# CLIMATE FINANCE

ienearth.org/cop-28

## WHAT IS CLIMATE FINANCE?

There is no internationally agreed upon definition of climate finance. Broadly, it refers to the process through which efforts to address climate change are financed. It is often used in the context of projects in developing countries financed by developed countries, typically through loans and/or bonds from multilateral development banks and other international financial institutions.

**It is important to note that the policies, mechanisms, and programs under climate finance do not actually provide Indigenous or frontline communities with direct access to no-strings-attached grant funding.**

## RELEVANCE TO COP 28

The distribution of financial resources is always important. However, COP28 is particularly significant because decision making will be made around two key topics: energy transition, and the Loss and Damage Fund (see the Loss and Damage factsheet).

## WHY IS CLIMATE FINANCE IMPORTANT TO INDIGENOUS PEOPLES?

Climate finance is especially familiar to Indigenous Peoples given the historic dispossession and ongoing economic disparities Indigenous Peoples have faced from the same institutions responsible for climate change. **The exploitative power dynamics of colonialism and economic development are entrenched in climate finance.**

# CLIMATE FINANCE

ienearth.org/cop-28

## DEBUNKING MYTHS

| WHAT THEY SAY | WHAT WE SAY |
|---|---|
| **Climate finance is a necessary component of robust climate action and in creating a livable future.** | Climate finance cannot possibly result in securing the rights of Indigenous Peoples, as outlined in the United Nations Declaration on the Rights of Indigenous Peoples because climate finance does not address sovereignty, jurisprudence, territorial rights, demarcation of ancestral lands, and true reparations for Indigenous Peoples and local communities. The violence of climate change far outweighs what can be measured in dollars.<br><br>In a best-case scenario, current climate finance mechanisms and norms could be overhauled and transitioned towards providing direct grants to communities on the ground. But even if that were the case, money can only go so far.<br><br>There are also many Indigenous Peoples who do not want climate finance but are fighting for strong treaties and regulations that keep fossil fuel industries, big agriculture, carbon traders and other industries out of Indigenous territories. |
| **If we want to have a chance at meeting our Paris Agreement goals, we need an energy transition and, logically, there must be climate finance to make this possible.** | A meaningful and robust energy transition is not a techno focused energy switch. A just transition is community-led and informed by Indigenous and frontline communities, especially communities most impacted by climate change.<br><br>When it comes to the topic of energy transitions, and especially how to fund them, we risk further corporatizing climate change by following the norms and interests of the private and financial actors. A true, just transition avoids being absorbed into the capitalist and development paradigms. |
| **We need a green economy, and must invest in green energy like hydrogen and carbon capture and storage (CCS).** | **These are false solutions.**<br><br>CCS does not prevent carbon dioxide from entering the atmosphere. An estimated 92% of CCS is used for the purposes of extracting more oil and gas. It is an inefficient and expensive process used to justify continued fossil fuel extraction.<br><br>The process of creating hydrogen energy is only as clean as the energy used to separate the hydrogen atoms. Roughly 95% of hydrogen energy is produced using fossil fuels like natural gas or coal.<br><br>Solutions to the climate crisis should not revolve around technology, energy, or the economy. An Indigenous Just Transition is a holistic call for centering Traditional Indigenous Knowledge. |

INDIGENOUS ENVIRONMENTAL NETWORK