Decolonial climate finance in practice: assessing proposed reforms

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Promenade at marina of Bridgetown, Barbados © Nancy Pauwels / Getty

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Contents

Key messages

- **The funding and distribution of climate finance are predominantly controlled by the Global North and powerful entities less affected by climate change. Thus far, existing climate finance mechanisms have been unsuccessful in raising sufficient funds and distributing the funds to those that need it the most.**
- **Calls for "decolonizing" climate finance are gaining traction in order to embed the Global South, Indigenous Peoples and marginalized communities in decision-making around climate finance, including: who contributes towards climate finance; the instruments used to distribute climate finance; who receives the funds; how it is accessed; and the projects and initiatives it goes towards.**
- **The Bridgetown Initiative proposes a set of reforms targeting the international financial architecture – particularly the World Bank, the International Monetary Fund and multilateral development banks – to make them more fit-for-purpose through reducing the debt crisis in Global South countries and enabling them to better respond to the climate crisis.**
- **Despite being led by Global South priorities, the Bridgetown Initiative has been criticized for not including sufficient measures for debt cancellation or scaling up grants-based finance, placing too much emphasis on the private sector for providing climate finance and ignoring both the role of public climate funds and the need for climate finance to adhere to principles of historical responsibility.**
- **In addition to existing proposed reforms, measures such as debt cancellation, scaling up grants-based public finance, implementing tax and trade reforms, and channelling increased finance to the local level are needed to tackle the coloniality of the international financial architecture.**

1. Introduction

Legacies of colonialism (the subjugation of populations by another population) and ongoing imperialism (political and economic domination of a nation-state by another) drive who and which ecosystems are most vulnerable to the climate crisis (Pörtner et al., 2022; Reed et al., 2024; Sultana, 2022). The impacts of the crisis fall disproportionately on lower-income countries and marginalized communities. Meanwhile, a wealthy minority benefit disproportionately from our current growth-based, fossil fuel-dependent global economic systems that emerged during, and constantly reproduce, colonial era power inequalities between countries and communities (Arora & Stirling, 2023). Consequently, the consumption of goods and services by the richest 10% of the global population (of which 65% are based in the Global North) are responsible for nearly 50% of CO_2 emissions (Ghosh et al., 2024; Kartha et al., 2020; Khalfan et al., 2023).

The United Nations Framework Convention on Climate Change (UNFCCC) Standing Committee on Finance's working definition of climate finance is that it "aims at reducing emissions and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts" (UNFCCC Standing Committee on Finance, 2023, p. 15). Engrained in the 1992 Rio Declaration, the "polluter pays principle" makes the case that those who are most responsible for climate impacts should pay for them (UN, 1992). However, the availability of climate finance has historically never matched the need for climate finance (Climate Policy Initiative, 2023). This can be attributed to the presence of structural inequalities and unequal power dynamics between countries in our international finance systems (Ciplet et al., 2022).

The global financial architecture (which emerged during the Bretton Woods conference of 1944) is a legacy of a time when a few wealthy Global North countries ruled the Global South, and its institutions and agreements therefore serve the interests of the countries that set up the system (Fioretos & Heldt, 2019). These legacies are shown in the unequal exchange of resources between the Global North and Global South, which are enabled through price differentials that have been codified into international trade relations (Hickel et al., 2022). This is also seen in the recent divide between the Global North and South around a new UN tax convention. While many countries of the Global South push for the inclusion of topics such as a global corporate tax, countries of the Global North are pushing back and saying these were already discussed by the OECD/G20. That argument, however, fails to recognize the OECD and G20 as primarily Global North spaces where Global South voices are historically excluded (Matonga, 2024; UN, 2024).

The current financial architecture diminishes the ability of Global South countries to meet the development needs of their own populations and leaves these countries more vulnerable to climate impacts and with less bargaining power to influence global systems responsible for provisioning climate finance (Gabor, 2021; Zylinski, 2024). Driven by a debt crisis in many lower-income countries, a post-Covid global economy and the need to rapidly mobilize additional climate finance given the escalating climate crisis, numerous structural reforms of the international finance architecture have been proposed by different actors and institutions. These proposed reforms differ in the principles underpinning the need for the reform and the extent to which geopolitical power imbalances between countries are being considered.

In this working paper, we develop a set of guiding questions for determining the extent to which international finance reforms are decolonial and tackle the deep imbalances of power between the Global North and Global South. We then apply these questions to one such proposal, the Bridgetown Initiative. Throughout this paper we use the IMF classification of advanced economies as a proxy for the Global North, with all other countries being the Global South.

2. What do we mean by decolonial climate finance?

In this paper, we draw on framings of coloniality and decolonization conceptualized by Latin American critical thinkers like Arturo Escobar (2012) and Walter Mignolo (2011), which are increasingly used by prominent academics such as Jason Hickel and Fadhel Kaboub to critique global economic systems. Coloniality is the set of knowledge, values and structures of power that were established (often by force) as normative by Western colonizing societies and currently perpetuate Western dominance, Eurocentrism and capitalistic modes of production (Mignolo & Walsh, 2018). Coloniality within the social science literature is now a recognized framework for looking at different forms of oppression and the ways in which they intersect; this is the approach we use here. Coloniality is best framed through Aníbal Quijano's matrix of power (as described in Mignolo & Escobar, 2013) where different expressions of coloniality are classified into four types of power hierarchies that perpetuate colonial legacies:

A. Coloniality of power – Groups are hierarchically divided to justify the exploitation of one group by another (e.g. systems of racial superiority, power imbalances between countries)
B. Coloniality of knowledge – Eurocentric knowledge systems[1] are established as normal and legitimate while delegitimizing other forms of knowledge
C. Coloniality of self – Individual characteristics are hierarchized, for instance through gender oppression and oppression of LGBTQ+ individuals
D. Coloniality of nature – Nature and natural resources are framed as separate from human beings and as a resource for exploitation

Decolonization requires delinking systems from this colonial matrix of power (Mignolo, 2011). It seeks to undo coloniality by: 1) understanding why it exists; 2) understanding how it persists; and 3) highlighting alternatives to systems influenced by coloniality. Here we look at coloniality and decolonization in the context of international climate finance.

1 "The term Eurocentrism describes a worldview, mindset or rhetorical orientation that centers European, or White, ways of knowing as sole, central, or superior to all others. It is sometimes conscious and other times quite unconscious, revealed only when other ways of being, knowing, or doing come in contact with it and highlight its presence." (Source: https://subjectguides.library.american.edu/c.php?g=1025915&p=7749739)

Substantial literature exists on the coloniality of climate finance. Climate finance is necessary not only to respond to the climate crisis, but to also enable and protect development gains in the Global South. Yet development in the Global South is hindered by neocolonial practices in the forms of unfair terms for loans and debt, limiting fiscal space to develop and perpetuating dependence on the Global North (UNDP, 2023; Zylinski, 2024). The emphasis on market-based instruments to attract private sector investments – that have a poor track record in fulfilling Sustainable Development Goals (SDGs) – further exposes Global South countries to subordination (Zylinski, 2024).

The decision-making processes that determine how climate finance is funded and disbursed uphold the same systems, including institutions like the Bretton Woods. To access climate finance requires the colonized to "speak the language of the colonizers" (Gonçalves et al., 2024), such as through commodifying natural resources through debt-for-nature swaps, green bonds, carbon credits and nature-based solutions (Gonçalves et al., 2024; Perry, 2021). Additionally, challenging reporting and accreditation requirements make it difficult for Global South government entities or local organizations to access and use public climate finance, including funds distributed through the UNFCCC's Green Climate Fund, and therefore these organizations must rely on external agencies, such as the United Nations Development Programme (UNDP), to receive finance and dictate where these funds should be allocated (Omukuti et al., 2022). As a result, climate finance often does not reach the most vulnerable groups on the ground, due to a lack of local-level access (Barrett, 2013; Browne & Razafiarimanana, 2022).

As such, there is growing literature and interest around the desire to "decolonize" climate finance. This involves acknowledging and addressing the historical responsibility and ongoing colonial dynamics that perpetuate unequal outcomes in climate-impacted communities (Perry, 2021). This entails recognizing the failures of debt instruments and other forms of financial dependencies that create subordination between countries and institutions, and instead implementing structural and policy reforms to enable the Global South to overcome this reliance and achieve greater autonomy (Zylinski, 2024). Within this context, decolonizing climate finance involves embedding the Global South as well as Indigenous Peoples and marginalized communities within decision-making processes, wherein they are considered equal partners in contributing to climate finance solutions, rather than viewed as victims or beneficiaries (Gonçalves et al., 2024).

Given this background, we have identified and outlined five questions in Table 1 below that we believe need to be considered when assessing a climate finance framework through a decolonial lens. The table also describes how these questions would be answered under optimal conditions. This aims to offer insights on climate finance that could be implemented in an ideal "decolonized" context.

Table 1. Assessing climate finance through a decolonial lens: questions and ideal answers

Questions	Where does this fall on the coloniality matrix?	Form of decolonization	How the question would be answered in a decolonial climate finance framework
How did the problem emerge and through whose priorities/ narratives? Are existing problem definitions Eurocentric?	Coloniality of knowledge and power	Understanding why coloniality exists	The problem should emerge through the priorities and narratives of the Global South, Indigenous Peoples and/or local communities, rather than the Global North and those who benefit from the status quo The framing of the problem should address the failure of current structures in serving the needs and priorities of the actors most affected by climate change
What are the dominant narratives that underlie the problem, and how is it being framed?	Coloniality of knowledge	Understanding why coloniality persists	The dominant narrative should highlight the root causes of climate change, which include historical colonial legacies, and how current structures are benefiting those in power rather than those most affected by climate change The dominant narrative should highlight the burdens of the existing structures on vulnerable countries and communities, such as how they exacerbate their debt crisis, undermine development and limit their ability to respond to climate change
What are the proposed solutions?	Coloniality of knowledge and power	Highlighting alternatives to coloniality	The proposed solutions should include both public and private sector reforms, and should include moving away from loan-based and private sector climate finance The top priority of solutions should be to benefit communities, rather than taking a neoliberal approach in which measures are valued based on their profit-generating potential Measures should be included for debt cancellation and increasing fiscal space, as well as reparations for historical harms and colonial exploitation Solutions should account for the historical roots of debt and frame climate finance as restitution rather than aid Solutions should limit conditionalities for recipients while also ensuring that climate finance is easily accessible and reaches the most vulnerable communities within countries
Who would implement the proposed solutions?	Coloniality of power	Highlighting alternatives to coloniality	The design and implementation of projects should be led by national government entities, or local organizations or Indigenous groups with decision-making authority, and include meaningful participation of these entities throughout the duration of the project Measures should aim to reduce the influence of Bretton Woods institutions, which are seen as inherently colonial
Who would benefit from the proposed solutions?	Coloniality of power and self	Highlighting alternatives to coloniality	Measures should aim to benefit the Global South, Indigenous Peoples and/or local communities most affected by climate change

3. The Bridgetown Initiative: a case study of climate finance reform

Methodology

Table 1 was developed based on literature on decolonial climate finance and offers one interpretation of what an ideal framework might entail. In reality, since the current climate finance architecture is far from this ideal, any proposed framework will likely include some or perhaps none of the elements within this ideal decolonial climate finance framework. We examine where the Bridgetown Initiative falls within this spectrum through a case study. First, we evaluate this proposal under a decolonial lens by addressing the questions posed in Table 1. After this, we analyse the implications of this assessment for climate finance as a whole and explore potential strategies for shifting this proposal towards a more decolonial climate finance framework.

Case study summary

How did the problem emerge and through whose priorities/narratives?

Led by Barbadian Prime Minister Mia Mottley, the Bridgetown Initiative sets out to change how development finance works to better enable lower-income countries to respond to climate change (World Economic Forum, 2023). The first version was launched through PM Mottley's addresses at the UN General Assembly and COP27 in 2022. Since then, version 2.0 of the initiative fed into conversations on financial reform at the June 2023 Paris Summit. Version 3.0 was launched in 2024.

The initiative, therefore, is led and initiated by the Global South, and aims to respond to three interconnected crises being faced by Global South countries: 1) a cost of living crisis due to the war in Ukraine and the Covid-19 pandemic; 2) a debt crisis due to Covid-19 and increasing climate disasters; and 3) a climate crisis as climate impacts accelerate (Government of Barbados, 2022).

The narrative underlying the initiative emphasizes that the global financial and economic system is failing lower-income countries and undermining development overall, with governments of the poorest countries having to devote disproportionate resources towards debt service rather than development goals such as health, education or poverty reduction (Bridgetown Initiative, 2024). It also stresses the need to leave no one behind and support the most vulnerable groups (Bridgetown Initiative, 2024).

The rationale of the initiative highlights how the current development financial architecture originates from a time when current challenges such as climate risks and inequalities were not particularly prominent, making it unfit to address the realities of the world today (Bridgetown Initiative, 2024). PM Mia Mottley also emphasizes how the legacies of colonialism dictate how existing financial institutions structure debt, with higher-income countries having interest rates between 1–4%, as opposed to 14% for poorer countries (Rasool-Ayub, 2023). Moreover, given that many of the most vulnerable countries today did not exist when the Bretton Woods institutions were created in the 1940s, their needs and priorities are not reflected within them (Rasool-Ayub, 2023).

Overall, it is evident that the Bridgetown Initiative emerged through the narratives and priorities of the Global South, and aimed specifically to reform the financial architecture to be more suited for addressing Global South needs. It is unclear, however, the extent to which the initiative incorporates the views of the most vulnerable communities, including Indigenous Peoples and other marginalized groups, or whether such groups were consulted when setting out the demands of the initiative. Some civil society actors have also criticized the initiative for speaking from the position of middle-income countries that are able to access concessional lending,[2] rather than showing broader Global South solidarity with the most indebted countries with the least fiscal space, or lower-income countries pushing for more grant-based climate and development finance (Feminist Action Nexus, 2023).

2 Loans with more favourable terms and lower interest rates.

What are the dominant narratives that underlie the problem and how is it being framed?

The dominant narrative underlying the problem is a need to address the unprecedented debt crisis in lower-income countries, which is widening inequality and undermining action on climate change (Government of Barbados, 2022). It highlights how the existing system disadvantages poorer and middle-income countries, and how risk assessments to determine interest rates are not evenly applied. For example, countries such as Greece and Italy have been able to secure lower interest rates despite their history of poor financial management (Stricklin, 2023).

Version 3.0 of the initiative appears to critique underlying economic systems that uphold and reinforce colonial power dynamics. It includes explicit language on the need to move away from the economic growth paradigm, rethink existing trade systems and production and consumption patterns, increase investment in public goods and the SDGs, and move away from "extractive and exploitative practices in favour of those that are regenerative and equitable" (Bridgetown Initiative, 2024). It also emphasizes the need to tackle climate change and development together rather than separately, in order to support the most vulnerable groups (Bridgetown Initiative, 2024). This does have implications for the additionality of climate finance, however; many Global South countries and civil society groups have historically advocated for climate finance to be new and additional to development finance, given that climate finance is underscored by principles of historical responsibility that need to be fulfilled (Stadelmann et al., 2011).

In general, however, despite the statement by PM Mottley highlighting colonial legacies as a root cause behind poorly functioning climate finance architecture, the narrative in the Bridgetown Initiative does not explicitly tie back to colonialism or make the link that lower-income countries are currently in debt due to colonial and imperialist extraction and exploitation that has also left them more vulnerable to climate impacts. It also does not explicitly state that any form of loans-based finance is fundamentally unjust under a decolonial lens, given that climate and development finance is owed to Global South countries for the harm they have been caused through colonialism and therefore should be without conditionalities (Perry, 2021), nor does it emphasize the need to prioritize grants. There also does not appear to be a narrative around the need for reparations for either historical harms from colonialism or climate change. Instead, it focuses on the shortcomings of existing financial institutions and changes to make them more fit for purpose, rather than an overhaul of existing structures which continue to maintain colonial-era power dynamics through prioritizing the interests of donors instead of recipients, undermining sovereignty and trapping countries in unsustainable cycles of debt (Langan, 2018).

What are the proposed solutions?

Version 3.0 of the Bridgetown Initiative includes three broad buckets of reforms (Bridgetown Initiative, 2024):

1. **Changing the rules of the game**: stronger voice and representation for lower-income countries in finance institutions; greater country ownership within the IMF/World Bank Debt Sustainability Assessment Framework; ending the current systemic rating biases against small, poor and vulnerable countries; going beyond per capita gross national income (GNI) as the criterion for determining eligibility for concessional financing to also consider climate vulnerability; and all governments establishing a carbon price.
2. **Shock-proofing economies:** IMF providing financing below market rates; liquidity support through Special Drawing Rights[3]; reducing the cost of lending by allowing countries to access the IMF's Resilience and Sustainability Facility; and introducing natural disaster clauses to reduce refinancing risk and make public debt stocks (e.g. the debt held by government) resilient to climatic shocks.
3. **Dramatically increasing financing:** replenishing the International Development Association (IDA)[4] by at least USD 120 billion; multilateral development banks (MDBs) delivering at least USD 300 billion annually in affordable, longer-term financing for the SDGs; MDBs ensuring better risk management, callable capital, portfolio guarantees and hybrid capital to significantly increase lending; international and regional development banks mobilizing at least USD 500 billion annually of private capital into mitigation and adaptation; scaling up new sources of finance, such as a levy on fossil fuel company windfall profits, financial transactions, and emissions on shipping and aviation; and fully operationalizing the loss and damage fund.

Several existing criticisms of these proposed solutions demonstrate how they are not well aligned with a fully decolonial model of climate finance. For example, the initiative conflates climate and development risks, which risks undermining the need for climate finance to be "new and additional" to existing development finance, as called for by lower-income countries (Feminist Action Nexus, 2023). Compared to Bridgetown 1.0, the new version has also removed all measures related to debt reduction or cancellation, therefore not addressing the root cause of the problem of limited fiscal space for development and climate action (Ellmers, 2024).

In addition, the initiative includes specific measures to scale up private sector finance for mitigation and adaptation, which could exacerbate the existing debt crisis of countries, particularly if public finance is used to assume the risk for private investment (Williams, 2023). This is also not aligned with decolonial narratives around historical responsibility and climate finance as restitution, or the need for climate finance to be grants-based in order to fulfil that responsibility. This leads to solutions such as debt cancellation or increased grants-based finance being sidelined. The initiative also does not mention the Paris Agreement or the role of public finance flowing through existing UNFCCC climate funds. As such, it could risk attention moving away from these funds,

3 Supplementary foreign exchange reserve assets defined and maintained by the IMF. They represent a claim to currency held by IMF member countries for which they can be exchanged.
4 Part of the World Bank that supports lower-income countries through grants and low-interest loans.

which are more transparent, internationally agreed, less dictated by donor agendas, and give greater voice and power to Global South countries in both their governance and implementation of projects (Williams, 2023).

Who would implement the proposed solutions?

The proposed reforms are primarily aimed towards the IMF/World Bank and multilateral development banks. As such, civil society actors have raised concerns that it could distract from the obligations that Global North countries need to fulfil to provide climate and development finance, instead displacing responsibility to MDBs and the private sector (Feminist Action Nexus, 2023). This not only goes against the principles of historical responsibility that underpin climate finance, but also goes against decolonial narratives around the need for climate finance to be public and grants-based.

Similarly, the initiative has been criticized for potentially leading to historically colonial institutions, such as the World Bank, having a more central role in climate finance and increasing their power, despite the fact that these institutions have a history of funding large-scale, extractivist projects with negative impacts on local communities (de Zayas, 2017; Fletcher, 2019; Schrecker et al., 2018; Stiglitz, 2003; Williams, 2023). It also risks more climate finance flowing through MDBs as opposed to UNFCCC funds; this is a concern as MDBs give a disproportionate voice to higher-income countries rather than being guided by principles of equity and inclusive governance (Shan, 2023).

Who would benefit from the proposed solutions?

While the framing of the Bridgetown Initiative stresses the need to support the most vulnerable communities, the focus largely remains on the global and national levels. Measures are not included, for example, to ensure that a large proportion of the finance flows to Indigenous Peoples or other marginalized groups to improve their access to climate and development finance, or to enable them to have greater voice or decision-making power within the international finance architecture. It is therefore difficult to determine the extent to which the proposed global reforms will trickle down and result in benefits flowing to these groups.

In general, the initiative appears to be most beneficial for middle-income countries that have more access to concessional and market-based loans, rather than poorer and more indebted countries with less fiscal space and in greater need of grants-based finance (Feminist Action Nexus, 2023).

4. Implications and policy recommendations

Led by the Global South, the Bridgetown Initiative is a notable but limited step towards a more decolonial approach to climate finance. While the Bridgetown Initiative recognizes the impact of debt on hindering development and climate action in Global South countries, it falls short of fully addressing the changes needed for the distribution of finance for a truly decolonial financial framework. The initiative also lacks focus on ensuring equitable distribution of climate finance, favouring middle-income countries over poorer and indebted nations. This raises concerns about leaving the most vulnerable regions without sufficient support for sustainable development and climate action.

Despite acknowledging the shortcomings of the existing climate finance architecture, the Bridgetown Initiative consolidates more power within institutions like the World Bank and IMF, which have deep colonial roots. In fact, in May 2024, the World Bank and IMF announced their collaboration on an Enhanced Cooperation Framework for Climate Action, which largely builds on each institution's existing climate-related efforts rather than change them in a substantial way (World Bank & IMF, 2024).

To move towards a more ideal decolonial climate finance model, significant reforms are required to existing institutions, including a move away from profit-based lending. There is also a need to shift power away from these Global North-dominated institutions towards a more balanced and equitable climate finance architecture. This shift involves several key changes that are necessary for achieving a more inclusive, sustainable and decolonial financial system, as highlighted below:

Debt cancellation: As of 2022, 60% of lower-income countries and 25% of middle-income countries are either in or at high risk of debt distress (Georgieva, 2022). Some of this debt can be traced back to the colonial era and subsequent establishment of newly independent nation states (Bernards, 2022; Woolfendon, 2023). High debt exacerbates poverty as debt payments can leave little fiscal space for investments in education, health and addressing the climate crisis (Georgieva, 2022; UNDP, 2023). Measures like debt restructuring and delayed debt payments modify payment schedules without reducing the overall debt owed. Debt cancellation, on the other hand, reduces debt entirely. Instruments such as debt-for-climate swaps – which offer debt relief in exchange for new commitments to invest in climate action – while reducing debt, are not regarded as climate finance from the Global North because they do not put forth any new money but rather reallocate existing commitments (Essers et al., 2021). The terms of a debt-for-climate swap may not be driven by national or local actors and their priorities, may lack transparency and accountability, and may not always contribute to long-term debt sustainability (Essers et al., 2021; Latindadd, 2023). Similar concerns arose with the structural adjustment programs and other conditions required to obtain debt relief through the World Bank and IMF's Heavily Indebted Poor Countries (HIPC) Initiative from the 1990s (Kranke, 2022; Rybol, 2023). Therefore, debt cancellation without conditionalities provides greater autonomy to nations and can be a more decolonial approach to climate finance.

Public-based finance – grants over loans: Cancelling debt is only an interim solution as states could fall back into the same patterns of indebtedness. As countries increasingly turn to the World Bank, IMF and MDBs for financial support for climate and development, they must accept the conditionalities imposed by these institutions. Green conditionalities for climate action favour market-based solutions, liberalization and privatization, with the primary objective of attracting private finance rather than directly financing climate investments (Fresnillo, 2024; Merling et al., 2024). More public-based finance, such as funds supported by the UNFCCC, could shift away from profit-based lending, such as loans, credit and other forms of financialization, towards direct investments, grants or cash transfers that reduce future debts. While grant-based finance is increasing, it currently represents less than 5% of total climate finance (Climate Policy Initiative, 2023).

Channelling finance to vulnerable communities: The allocation of climate finance to local communities is often dictated by national and international actors with limited understanding of local-level concerns (Daniell et al., 2011). Studies have shown the importance of demand-led, local-level climate justice by ensuring local communities have direct access to climate finance, although this has not been happening through large-scale climate finance mechanisms, such as the UNFCCC's Green Climate Fund (GCF) (Barrett, 2013; Omukuti et al., 2022). One way to increase local climate finance is by supporting Global South organizations with climate justice mandates and locally led climate organizations, as well as by establishing local grantors and refunders. This involves making it easier for local funders to obtain accreditations to access and distribute public climate finance such as from the GCF. An example initiative is the Dema Fund, which supports community action in the Amazon by addressing local power dynamics and ensuring a more inclusive and effective distribution of climate finance.

Global tax reforms: Innovative tax instruments to unlock new, dedicated sources of funding for climate finance are currently being discussed through the International Tax Task Force (ITTF) launched in April 2024, which have the potential to raise well over USD 1 trillion per year of public funds needed for the Global South to finance mitigation and adaptation (Lo, 2024; Oil Change International, 2024). This follows an OECD-led effort in 2021 where 140 countries reached a consensus to implement a minimum effective rate of 15% on corporate profits, but which has been criticized by lower-middle income countries for disproportionately benefiting wealthy countries, for reasons such as tax revenues accruing where the company is headquartered (often the Global North) rather than where the work is carried out (often the Global South) (McCarthy, 2022). In 2023, efforts to reform taxes within the UN instead of the OECD gained momentum after lobbying from African states, and negotiations have commenced on defining the terms of a new Framework Convention on International Tax Cooperation to create a fairer taxation system that benefits lower-income countries. However, these negotiations have faced resistance from the Global North about consensus-only decision-making and which measures to include (i.e. corporate taxation, profit shifting, and taxing ultrawealthy individuals' incomes and assets) (Matonga, 2024).

Trade reforms: While the Bridgetown Initiative pushes for strengthening supply chains to enhance resilience and benefits for countries and individuals producing raw materials, decisionmaking around trade is still largely held outside of the UN system, such as by the World Trade Organization (WTO) or bilateral and multilateral trade agreements (Trachtman et al., 2024). Existing free trade agreements put pressure on Global South countries to export raw materials and goods to higher-income countries instead of developing their own domestic industries (bilaterals.org, 2023; Hickel et al., 2021, 2022). Countries are also pressured to adopt "investment-friendly" regulations to stay competitive, which may involve forgoing environmental policies (Singhania & Saini, 2021). The WTO has a poor track record in addressing the needs of Global South countries, workers and marginalized groups (e.g. women, Indigenous Peoples, racial/ethnic minorities), and has made minimal effort in tackling environmental threats and advancing SDGs (Trachtman et al., 2024). At the same time, policies such as the EU's Carbon Border Adjustment Mechanism – which imposes a tariff on carbon-intensive imports – risk lower-income country economies that rely on these exports. Fairer trade treaties, backed by the UN, can foster more balanced trade relationships, remove inequalities in the global trading system, and ensure climate finance for decarbonizing production sectors throughout the Global South to maintain competitiveness in a global market that they are pressured to be a part of.

5. Conclusions

Using our proposed steps to screen the decoloniality of climate finance proposals in order to evaluate version 3.0 of the Bridgetown Initiative, we found that while the initiative is led by the Global South, there are many other elements that fall short of what an ideal decolonial climate finance framework could look like. There are many steps that can be taken to transition towards a more decolonial and equitable climate finance architecture, which include shifts in debt practices, taxation systems, trade agreements, financial institutions' structures and the empowerment of local communities. By implementing these changes, the climate finance sector can better address global challenges and work towards a more sustainable and just future, through more equal power dynamics and the recognition of historical injustices in decision-making processes.

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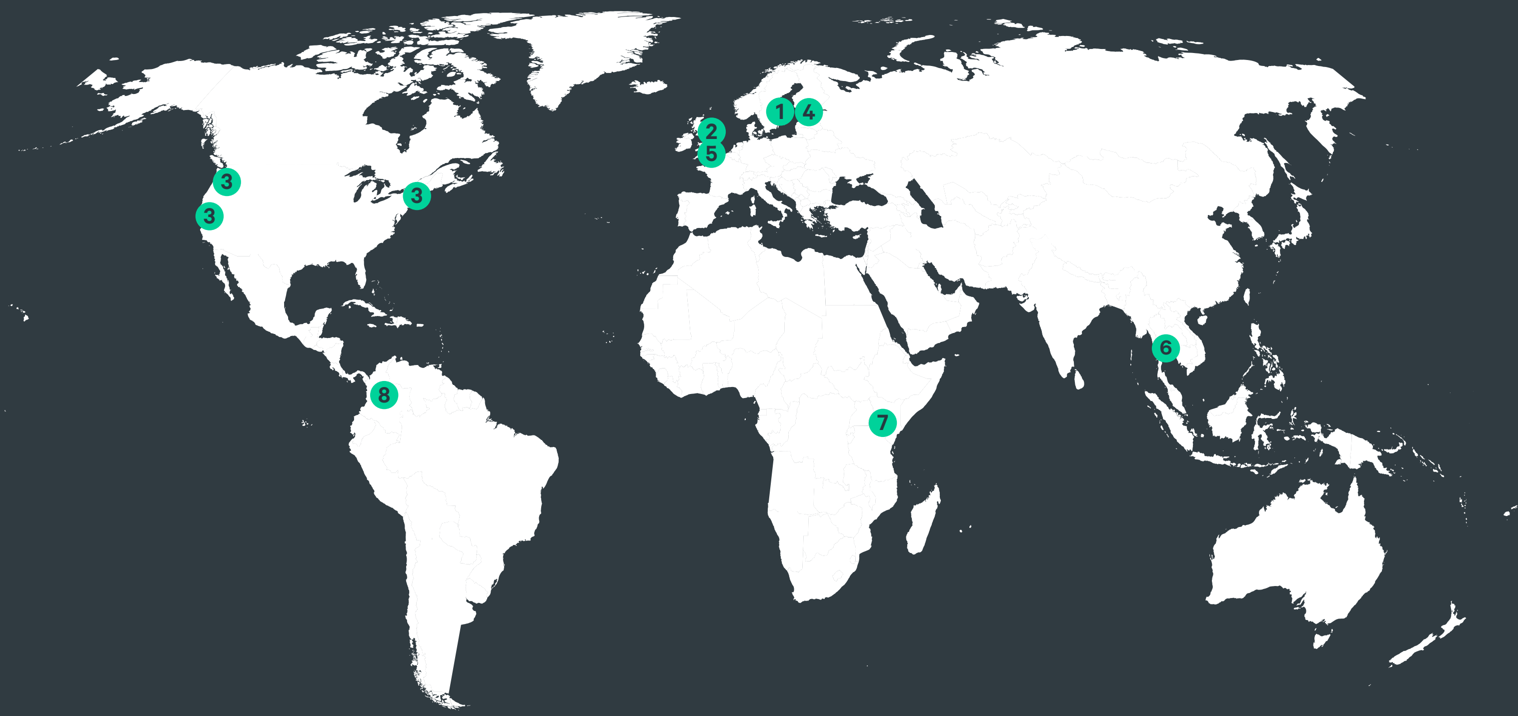

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