitalism, extraction, and colonialism. Capital markets, wealthholders, and Global West and North countries currently control the mechanisms of most climate finance, which include private finance, investments in specific technologies, and UN-brokered initiatives like the Loss and Damage Fund. Initial assessments of these efforts show that the values of climate finance are not rooted in repair. At best, they embody charitable giving. At worst, they continue to advance capital wealth flows to the Global North in exchange for "green" investments and solely market-based solutions in the Global South.

The climate crisis and debt crisis mutually reinforce and entrench an unsustainable global economic system. In fact, three quarters of total climate finance takes the form of loans, and 25 percent are grants.

Often, international finance is geared to financialize nature - to quantify and maximize assets and profit in a risk-centric system. Even among philanthropic investments, most funders are not directly concerned with social impact, and they assess risk in conventional ways, seeking a return on climate solutions. Less than 8 percent of philanthropic donations (more than $1.2 trillion dollars) reach communities. Instead, the majority of this funding sits in capital markets and extractive investments that harm frontline people of color, Indigenous, and working class communities

| ELEMENT | EXTRACTION ECONOMY | LIBERATION ECONOMY |
|---|---|---|
| **What is Valued** | • Power, unfettered expansion, and large-scale growth<br>• Wealth accumulation<br>• Technocratic and professional class<br>• Global North supremacy | • Spirit and Truth<br>• Decolonization, re-indiginization,<br>• Repair, collective care, community stewardship<br>• Collective self-determination.<br>• Interconnection with each other and the earth<br>• Transparency and accountability |
| **Who is Valued & Trusted** | • Wealth and asset managers and wealth holders<br>• Corporate stakeholders and leaders<br>• Business class<br>• Neo-liberal scientists, academics, and philanthropists | • Global South frontlines<br>• Communities, poor and working class people, and migrants and displaced communities. Black feminists, workers, and LGBQTI communities.<br>• Community-rooted scientists, academics, and philanthropists |

**Figure 1.1** Status Quo Climate Finance vs Reparative Climate Finance

# THE VISION OF REPARATIVE CLIMATE FINANCE

Without the transformation of international finance, developing countries will remain unable to repay loans, rebuild their homes and infrastructure, and invest in social well-being and economic development.

> **Reparative climate finance is rooted in transparency, accountability, and spirit that advances community-governed mechanisms to distribute restitution and direct the flow of investment toward solutions from the frontlines. It seeks to balance our relationship with each other and the earth.**

A reparative system of climate finance demands a commitment to decolonizing economic and energy systems rooted in centuries-old forms of indebtedness. Drawing on the notion of "constructive reparations," this kind of transformation enacts systemic repair. Reparations—imagined as the redistribution of global wealth following struggles for political independence and centuries of colonial oppression—are distinct from aid or charity. The objective is to "reshape the world order rather than simply manage its consequences," as Olúfemi O. Táíwò argues.

To achieve this vision of a reparative climate finance system, we need to reimagine our value system, abolish debt, and embrace diverse cultural practices.

We also need to move from a primarily loan-based system, to one based on grants. This means moving from a place of abundance rather than scarcity.

# SHIFTING THE PARADIGM

Today's economy of extraction thrives on continued indebtedness, extraction, and profound inequalities in the frontline communities from the Gulf South to the Global South. At the same time, a global rise in authoritarian regimes is making it even harder to imagine a global climate finance system rooted in reparation. Yet, this is what justice demands. We do not have to accept a trade-off between well-being and ecology. Researchers argue that Global South communities can achieve "good social indicators" even while generating less overall economic production. Overconsumption always exacts costs for the Earth and the most marginalized people, often posing as a development pathway to economic growth. We cannot simply consume our way to climate justice.

Instead, we need to move from an economy of extraction and toward an economy of liberation. An economy of liberation is, at its core, a system that frees us from economic oppression, labor exploitation, and extraction of nature and advances a politics and practice of liberation and freedom where the rights and dignity of people and nature move in collective balance, stewardship, and care.

| ELEMENT | EXTRACTION ECONOMY | LIBERATION ECONOMY |
|---|---|---|
| **Priority Investments** | • Technological solutions, carbon markets and un-just energy transition, mineral mining of Global South for Global North consumption, privatization of public infrastructure, militarized "security"<br>• Asset class priorities (venture, real estate, private equity)<br>• Financialization of nature: carbon offsets, carbon capture and storage, geo-engineering | • Ecological justice, including models of collective stewardship of water, energy, land<br>• Just transition programs, housing for all<br>• Community protection, governance, and human needs<br>• Documenting stories, lessons, and models for replication collective education<br>• Regeneration, healing work |
| **Decision Makers** | • Global North/Developed Nations<br>• People in privileged positions of power<br>• Investor Class | • Frontline communities<br>• Women-, nature- and future generation-led communities<br>• Communities with a commitment to move in symbiotic<br>• Relationships with each other and nature<br>• Spirit |
| **Who Benefits** | • The investor class and those who have access to capital | • All peoples and ecosystems, including nature and future generations. |
| **Who Pays** | • Frontline communities - Global South, poor peoples, individuals through consumptions | • Those who have benefited most and have amassed wealth at the expense of frontline communities and nature. |
| **View on Public Funding** | • Replaced by or diverted into private corporate climate investments that seek to limit the risks of wealthholders from climate impacts<br>• Shielding and hiding dollars from public taxes | • Dollars should be transparent and accountable. Capital should move directly to communities<br>• Redistribution of resources through public taxes or public commitments to frontline communities |
| **Root Cause Analysis** | • Carbon emissions leading to false solutions such as offsets and geoengineering. | • Extraction, privatization, enclosure of land, water, and energy.<br>• Colonialism and global Anti-Blackness<br>• |
| **Political Orientation** | • Apolitical, ahistorical, and avoids power analysis and redistribution.<br>• One-dimensional focus on carbon reduction.<br>• Free market and neoliberal paradigm rooted in dominion over nature and others. | • Political and acknowledges the historic and current harms of extractive systems, focuses on redistribution of resources and power<br>• Intersectional and multi-dimensional<br>• Challenges free market systems and advances common care for a common home. |

**Figure 1.2** Status Quo Climate Finance vs Reparative Climate Finance

| ELEMENT | EXTRACTION ECONOMY | LIBERATION ECONOMY |
|---|---|---|
| **Guiding Narrative** | • Scarcity: The need to privatize and control resources in order to secure the future a focus on "green growth" to benefit those who can pay for it. | • Abundance: Resources should be collectively held or stewarded. The transition from an extractive global economy to one rooted in liberation must be governed by communities on the frontlines. |
| **System Implementation** | • Militarized violence<br>• Debt and loans<br>• Using public dollars to invest and subsidize private markets<br>• Division of people from nature<br>• Devaluing and exploitation of people<br>• Prioritizing competition at the expense of collective wellbeing | • Relationship-model of decision-making that incorporates people, Spirit, and nature<br>• Grants as compensation not charity<br>• Governed by frontline communities in a democratized, co-created, transparent, and accountable manner<br>• Legally robust system that allows for integrated systems that can reach broader possibility<br>• Indigenous knowledge |

**Figure 1.3** Status Quo Climate Finance vs Reparative Climate Finance

Frontline community leaders are already leading the way. In fact, in many cases, the frontlines are practicing this type of economy in local and powerful ways, redefining what society deems as critical resources. Many Black and Indigenous frontline communities are advancing efforts for land back and land rematriation with institutions or providing safe haven and passage for climate migration. Others are modeling local resource sharing, from financial distribution to collective stewardship, providing material support - healthy food, clean water, and natural medicines to protect those who are vulnerable.

To create the system we need, we can learn from one of Earth's most prolific—and endangered—ecosystems: the coral reef. Though they occupy less than 1 percent of the ocean floor, coral reefs sustain nearly 25 percent of all marine life. Reefs provide shelter, protect, nourish, filter water, and connect tens of thousands of species of organisms. They are living systems built through collective processes, symbiotic relationships, and adaptive design. As we work to build a more equitable and reparative climate finance system, we can draw upon this natural wisdom of mutual care and interdependence. Like the coral reef, just 1 percent of the $124 trillion intergenerational wealth transfer ($1.2 trillion is four times the amount of the unmet climate finance commitments at Paris Agreements) would support nearly 25 percent of the climate finance needs of the Global South economies next year. Now imagine the impact if it was both reparative, and at the scale required? Just 10 percent would transform the world for the better.

Taproot Earth recognizes the enormous potential for change in capital markets and calls for climate finance to play a bridging role, allowing frontline movements to connect and take risks. Reparative climate finance requires a new model for community governance that engenders a patchwork of ideas and strategies—much like a coral that takes root on the surface and connects to other corals to create a diverse reef. We need a diverse and collective approach that values collective self-determination, embraces spirit and Indigenous wisdom, and is flexible enough to meet varying contexts and challenges.