Reparative Fiscal Justice for Caribbean Climate Action

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Executive Summary

The nations of the Caribbean are facing a dual economic and environmental crisis. As the climate emergency gathers pace, bringing with it sea level rise, increased droughts, and more intense tropical storms, Caribbean nations are on the front lines yet lack the resources to stave off the worst. This dual crisis is not the result of contingent facts; rather, it stems from colonial powers' historical exploitation of Caribbean lands and the ongoing neocolonial dynamics that both exacerbate the impacts of climate change and divert badly needed resources from the Global South to the North. Through an analysis of the fiscal drain experienced by Caribbean governments through debt service and tax avoidance, **this report underscores the urgent need for climate reparations—through both additional funding and structural economic reform—to address the intertwined economic and environmental crises gripping the region.**

The report uses a mixed-methods approach to analyze the Caribbean's dual crisis:

Quantitative Analysis

The report advances a quantitative assessment of the fiscal drain on Caribbean nations, demonstrating how unjust debt relations and an international tax system designed to benefit Northern corporations have siphoned resources away from the Global South. This drain severely limits the fiscal capacity of Caribbean governments to invest in sustainable development and other critical social and environmental priorities that could have myriad benefits. Instead, they are forced to devote scarce resources to climate adaptation and mitigation measures or recovery efforts after disasters strike—all to defend against a crisis they had a vanishingly small role in creating.

By juxtaposing these findings with the projected costs of climate action in the region, the report highlights the stark disparity between the financial resources available—both in terms of domestic funding and, critically, international financing—and the investments required to combat the climate crisis effectively. This report demonstrates that the $3.2 billion per year extracted from 13 English-speaking Caribbean countries exceeds the $2.75 billion price tag identified as necessary for the same countries to enact their climate action strategies as detailed in their filings with the UN.

Expert Interviews

The report couples this quantitative analysis with a series of structured interviews conducted with regionally recognized experts in Caribbean climate and debt issues. Each interview featured a set of ten questions focusing on climate justice, debt justice, and reparative worlds, the most salient of which was: “If you had $X [where X equaled the amount of money the interviewee’s focus country loses annually to debt service and tax avoidance] more in climate action funding per year, what would your investment priorities be?" These interviews guided many of the reparative visions of this report.

Reparative Frames

Rather than recommend merely greater aid or traditional development assistance, the report advocates for transformative and restorative measures that allow Caribbean communities to build more resilient and sustainable futures. Among these measures are debt cancellation, equitable distribution of climate finance, and comprehensive reforms to the international tax system.

We emphasize that these are necessary, but not sufficient, conditions. For transformative investment to yield a just climate future in the Caribbean, domestic political and economic reforms will also be necessary. Investigations of these reforms, however, given their specificity to each country, is beyond the scope of this report.

Following on from this reparative approach, **the report makes the case for climate reparations as a necessary step towards rectifying historical injustices and addressing the current climate emergency.** We argue that the $500 billion sought for climate action by Caribbean leaders, including Prime Minister of Barbados Mia Mottley, is a modest sum compared to the enduring debts owed by historic colonizers and contemporary polluters for centuries of colonial exploitation and environmental degradation.

Climate reparations are not merely financial compensation but a moral imperative—an acknowledgment of the disproportionate economic and environmental burdens heaped on Caribbean nations by wealthier, polluting countries that have been exploiting Caribbean communities for centuries.

In light of its findings, the report concludes with a series of policy pathways aimed at advancing climate justice and fiscal reparations in the Caribbean. Among the pathways we propose are multilateral reforms to global governance institutions like the IMF and World Bank, initiatives for debt relief and climate finance, and more inclusive and equitable approaches to climate action that center the needs and priorities of Caribbean nations.

Introduction: Dual Crises in the Caribbean

Countries around the world are facing the intertwined challenges of climate and fiscal crises. These crises are particularly acute for the countries of the Global South,[1] which are mired in debt, economically eroded by tax abuse, and forced to operate in a global financial system whose rules are written by, and in favor of, the wealthy countries of the Global North.

Among the various regions of the Global South, the Caribbean has a unique and heightened vulnerability to these threats. Caribbean countries can be found among the most highly indebted in the world (relative to the size of their economies) and lose a significant chunk of public revenue to tax avoidance and fraud. Meanwhile, their inhabitants live amid climate collapse: turbocharged hurricanes, sea level rise, extreme heat, and other climate impacts are a regular feature of island life.[2] Adapting to this warming world costs money—and due to fiscal extraction both past and present, Caribbean countries lack the resources to invest in climate-proof infrastructure and low-carbon development pathways.

Our report is written with these circumstances front and center. This is a crucial moment for fiscal and climate justice, one in which the Caribbean figures prominently due both to its unique vulnerability to these crises and its regional leaders' innovative and influential responses.[3]

Caribbean leaders have developed a situation-specific voice to resist the entwined economic and fiscal conditions that cause—and entrench—global climate disaster, providing both hope and inspiration to other regions similarly threatened.

Foremost among these leaders is the Honourable Mia Amor Mottley, the first female prime minister of Barbados. As Barbados's head of government, Mottley has proposed the Bridgetown Initiative, a slate of reforms to the international financial architecture that would generate funding for Global South climate action. **At the Bridgetown Initiative's core is one key principle: that the worst greenhouse-gas emitters should finance climate-vulnerable nations' energy transition.** At the opening ceremony for the 26th United Nations (UN) Climate Change Conference (COP26), Prime Minister Mottley delivered a resolute speech in which she proposed that wealthy nations provide $500 billion for the small islands and low-lying coastal regions that the UN classifies as Small Island Developing States (SIDS)—a designation that comprises the majority of countries in the Caribbean.[4] Anticipating resistance to such a significant sum, Mottley contextualized it by comparing it to the amount disbursed to fight COVID-19: $9 trillion..[5] That is all, Mottley contends, that needs to be done to secure what "our people and our planet need…"[6]

[1] While the terms Global North and Global South and imprecise and can reinscribe problematic and damaging distinctions, they highlight enduring political economic processes and resulting power differentials that are central to the issues of this report.
[2] Mimi Sheller, "Caribbean Futures in the Offshore Anthropocene: Debt, Disaster, and Duration," Environment and Planning D: Society and Space 36, no. 6: 971–986 (December 2018), https://doi.org/10.1177/0263775818800849.
[3] IPCC (Intergovernmental Panel on Climate Change), Climate Change 2023: Synthesis Report, March 2023, https://doi.org/10.59327/IPCC/AR6-9789291691647.
[4] All monetary figures are US dollars.
[5] Bryn Battersby, Elif Ture, and Raphael Lam, "Tracking the $9 Trillion Global Fiscal Support to Fight COVID-19," IMF Blog, May 20, 2020, https://www.imf.org/en/Blogs/Articles/2020/05/20/tracking-the-9-trillion-global-fiscal-support-to-fight-covid-19.
[6] Mia Mottley, "Speech at the Opening of the #COP26 World Leaders Summit," November 1, 2021, https://www.youtube.com/watch?v=PN6THYZ4ngM.

In this report, we begin with the simple principle Mottley invoked—that the countries who have caused the climate crisis should shoulder the costs of facing it—and apply it at a scale sufficient to address climate collapse not in vacuo but as part of a reparative suite of policies. While a $500 billion influx of funding would undoubtedly contribute to safer, more hopeful futures in the Caribbean and beyond, in this report we demonstrate that transformative climate action requires a more ambitious slate of changes to the international system, reforms that sum to fiscal justice.

We focus our analysis on the public finances and climate vulnerability of sovereign members of the Caribbean Community (CARICOM), an intergovernmental organization of 15 full member states, most of which gained independence from Britain. In international fora, CARICOM members often vote as a bloc and deliver joint statements on international issues of regional relevance. While the region is diverse, vibrant, and resilient, the twin crises of debt and climate pose existential challenges to the regions' governments, civil societies, and communities.

Our arguments in this report are based on a mixed-methods approach that comprises interviews with climate justice organizers, researchers, and public officials across the Caribbean; quantitative analysis of the fiscal extraction from the Caribbean through heavy debt burdens and multinational tax abuse; and a broader consideration of the roots of contemporary environmental and economic precarity in the Caribbean. This report (1) demonstrates that the Caribbean's dual crises are the product of both its colonial histories and contemporary economic exploitation and (2) applies a reparative framework to identify paths toward other, better futures. We argue that the Caribbean's economic and climate challenges must be addressed through reparative reforms—canceling debt, revising international tax policy, and restructuring the global economic system—that restore Caribbean fiscal capacity now and in the ensuing decades. Only a reparative approach will both redress the legacy of colonial extraction and consumption—that is, the causes of the climate crisis—and look forward toward a new international economic order, one in which ongoing climate damages can be fairly addressed.

The report proceeds as follows:

In Section 1, we lay out our reparative approach to fiscal justice, explaining why we use a reparations framework and what we mean by fiscal justice. We trace the connections between climate reparations and reparations to redress slavery, genocide, and indentureship, and put forward our worldmaking framework.

In Section 2, we demonstrate that colonization, enslavement, and indigenous genocide—and the centuries' long legacy of these systems—entrenched the exploitation of Caribbean resources and caused the climate and economic crises the region currently faces. We examine how colonial plunder built British wealth and shaped Caribbean geography and agriculture and show how not-dissimilar arrangements persist today, albeit through the neocolonial levers of the Bretton Woods system and large institutional investors rather than colonial hegemony.

After teasing out the historical threads that have brought us to the current moment, we outline in Section 3 how the international financial system, providing credit on unfair terms to finance development and disaster relief, traps Caribbean countries in a debt spiral. This parlous state of affairs is exacerbated by unfair international tax rules under which the global super rich are effectively tax-exempt (when, according to a fiscal justice framework, they should be paying Global South governments, including in the Caribbean).

Through our analysis of the twinned debt and tax traps afflicting the Caribbean, we determine that fiscal extraction from the region amounts to $3.2 billion annually. Given that, according to documents filed with the UN Framework Convention on Climate Change (UNFCCC), Caribbean governments anticipate needing $2.75 billion annually through 2030 to combat the climate crisis, **it is clear that the end of fiscal extraction is essential to Caribbean nations' climate fight.**[7]

In Section 4, we evaluate some of the funding options that have been proposed to closethe gap in financing for climate action, among them regional efforts, multilateral instruments, Mottley's Bridgetown Initiative, and the United States–Caribbean Partnership to Address the Climate Crisis 2030 (PACC2030), announced by the Biden Administration in June 2022. **From a climate reparations perspective, we find that all of the solutions proposed heretofore are inadequate, technocratic fixes that do nothing to reshape the financial system that reproduces Caribbean climate vulnerability.**

Finally, in Section 5, we outline a transformational agenda for ecological reparations that is worldmaking—that is, that offers reforms to the international financial architecture sufficient to make other kinds of worlds not only thinkable, but possible. Primary among the policy changes we advocate are debt cancellation (to create space in national budgets for climate action) and international tax reform (which will close loopholes for multinationals and justly redistribute recovered revenues to the most climate-vulnerable nations). We conclude by laying out transformational pathways to fiscal justice.

[7] It is important to note, however, that funds recouped through debt and tax reform should be available for any sovereign-defined priorities, whether economic, social, or environmental. The cost of responding to the climate crisis should fall on the countries that created the crisis, in part through the robust funding of the UN Loss and Damage Fund.

Reparative Fiscal Justice

In the context of the mounting climate damages and fiscal imbalances caused by the structure of the global economy, a reparative framework offers a robust approach for contending with the twinned challenges of financial and ecological crisis. Climate reparations are a key mechanism to move toward fiscal justice—defined in this instance as the end of the global financial architecture that fiscally extracts from the Caribbean—and provide governments with the economic surplus to pursue a safer climate future.

Restoring lost fiscal capacity, however, must be seen as a down payment, rather than the culmination, of reparative reforms. Building on the ideas of theorists like Adom Getachew and Olúfẹmi O. Táíwò, we emphasize a worldmaking approach to reparations—that is, one in which reparations not only redress past harms but also forge the conditions that make different kinds of futures possible.[8]

The worldmaking approach entails the tenet of non-repetition—the changing of structural conditions such that the harms in need of redress do not, and cannot, continue.

In the climate space, this means that big polluters, in addition to compensating countries disproportionately harmed by their emission of greenhouse gasses, must mitigate future harms and supply the resources for adaptation and alternative development paths.

Of course, accounting for past harms, including those inflicted on Caribbean countries during colonialism and imperialism, is imperative. As Adelle Thomas, a senior fellow at the University of the Bahamas, told us, “If the shoe was on the other foot, can you imagine if developing countries were the ones that were causing loss and damage in developed countries? There would absolutely be no question at all that they should be compensated.” This is the “polluter pays” principle: The entity responsible for environmental damage should pay to redress the harms it caused. It is an ethic of repair.[9]

Northern governments—like that of the United States—however, reject a compensatory framing, because it would admit liability and open the door for even more legal action.[10] Arica Hill, the executive director of the Environmental Awareness Group in Antigua, told us that, in official forums on climate finance, “when we speak about reparations, we are shut down.” Even less-than-reparative compensation schemes, like the UN Loss and Damage Fund, have faced ferocious resistance from Global North governments.

[8] Olúfẹmi O. Táíwò, Reconsidering Reparations (Oxford University Press, 2022); Adom Getachew, Worldmaking after Empire: The Rise and Fall of Self-Determination (Princeton University Press, 2019).
[9] Grantham Institute, “What Is the Polluter Pays Principle?” July 18, 2022, https://www.lse.ac.uk/granthaminstitute/explainers/what-is-the-polluter-pays-principle/.
[10] Reuters, “US ‘Under No Circumstances’ Will Pay Climate Reparations, Kerry Says,” Reuters, July 13, 2023, https://www.reuters.com/world/us/us-under-no-circumstances-will-pay-into-loss-damage-fund-kerry-2023-07-13/.

The dismissal of reparative approaches when it comes to climate harm is not limited to the perpetrators of that harm. Mia Mottley, for example, resists a reparations framework for climate questions but doets invoke it when it comes to enslavement and colonization.[11]

In our view, any approach to fiscal justice that warrants the name “reparative” must be comprehensive, accounting for the legacy of chattel slavery and colonization as well as climate harm. This notion of the reparative necessarily entails intervention in current macroeconomic problems—debt cancellation and international tax reform, for a start—but in no way obviates the need for reparative approaches to the past harms of colonization and genocide. A worldmaking reparative approach looks both backward and forward, concerning itself with compensation *as well as* non-repetition.

In fact, through the lens of the climate crisis, the line between past and present harms is not so easily drawn. For example, though most formal political and economic imperialism in the Caribbean ended decades ago, the Global North (and, increasingly, new major emitters like China) continue to engage in atmospheric imperialism—the saturation of the atmosphere with greenhouse gasses and the appropriation of vast swathes of arable land for consumer goods that necessitates habitat destruction, monocrop industrial agriculture, and mining.[12]

The inescapable conclusion is that rich, post-industrial countries have benefited enormously from high-emission economic models and are now, in the words of the economist Ha-Joon Chang, “kicking away the ladder” from under the Global South, by denying them access to the beneficial trade and industrial policies the North used to develop, as well as imposing punitive debt and tax regimes.

Historically, discussions about who should bear the cost of the ecological crisis—and how responses to it should be funded—have focused primarily on resource mobilization: the Global South’s access to bilateral overseas development assistance (ODA), funding from international financial institutions (IFIs) (e.g., the International Monetary Fund (IMF)) and multilateral development banks (MDBs) (e.g., the World Bank), and private investments in climate-safer infrastructure. The first solution proffered to the countries of the Global South was the Clean Development Mechanism of the Kyoto Protocol, an ill-conceived global carbon offsetting market rife with fraud and scams that, in the end, reduced emissions far below projected levels and had little positive effect for the Caribbean and other SIDS.[13,14]

[11] Amelia Gentleman, “Barbados PM Says Country Owed $4.9 Trillion as She Makes Fresh Call for Reparations,” Guardian, December 6, 2023, https://www.theguardian.com/world/2023/dec/06/barbados-pm-says-country-owed-49tn-as-she-makes-fresh-call-for-reparations.
[12] Jayati Ghosh, Shouvik Chakraborty, and Debamanyu Das, “Climate Imperialism in the Twenty-First Century,” Monthly Review 74, no. 3 (July–August 2022), https://monthlyreview.org/2022/07/01/climate-imperialism-in-the-twenty-first-century/.
[13] Leonard Nurse and Rawleston Moore, “Critical Considerations for Future Action during the Second Commitment Period: A Small Islands’ Perspective,” Natural Resources Forum 31, no. 2 (2007): 102–10, https://doi.org/10.1111/j.1477-8947.2007.00143.x.; Alex Y. Lo and Ren Cong, “Emission Reduction Targets and Outcomes of the Clean Development Mechanism (2005–2020),” PLOS Climate 1, no. 8 (2022), e0000046.

More recent initiatives have centered on the creation of funds and quantitative financial targets, like the $100-billion-per-year climate finance commitment that rich world governments made in 2009.[15] That target was supposed to be achieved by 2020. It was not, and has yet to be, met. Even more troubling: Approximately 80% of the climate finance included in that tally is distributed as loans, thereby robbing climate-vulnerable countries of critical fiscal space even as investment needs grow.[16]

Although stopgap measures that align with a long-term vision of reparative climate action will be important in the interim, the need for more comprehensive reform is urgent. As Joyelle Clarke, Minister of Sustainable Development, Environment and Climate Action and Constituency Empowerment for St. Kitts and Nevis, told us, “One of the toughest barriers we face is just accessing the finance to address the development challenges that we have. We don’t have the fiscal capacity to be responsive, and we don’t have the space in our budget to focus on all the other things that make our people vulnerable—the social services, the education, the food security—that we’re trying to address. And we’re trying to address all of these while addressing our debt.”

Accounts like Clarke’s raise a host of vital questions: What if Caribbean governments were not sending more than $2 billion per year to the Global North to service debts? How might Caribbean countries differently imagine the future if $507 million was not lost in multinational corporate tax avoidance? What if Caribbean environmental nonprofits and activists could help guide decisions on adapting to new and changing climate realities? **What if Caribbean communities had the time, space, and resources to imagine and create a different world?**

The answers to these questions are multifarious and cannot be given their due in the space of a single report; indeed, the varying geographies and national histories of Caribbean countries necessitate specific analyses and solutions. This report considers the 13 full member states of the Caribbean Community (CARICOM) that are anglophone and sovereign, excluding Suriname, Haiti, and other non-CARICOM countries in the region like the Dominican Republic, and other primarily Spanish-speaking countries in Central and South America with Caribbean coasts. All of these countries have considerable challenges on both fiscal and environmental fronts, as do a number of modern colonies, like Puerto Rico, the UK Virgin Islands, Guadeloupe, and the islands of the Dutch Antilles.

Our focus on the 13 anglophone countries is due to their accessible, comparable data and relatively similar historical experiences and is not meant to discount the challenges facing other countries and territories in the region. For example, the US blockade of Cuba has

[14] Kazunari Kainou, “Collapse of the Clean Development Mechanism Scheme under the Kyoto Protocol and Its Spillover: Consequences of ‘Carbon Panic’,” Center for Economic Policy Research, March, 16, 2022, https://cepr.org/voxeu/columns/collapse-clean-development-mechanism-scheme-under-kyoto-protocol-and-its-spillover.

[15] Irene Casado-Sanchez and Jackie Botts, “A Program Meant to Help Developing Nations Fight Climate Change Is Funneling Billions of Dollars Back to Rich Countries,” Reuters, May 22, 2024, https://www.reuters.com/investigates/special-report/climate-change-loans/#:~:text=Many%20of%20the%20conditional%20loans,the%202015%20Paris%20climate%20agreement.

[16] OECD, “Climate Finance Provided and Mobilized by Developed Countries in 2013–2022, May 24, 2022, https://doi.org/10.1787/19150727-en.

long been unconscionable but grows ever more untenable as the impacts of the climate crisis intensify,[17] while Haitians' heroic struggle to gain independence has been met with over 200 years of political meddling, financial extortion, and several outright invasions by the United States and European powers. A reparative approach is needed across the Caribbean Basin, and indeed across the Global South.[18]

Such is our conclusion based on our interviews with activists, NGO workers, and policymakers, who offered time and space to consider bold reforms that could open new possibilities. Thus, in what follows, we advance worldmaking, reparative actions that would not only create fiscal space for Caribbean countries to invest in transformative climate policy but allow Caribbean people to create different worlds. There is critical work that needs to be done by Caribbean governments themselves to achieve this kind of structural transformation, but our focus here is on the international political-economic processes that shape the menu of options available to Caribbean governments. Although each country has specific challenges to contend with, they share the financial pressures born of more than 500 years of colonialism, imperialism, and fiscal subordination.

[17] Cuba Solidarity Campaign, "Climate Change Adaptation—the Pernicious Impact of the US blockade," May 31, 2024, https://cuba-solidarity.org.uk/news/article/4557/climate-change-adaption---the-pernicious-impact-of-the-us-blockade.
[18] Keston K. Perry, "The new 'Bond-age,' Climate Crisis, and the Case for Climate Reparations: Unpicking Old/New Colonialities of Finance for Development within the SDGs," Geoforum 126 (November 2021): 361–371.

Climate Crisis and Colonial Afterlives

"Legacies of colonialism pop up in everyday life."
– Alicia Wallace, Director of Equality Bahamas

The Caribbean region comprises thousands of islands as well as coastal South and Central American countries. It is defined by both physical location and history and culture. Caribbean states include independent nations, British overseas territories, French overseas regions, US unincorporated territories, Dutch municipalities, and Dutch constituent countries. It is a multiracial region that people of Indigenous Amerindian, African, Indian, Arab, Chinese, and European descent call home.

Christopher Columbus's arrival in 1492 on the shores of Guanahani, a now Bahamian island that he called San Salvador, marked the beginning of centuries of genocide, enslavement, and colonization in the region. The European colonization of the so-called New World was an intentional, empire-building project that fundamentally reordered the environmental, physical, social, and cultural fabric of the places we now know as the Caribbean and the rest of the Americas. It was a violent process built on Indigenous genocide and displacement, African enslavement, and ecosystem destruction in the service of expanding European empire and accumulating the capital that formed the backbone of the modern global economy. Prior to Europeans' arrival, Ciboney, Taíno-Arawak, and Kalinago peoples resided throughout the region. They were the first casualties of European colonization in the Caribbean and the rest of the Americas, seeing their populations reduced by an estimated 90% within the first century of European settlement—a process so destructive that it even altered the global climate.[19]

While a full examination of the violence inflicted on the region during centuries of colonial and imperial rule is beyond the scope of of this report, what is important to note here is that European colonies in the Caribbean were central to Britain's and other nations' wealth building. The British, for example, established extractive industries such as gold mining and large-scale plantation agriculture and plundered their colonies for natural resources.

[19] Oliver Milman, "European Colonization of Americas Killed So Many It Cooled Earth's Climate," Guardian, January 31, 2019, https://www.theguardian.com/environment/2019/jan/31/european-colonization-of-americas-helped-cause-climate-change#:~:text=The%20UCL%20researchers%20found%20that,as%20warfare%20and%20societal%20collapse.

But the Caribbean tobacco, cotton, and sugar colonies were land, capital, and labor intensive. After the enslavement of Indigenous people depleted the Indigenous population and the enslavement of poor white people, particularly those who had been convicted of crimes, proved insufficient to the expansionist prerogatives of the colonial powers, European colonists turned almost exclusively to the African slave trade.[20] Anti-Blackness was a required component of this extraction, as Black people had to be seen as inferior and subhuman to justify their long-term enslavement. As the Caribbean historian and first prime minister of Trinidad and Tobago, Eric Williams, famously put it, "Slavery was not born of racism: rather, racism was the consequence of slavery."[21] This history, as Katherine McKittrick writes, "not only generated North Atlantic metropolitan wealth...it also instated an incongruous, racialized economy that lingered long after emancipation...."[22]

The growing importance of sweetness to Britain made colonial expansion even more important. Twelve small islands exported almost 100 million pounds of sugar to Britain in 1773, a time when British people were spending 10% of their income on sugar, treacle, and tea combined.[23] Moreover, because technological advancements in sugar production were minimal, the enlarged European market for sugar was being satisfied by a steady territorial expansion of production rather than increases in land yields or worker productivity.[24]

Caribbean people and territories, unsurprisingly, did not benefit from the wealth that they were creating, as little of it was invested in the people or infrastructure of the region.[25] Rather than being incidental, the "underdevelopment" of Caribbean territories was deliberately designed, reflecting the foundational logic of colonialism. "Our West Indian Colonies," wrote John Stuart Mill in 1848,

> cannot be regarded as counties with a productive capital of their own...but are, rather, the place where England finds it convenient to carry on the production of sugar, coffee and a few other tropical commodities. All the capital employed is English capital; almost all the industry is carried on for English uses; there is little production of anything except for staple commodities, and these are sent to England, not to be exchanged for things exported to the colony and consumed by its inhabitants, but to be sold in England for the benefits of the proprietors there. The trade with the West Indies is hardly to be considered an external trade, but more resembles the traffic between town and country.[26]

The first large-scale, organized, successful resistance to slavery in the

[20] Eric Williams, Capitalism and Slavery (University of North Carolina Press, 1994).
[21] Williams, Capitalism and Slavery.
[22] Katherine McKittrick, "Plantation Futures," Small Axe 17, no. 3 (2013): 1–15.
[23] Kenneth Morgan, "Bristol and the Atlantic Trade in the Eighteenth Century," The English Historical Review 107, no. CCCCXXIV (1992): 626–650.
[24] S. W. Mintz, Sweetness and Power (Viking, 1985).
[25] Michael DaCosta, "Colonial Origins, Institutions, and Economic Performance in the Caribbean: Guyana and Barbados," IMF Working Paper, February 2007.
[26] J. S. Mill, Principles of Political Economy: With Some of Their Applications to Social Philosophy (8th ed.) (Longmans, Green, Reader, and Dyer, 1876).

region was the Haitian Revolution, which was led by enslaved and formerly enslaved people in the late 18th century and achieved independence from France in 1801.[27] Similar uprisings led by enslaved peoples in Barbados in 1816 and Jamaica in 1831 signaled to European colonizers that the practice of enslavement would always be met with resistance. The practice of enslavement did not come to an end in the Caribbean until Britain passed the Emancipation Act in 1833. Formal freedom for the formerly enslaved was not achieved in British Caribbean colonies until 1838, French colonies until 1848, and Dutch colonies until 1863.[28]

European capitalists and governments responded to abolition in the Caribbean colonies by introducing indentured workers from Asia. Nearly 125,000 indentured Chinese workers were brought to Cuba between 1848 and 1874, almost 80,000 indentured were brought into the French Caribbean from India before 1885, and almost 150,000 indentured workers from India were brought to Trinidad in the period between 1838 and 1917.[29]

It is also true that, after emancipation, many plantation owners sold their estates and left the region. However, sugar remained king in the Caribbean for another century, and many formerly enslaved people were forced to continue working on plantations. Field work remained brutal, and wages were pittances, rendering enslaved people's newly won "freedom" specious at best.

At the close of the 19th century, the colonial power with the strongest foothold in the region was Britain. Spain had lost its last Caribbean colonies when Cuba gained independence and Puerto Rico was handed over to the United States in 1898. France had lost—or would soon lose—its territories to Britain, except for 4 overseas departments and collectives that France retains some control over today.

> ***Legacies of colonialism have shaped where we are located within the region...with many cities being directly located in places that are vulnerable to climate impacts: so right along the coast.*** *I think legacies of colonialism have cultivated a mentality that we are dependent on other external people.*
> – Dr. Adelle Thomas, Vice Chair of Working Group II for the IPCC Seventh Assessment Cycle and a Senior Fellow at the University of the Bahamas

The first half of the 20th century found the Caribbean negotiating complicated realities. In addition to the decline of the region's sugar industry—due to falling sugar prices and cheaper sources of other sweeteners, primarily in South and Central America—the Caribbean was affected by the restrictions of both world wars and the Great Depression. The fervor of the 1930s labor rights movement resulted in protests throughout the region; the period from 1934 to 1939 is

[27] Jeremy D. Popkin, "The Haitian Revolution Comes of Age: Ten Years of New Research," Slavery & Abolition 42, no. 2 (2020): 382–401.
[28] P.C. Emmer, The Dutch in the Atlantic Economy, 1580-1880: Trade, Slavery and Emancipation (Ashgate, 1998); Hilary McD. Beckles, How Britain Underdeveloped the Caribbean: A Reparation Response to Europe's Legacy of Plunder and Poverty (University of the West Indies Press, 2021).
[29] National Archives of Trinidad and Tobago, "Indian Arrival Day 2020: General Registers and the Legacy of Indian Indentured Laborers," May 30, 2020, https://natt.gov.tt/node/257.

remembered largely as one of social unrest, with protests against the high unemployment, poverty, and lack of opportunity experienced by Black, Indian, and Chinese workers cropping up in many of the British colonies. The labor activism of the period gave rise to the region's first labor political parties, many of which survive today.

The former British territory most recently to become independent is St. Kitts and Nevis, which won its independence in 1983. However, despite many Caribbean territories' present sovereignty, these countries continue to suffer the consequences of centuries of colonial exploitation. The relentless extraction and exhaustion of natural resources and brutal labor practices not only built the wealth of colonial powers but also initiated a cycle of ecological destruction and social inequity.[30]

> *Colonists'…* ***environmental extractivism, plunder, and social subjugation of our people is directly linked to the challenges we face*** *as a society in responding to our social crisis, or our environmental crisis because of how they shaped our landscape: socially, environmentally, physically."*
> – Hon. Senator Dr. Joyelle Clarke, Minister of Sustainable Development, Environment and Climate Action, and Constituency Empowerment, St. Kitts and Nevis

Thanks to the devastating legacy of colonialism, the Caribbean's current position in the global economy—which shapes the region's potential economic futures—is one of financial subordination. Under this international financial regime—a regime, it bears mentioning, foreseen by theorists like Eric Williams who advocated for Caribbean political unity—subordinate governments are at the mercy of powerful institutions like the US Federal Reserve and the IMF, whose decisions are made without subordinate countries' input and often entail detrimental effects on those countries. In short, Caribbean countries, like much of the Global South, are faced with substantial economic and political power imbalances that significantly constrain their policy choices—a set of relations that could be called neocolonial.[31]

Changing Caribbean climates in economic headwinds

The mostly low-lying island states of the Caribbean are experiencing extreme climate variability, a situation that is only expected to worsen. While projections of future climate change impacts in the Caribbean vary widely depending on both the locale and the underlying assumptions of the model used, many models suggest that the region's mean temperature may increase by over 3 degrees Celsius, with some islands experiencing a 1 m–2 m sea level rise by 2100—an especially concerning prediction given that more than half of the region's population lives within 1.5 km of the coastline.[32]

[30] Beckles, How Britain Underdeveloped the Caribbean.
[31] Ilias Alami, Carolina Alves, Bruno Bonizzi, Annina Kaltenbrunner, Kai Koddenbrock, Ingrid Kvangraven, and Jeff Powell, "International Financial Subordination: A Critical Research Agenda," Review of International Political Economy 30, no. 4 (2023): 1360–1386.
[32] Climate Studies Group Mona and the University of the West Indies, "The State of Caribbean Climate," April 2020; IPCC, Climate Change 2023: Synthesis Report; Ambarish V. Karmalkar, et al., "A Review of Observed and Projected Changes in Climate for the Islands in the Caribbean," Atmósfera 26, no. 2 (2013): 283–309.

In an almost ironic twist, droughts are expected to become more routine in Caribbean territories. Some models show mean annual rainfall increasing around 2050, but most projections have the region's annual rainfall decreasing by as much as 17% by 2100. (One scenario predicts that 60% of the Caribbean's population will have inadequate access to water resources by the mid-to-late 21st century, a situation caused not just by changes in precipitation but also the encroachment of sea water on coastal aquifers.[33]) While it is expected that the frequency of hurricanes will remain the same or decline slightly, the hurricanes that do form and travel through the region are 80% more likely to be Category 4 or 5 storms by 2100, with higher winds and 30% more rainfall near the eye of the storm.[34]

The Caribbean's vulnerability to the climate crisis is not mere happenstance; rather, that vulnerability is the legacy of colonization, imperialism, slavery, and plantation agriculture. It is quite easy to see how these systems exposed the region to the dangers of rising temperatures. Extractive industries, such as sugar cane agriculture, were predicated on the destruction of forests and wetlands and the burning of climate-warming coal in factories and ships.

Meanwhile, on islands of volcanic origin whose mountainous interiors provided little in the way of arable land for sugarcane such as St. Kitts, coastlines and coastal regions were given over wholly to sugarcane cultivation, with the result that the most highly developed and densely populated areas of these islands are also the areas most vulnerable to intense storms and sea level rise. (Even on non-volcanic islands or islands without major sugarcane industries, coastal settlements were common for ease of access to harbors.)[35]

Although many Caribbean economies have shifted from agricultural industries—even as dependence on food imports have grown, increasing vulnerability to rising prices on international markets and thus more debt—the region's status as the most tourism-dependent region in the world[36] further necessitates the concentration of development assets on the coast.[37] Aside from Guyana, Suriname, and Trinidad, most CARICOM economies are highly dependent on tourism. Tourist arrivals across the region increased by 65% between 1995 and 2019, with Antigua and Barbuda, Belize, and St. Kitts and Nevis welcoming double, almost five times, and over five times the number of international tourists over the same period, respectively.[38] In 2019, 7 CARICOM

[33] IPCC, Climate Change 2023: Synthesis Report.
[34] Climate Studies Group Mona and the University of the West Indies, "The State of Caribbean Climate", 77
[35] Levi Gahman, Gabrielle Thongs, and Adaeze Greenidge, "Disaster, Debt, and 'Underdevelopment': The Cunning of Colonial-Capitalism in the Caribbean," Development 64, no. 1–2 (2021): 112–18; Cory Look, Erin Friedman, and Geneviève Godbout, "The Resilience of Land Tenure Regimes During Hurricane Irma: How Colonial Legacies Impact Disaster Response and Recovery in Antigua and Barbuda," Journal of Extreme Events 6, no. 1 (2019): 1940004; Sharlene Mollett, "More than Past Slaves and Labor: Complicating Climate Change Vulnerability in the Name of Caribbean Futures," Society and Space, January 9. 2019, https://www.societyandspace.org/articles/more-than-past-slaves-and-labor-complicating-climate-change-vulnerability-in-the-name-of-caribbean-futures.
[36] World Travel and Tourism Council, Travel and Tourism in the Caribbean: Prospects for Growth (London, UK: World Travel and Tourism Council, 2022), 4, https://wttc.org/Portals/0/Documents/Reports/2022/Travel-and-tourism-in-the-caribbean.pdf
[37] Verene A. Shepherd, "Environmental Racism, the Climate Crisis and Reparatory Justice," Panel on Environmental Justice, the Climate Crisis and People of African Descent, 28th Session of the WGEPAD, March 26, 2021, https://www.ohchr.org/sites/default/files/Documents/Issues/Racism/WGEAPD/Session28/statement-vereneshepherd.pdf.
[38] UN Tourism, "Tourism Statistics Database," accessed March 19, 2024, https://www.unwto.org/tourism-statistics/tourism-statistics-database.

countries depended on tourism for more than 40% of their GDP, with St. Kitts and Nevis leading the way at 62.6%.[39]

Tourism is clearly vulnerable to external shocks like the COVID-19 pandemic, which caused the number of tourist visits for most Caribbean countries to decline by 65%–75% from 2019 to 2020.[40] However, more prosaic crises like recessions in the United States and Europe can also cause outsized economic harm for a region dependent on visitors for economic activity, in particular US dollars and Euros to pay for foreign-currency denominated debt.

The repercussions of the climate crisis are already wreaking havoc on the Caribbean's tourism economy. According to a study analyzing the 2017 hurricane season, that year's storms were estimated to have caused a $741 million drop in tourism expenditures that year alone—and a further $3 billion in losses over the subsequent 4 years.[41] Seven CARICOM countries depend on tourism for more than 40% of their 2019 GDP, the most dependent economy being St Kitts and Nevis at 62.6%.[42] A 1 meter rise in sea level becomes even more concerning in this context: Almost half of the hotels in the region would be unusable without any adaptation measures, and almost all of the region's shipping ports and cruise ship harbors would be under water.[43]

Although [tourism is] our main GDP contributor—it is also ***the most vulnerable industry for our islands*** *because, with 4 to 5 months, the industry closes...the seasonality of the income, and then everything that the industry depends on, is now* ***vulnerable to a major hurricane, a flood event.***
– Hon. Senator Dr. Joyelle Clarke, Minister of Sustainable Development, Environment and Climate Action, and Constituency Empowerment, St. Kitts and Nevis

Even without the threat of climate change, tourism is no panacea for cash-strapped Caribbean nations and territories. Most of the hotels and other large tourism infrastructure are owned by transnational conglomerates. Many hotels are all-inclusive resorts that contribute little to smaller, local businesses. In fact, it is estimated that anywhere from 37% to 90% of tourist dollars spent in the Caribbean are captured by foreign investors and countries.[44]

Tourism also consumes a significant chunk of the region's natural resources. Including golf course maintenance, tourism consumes about 40%, 14%, and 6% of St Lucia's, Barbados's, and Jamaica's national freshwater supplies respectively.[45]

[39] Jessica Byron, Jacqueline Laguardia Martinez, Annita Montoute, and Keron Niles, "Impacts of COVID-19 in the Commonwealth Caribbean: Key Lessons, The Round Table 110, no. 1 (January 2021): 99–119, https://doi.org/10.1080/00358533.2021.1875694.
[40] UN Tourism, "Tourism Statistics Database," accessed March 19, 2024, https://www.unwto.org/tourism-statistics/tourism-statistics-database.
[41] World Travel and Tourism Council, "Caribbean Resilience and Recovery: Minimizing the Impact of the 2017 Hurricane Season on the Caribbean's Tourism Sector," April 2018, https://s3.amazonaws.com/tourism-economics/craft/Case-Studies-Docs/Caribbean-Recovery-Report-Full-Report.pdf.
[42] Jessica Byron, Jacqueline Laguardia Martinez, Annita Montoute, and Keron Niles, "Impacts of COVID-19 in the Commonwealth Caribbean: Key Lessons."
[43] Climate Studies Group Mona and the University of the West Indies, "The State of Caribbean Climate"; Elizabeth A. Mackay and Andrew Spencer, "The Future of Caribbean Tourism: Competition and Climate Change Implications," Worldwide Hospitality and Tourism Themes 9, no. 1 (February 2017): 44-59.
[44] Sealy, Wendy. "From Colonialism to Transnationalism: The Neo-colonial Structure of Caribbean Tourism." Journal on Tourism & Sustainability 1, no. 2 (2018): 81-92.

Doubling down on these economically and environmentally unsustainable industries is not a pathway to self-determination, particularly as climate impacts grow more severe.

[45] Tapper, Richard, Michalis Hadjikakou, Rachel Noble, and Joseph Jenkinson. "The impact of the tourism industry on freshwater resources in countries in the Caribbean, Mediterranean, North Africa and other regions." Report to the Travel Foundation (2011).

Debt, Tax, and the Fiscal Drain

The global financial architecture imposes fiscal drain on the Caribbean, through onerous debt service and enabling wide-scale tax abuse. Due to these two phenomena, Caribbean governments spend large chunks of their resources repaying external debt, and the total fiscal capacity available to them in the first place is depleted, as multinational corporations shift profits abroad, dodging domestic taxation. In this section we explain how unjust debt conditions, and systemic tax abuse constrain the region's fiscal capacity to address the climate crisis – quantifying the fiscal drain, and contextualizing it against other urgent public spending priorities.

> ***Servicing debt, developing countries, or feeding people?***
> – Hon. Senator Dr. Joyelle Clarke, Minister of Sustainable Development, Environment and Climate Action, and Constituency Empowerment, St. Kitts and Nevis

Debt

In many policy and activist spaces, debt is coded as a bad thing, and with good reason: Many of the countries in the Global South, including most of the Caribbean, have been beset by periodic debt crises that upend budgets and wreck economies. For example, the so-called Third World Debt Crisis that ran from roughly 1981 through the end the 1990s in some regions was inaugurated by Mexico's 1981 default on its external debts jumpstarted two decades of halting (if not negative) development, losses of sovereignty due to IMF/World Bank structural adjustment programs (SAPs), the imposition of austerity coupled with lower trade barriers, and the weakening of environmental and social protections to promote foreign investment in extractive sectors.

Indeed, debt is a serious problem for countries' development goals in general and their climate goals in particular. **But, in the final analysis, it is not debt that's the problem; rather, it's the conditions imposed on that debt.**

Debt in the Caribbean, for example, often comes with very high interest rates (typically at least double what the United States pays to borrow) that siphons essential financial resources that could be used for critical priorities like education, infrastructure, and health care. Further, many investors see high sovereign debt as a drag on growth and a sign of instability, a situation that results in declining inflows and even greater economic distress.

The volume of money needed to pay for just transitions in a warming world is huge, and many of the most pressing climate-safe investments—things like seawalls, mangrove restoration, and making schools climate-safe—are "pure" public goods not easily subject to cost-benefit analysis. **Thus a reparative approach to fiscal justice in the Caribbean must emphasize the *social* dimension of international finance rather**

than prospective returns on investment.

This is, of course, not to say that investments in Caribbean countries will not produce returns. Far from it: Under reasonable terms, borrowing can enable substantial investment in projects like infrastructure development and increasing government capacity that will boost economic activity over the long term.

> *We can access finance from other funding agencies or multilateral banks, but at the end of the day, **we need to make sure that we can sustain those investments.***
> – Leroy Martinez, Economist and GCF Focal Point, Ministry of Economic Development of Belize

However, the ability to capitalize on climate-safe and environment-saving investments is severely hampered by the climate crisis itself. Under the current international finance regime, debtor states are forced to borrow after climate disasters, which explodes their debt burden, drives their credit rating down, and compels them to borrow for other social needs on even worse terms than previously. With each new climate disaster, the cycle repeats.

Although, as lenders often argue, debt cancellation may lead to opportunistic behavior, moral hazards, and the avoidance of market discipline by borrowing countries, it also holds the potential to break the destructive cycles and incentives that perpetuate dependence on further borrowing.

> *"We have to be very careful when we say, using debt servicing money for climate action, that the onus isn't then placed on Caribbean countries or **countries that haven't caused the climate crisis** to then use this money for [Caribbean climate adaptation]"*
> – Dr. Adelle Thomas, Vice Chair of Working Group II for the IPCC Seventh Assessment Cycle and Senior Fellow at the University of the Bahamas

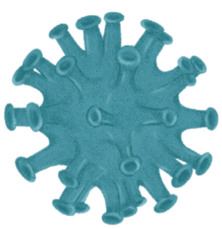
Financial Crises, Disasters, and the Caribbean's Debt Doom Loop

In the late 1970s and early 1980s, many Caribbean countries turned to the IMF and World Bank for help. As a condition of lending, these IFIs and MDBs pushed structural adjustment programs (SAPs) on borrowing governments, starting with Jamaica and Guyana, then moving on to Barbados, Trinidad and Tobago, Dominica, Grenada, and Belize.[46] The SAPs included the elimination or reduction of import and foreign exchange restrictions, the reduction of civil service salaries, and the devaluation of currencies. These policies lowered the social welfare of the working poor and middle class of the Caribbean, reduced the ability of their governments to respond to emergent problems, and exposed the small, open economies of the region to an unpredictable global market that they were often unable to compete in successfully.[47]

[46] Thomson Fontaine, "Caribbean Country Experiences with IMF Stabilization Programs within the Context of Globalization," IMF Working Paper, 2003, https://www.thedominican.net/articles/stabilization.pdf.

The neoliberal agenda of the SAPs was further bolstered by a wave of anti-socialist and anti-communist sentiments in the region, and many leaders who were proponents of robust social welfare programs, such as Jamaica's Michael Manley, lost elections to opponents who were significantly more conservative.[48]

The 2008–2009 global financial crisis deeply impacted the Caribbean: Remittances, exports, and tourism receipts decreased well into 2011, and the Anglophone Caribbean's recovery lagged behind the Spanish-speaking Caribbean and Latin America.[49]



However, as significant as the effects of the global financial crisis on the region were, they pale in comparison to the impacts of the COVID-19 pandemic. With the near complete disappearance of tourism revenue, existing inequalities and other problems in the region were compounded, thereby increasing public spending needs and draining public coffers. To add insult to injury, rapidly escalating interest rates and a strengthening US dollar have made servicing debt in US dollars dramatically more expensive for Caribbean countries, deepening what is already a desperate financial crunch.

> *After Hurricane Dorian, it was really hard not to see the connections between climate and gender, but also the way that* ***economic factors play a role not just on the micro level, and in people's ability to recover, but also on the macro level, of ... what the government is able to do*** *to assist people, particularly those who are in difficult economic situations.*
> – Alicia Wallace, Director of Equality Bahamas

As of October 2023, nearly 80 low and middle income countries were either in, or on the brink of, "debt distress"—a situation in which a disorderly default on debts is likely and the conditions of servicing debt put serious strain on society at large.[50] Furthermore, the UN Development Program finds that 28 of the 50 most climate-vulnerable countries are at high risk of debt crises, including several in the Caribbean and many of the Pacific Small Island Developing states.[51] Countries across the Caribbean Basin face particularly challenging circumstances when it comes to the debt and climate crisis nexus. Settlement and infrastructure patterns that

[47] V. Eudine Barriteau, "Structural Adjustment Policies in the Caribbean: A Feminist Perspective," NWSA Journal 8, no. 1 (Spring 1996): 142–156; Tamanisha J. John, "Canadian Financial Imperialism and Structural Adjustment in the Caribbean," Class, Race and Corporate Power 9, no. 2 (2021), https://doi.org/10.25148/CRCP.9.2.010570.
[48] Tamanisha J. John, "Canadian Financial Imperialism and Structural Adjustment in the Caribbean", 1
[49] Auguste Kouame and Maria Ivanova Reyes, "The Caribbean Region beyond the 2008–09 Global Financial Crisis," paper presented at the "Options for the Caribbean after the Global Financial Crisis Conference," January 27–28, 2011.
[50] Ivana Vasic-Lalovic, Lara Merling, and Aileen Wu, "The Growing Debt Burdens of Global South Countries: Standing in the Way of Climate and Development Goals," Center for Economic and Policy Research, October 12, 2023, https://cepr.net/report/the-growing-debt-burdens-of-global-south-countries-standing-in-the-way-of-climate-and-development-goals/.
[51] Lars Jensen, "Avoiding 'Too Little Too Late' on International Debt Relief," United Nations Development Program, Development Futures Series Working Papers, October 2022, https://www.undp.org/sites/g/files/zskgke326/files/2022-11/UNDP-DFS-Avoiding-Too-Little-Too-Late-on-International-Debt-Relief-V4.pdf.

were geared toward primary commodity exports, like sugarcane and other agricultural products, are vulnerable to storms; Caribbean economies tend to be relatively undiversified; and the industries that are critical to the region's economies—tourism, fishing, and, for the smallest nations, agriculture—are highly exposed to international economic shifts, creating obstacles to sustainable increases in productivity. Furthermore, import dependency for consumer and industrial goods, energy, and food renders countries vulnerable to price shocks that can eat up national budgets and push governments to more borrowing.

This confluence of factors has led to erratic growth patterns that, for many Caribbean countries, sum to little sustained economic expansion and even, in some cases, declining standards of living.[52] There are some exceptions—countries such as Guyana and Trinidad and Tobago, for example, have been able to exploit newly available oil reserves—but this is not the case for most Caribbean nations.

Remarkably, even with the poor record of growth across the region, many Caribbean countries are classified by the World Bank and IMF as middle, upper-middle, or even high income countries—a designation that Caribbean leaders reject on the grounds that many nations in the region have massive income inequality and high unemployment, situations that render per-capita income averages misleading at best.[53] The middle and high income classification means ineligibility for the lower-cost loans available to poorer countries and, in some cases, exclusion from regional climate projects. **Thus, despite the region's unique vulnerabilities to intertwined climate and economic shocks—shocks that create urgent spending needs just to get back to baseline—it is forced to borrow on rebarbative terms even from official lenders like the IMF and World Bank.**

In a final irony, credit rating agencies have begun to incorporate climate vulnerability into their calculations, resulting in higher borrowing costs for frontline countries in the Caribbean and elsewhere. For Caribbean countries seeking financing for climate action—or even for longer-term development goals like economic diversification and public sector capacity—there is simply nowhere to turn.

> *The main barriers in the Caribbean context are financial and governance constraints. Financial, in that there's just not enough money for adaptation; but also governance, in that* ***there's just not enough capacity to even comprehend the extent of adaptation that is needed.***
> – Dr. Adelle Thomas, Vice Chair of Working Group II for the IPCC Seventh Assessment Cycle and Senior Fellow at the University of the Bahamas

One need look no further than Dominica to see double bind into which many Caribbean

[52] Elizabeth Morgan, "CARICOM: GDP as an Indicator of the Status of National Economies—a False Impression," Gleaner, December 15, 2021, https://jamaica-gleaner.com/article/commentary/20211215/elizabeth-morgan-caricom-gdp-indicator-status-national-economies-false.
[53] Gleaner, "Declassify Caribbean Countries as Middle Income—Leaders," September 22, 2013, https://jamaica-gleaner.com/gleaner/20130922/business/business9.html.

nations have been forced. A nation of 74,000 in the southeastern Caribbean, Dominica has long been plagued by debt distress: From 2010 to 2019, its central government debt surged by 48%, rising from $279.68 million to $413.51 million.[54] During this period, domestic debt soared by 129%, from $90.54 million to $207.42 million, while external debt experienced a modest increase of 9%, from $189.14 million to $206.09 million. Major climate events such as Tropical Storm Erika in 2015 and Hurricane Maria in 2017 significantly exacerbated these financial challenges. When Hurricane Maria made a direct hit on the island, it displaced between 50% and 80% of the population and caused $1.3 billion in economic losses—almost 2.5 times Dominica's total annual economic output.[55]

The fiscal deficit widened notably following these disasters. For example, central government debt climbed from $345.58 million in 2015 to $352.24 million in 2018, reaching $413.51 million in 2019, which coincided with the aftermath of Hurricane Maria and ongoing recovery efforts. Interest payments also rose substantially— from $7.77 million in 2010 to $11.94 million in 2018 to $12.85 million by 2019—highlighting the growing burden of debt service. Additionally, capital expenditure surged during years of catastrophic events due to the urgent need for reconstruction. Following Hurricane Maria in 2017, for example, average capital expenditures increased by 116%.[56] Dominica's debt grew from a manageable 69% of GDP in 2015 to 113% in 2020 as the costs of rebuilding were compounded by pandemic spending needs and lost tourism revenue.[57]

In terms of the vicious cycle of disaster and debt, however, Dominica is not unique. As a result of the toxic confluence of climate impacts, macroeconomic instability, and the pandemic, between 2019 and 2021, government debt in Barbados rose from 125% to 138% of GDP, in the Bahamas from 60% to 103%, and in St. Lucia from 61% to 96%.[58] Those numbers have fallen somewhat in the last year as fiscal pressures have eased, but debt still represents a major drag on public finance.

> *Look at what's happening in Caribbean economies and how much of our own budgeting processes are directly linked to addressing and servicing debt that's directly linked to climate activities, climate disasters—**we're in this cycle, this negative loop … of making decisions between putting more money in your social services and your social programs, putting more money into education and development, or putting more money into infrastructural development, or putting more money into debt.***
> – Hon. Senator Dr. Joyelle Clarke,

[54] Eastern Caribbean Central Bank, "Total Public Sector Debt," accessed July 2024, https://www.eccb-centralbank.org/statistics-category/public-sector-debt/total-public-sector-debt.
[55] Internal Displacement Monitoring Center, "2018 Global Report on Internal Displacement," May 2018, https://www.internal-displacement.org/publications/2018-global-report-on-internal-displacement-grid/.
[56] Caribbean Development Bank, "Country Data Reports," accessed July 2024, https://www.caribank.org/data/country-data-reports.
[57] Focus Economics, "Dominica Public Debt," accessed July 2024, https://www.focus-economics.com/country-indicator/dominica/public-debt/#:~:text=Public%20debt%20averaged%2087.8%25%20of,information%2C%20visit%20our%20dedicated%20page.
[58] High Level Working Group on Climate Change in the Caribbean, "Climate Finance and the Caribbean," Global Americans, June 2022, https://globalamericans.org/wp-content/uploads/2022/06/Climate-Finance-and-the-Caribbean-1.pdf

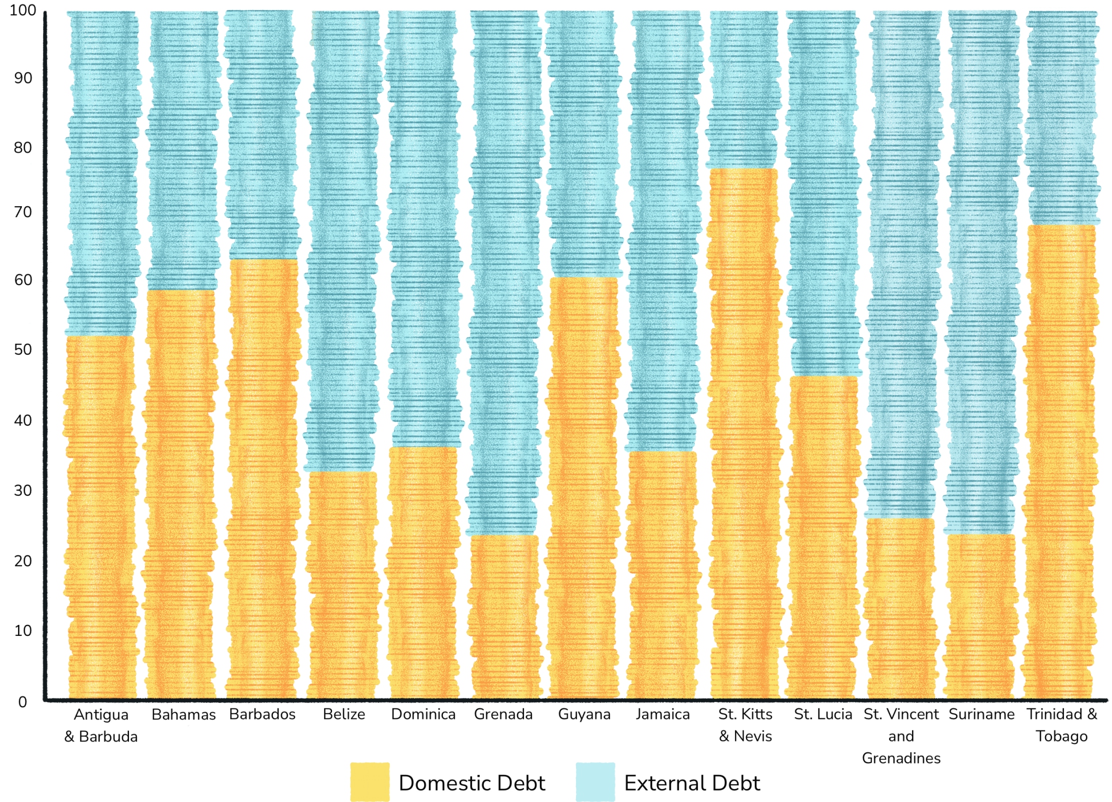
Minister of Sustainable Development, Environment and Climate Action, and Constituency Empowerment, St. Kitts and Nevis

But it is not just the debt itself that is preventing Caribbean countries from realizing their social and climate goals; it's the structure of that debt. Unlike other middle income countries, whose external debt is largely held by commercial banks and bond holders, Caribbean countries owe the lion's share of their debt to official creditors. (Of course, Caribbean countries—with IFI encouragement—have also incurred debt from private lenders through accelerated market-rate sovereign borrowing.[59])

Figure 1 demonstrates the structure of debt (domestic and external) and the composition of external debt by creditors for various Caribbean states in 2022. On average, external debt amounts to about 50% of the total debt incurred; for 7 countries, external debt constitutes the majority of public debt. In 10 out of the 14 countries, multilateral and bilateral creditors hold the majority of the external debt. Out of the $31.2 billion we estimate in external debt, 53%, or $16.5 billion, is held by multilateral and bilateral creditors. Suffice it to say, a substantial proportion of Caribbean countries' debt could be wiped out by multilateral debt cancellation, immediately creating fiscal space to invest in critical environmental and social priorities.

[59] Ivana Vasic-Lalovic, Lara Merling, and Aileen Wu, "The Growing Debt Burdens of Global South Countries: Standing in the Way of Climate and Development Goals."

Figure 1: (a) Debt structure and (b) external debt composition by creditor type, 2022



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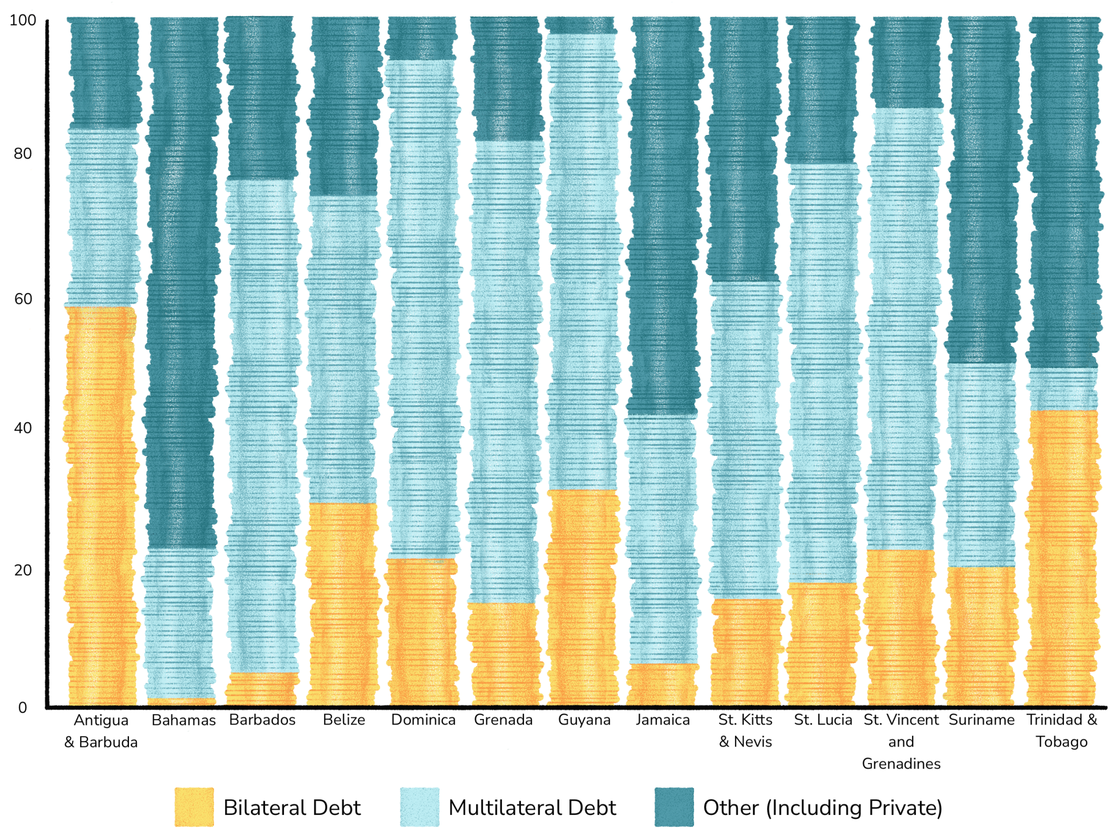

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*Every time there's a disaster and we need money to provide relief and to rebuild infrastructure and things like that and that money comes in the form of loans and these loans are coming from, you know, so-called Global North countries that have contributed more to climate change and have put us in this situation and export their crap to us and don't take back their garbage...**they are lending money and then we're paying them to lend us money to solve a problem that they caused.***
– Alicia Wallace, Director of Equality Bahamas

With the appearance of the COVID-19 pandemic, multilateral lenders did indeed react, suspending debt payments and authorizing the emergency relief of funds. However, though these actions offered temporary relief from growing fiscal pressures, they did not alleviate them sustainably. For example, the G20's flagship debt relief program, the Debt Service Suspension Initiative (DSSI), was only available to 73 countries, of whom 40 took part, including four (Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines) in the Caribbean. China, the largest bilateral lender, suspended or canceled the most debt of any DSSI creditor participant, while the World Bank (whose stated mission, it bears mentioning, is poverty alleviation) did not participate at all, continuing to mandate debt service throughout the acute phase of the COVID emergency and sending millions of people around the world into absolute poverty. Furthermore, the G20 and Paris Club of Global North creditor countries were unsuccessful in convincing private creditors to take part in the DSSI, resulting in critical resources continuing to flow from South to North unabated. English banks alone collected $3 billion in debt service from countries eligible for the DSSI in 2021.

Follow-up programs to the DSSI, especially the G20's "Common Framework," though well intentioned, have failed to make a widespread impact. The ongoing debt crisis continues to be treated on an ad-hoc, nation-by-nation basis that does little to shift the structural causes of indebtedness.

*So yes, we're all happy that the World Bank has made that commitment to pausing debt payments when you're dealing and responding to a global climate crisis. **But who else needs to come on board?** Who else needs to confirm that these are the changes in their loan arrangements so that **life could be easier.***
– Hon. Senator Dr. Joyelle Clarke, Minister of Sustainable Development, Environment and Climate Action, and Constituency Empowerment, St. Kitts and Nevis

Tax

The international tax system is another route by which sorely needed funds are unjustly siphoned from the Caribbean. Over the past 30 years, the advent of digital commerce has had a seismic impact on the global economy. Commensurate with the easing of capital flows has been the rise in tax abuse, with companies and individuals shifting profits away from the country where the initial economic activity occurred and reporting them in low- or no-tax jurisdictions with lax regulation. The use of tax havens erodes the tax base globally: Approximately $1.38 trillion flows into tax havens each year, to the tune of $245 billion in lost taxes for the countries where the profits were actually realized.[60]

Caribbean countries have a dramatically different relation to tax abuse, largely because many are tax havens themselves. (By some classifications, a third of the world's tax-haven countries are located in the Caribbean.[61]) Presumably these Caribbean governments have decided to participate in this "race to be the bottom" because they view low non-resident tax rates as beneficial for their economies, as they attract investment, tourism, and some level of travel.[62] **However, a system of adequate taxation of multinationals and wealthy individuals globally that feeds revenues back to the region could deliver significantly more meaningful finance directly for the governments to use.**

One key outcome of a just, global system of tax governance would be the disincentivization of acting as a tax haven in the first place. Communities everywhere lose out to tax abuse, while corporations gain. For example, the United States and United Kingdom lose 16% and 32% respectively of their annual corporate tax revenues to tax havens; and each year, the Global South loses $47 billion USD to tax abuse.[63] If international institutions closed the loopholes that allow for corporations to dodge taxes, Global South nations would regain some fiscal capacity to deal with the climate crisis, and rich nations would have additional revenues they could commit to reparative Global South climate action.

To date, however, attempts to mitigate tax abuse have been inadequate. The effort to create lasting mechanisms for tax governance across borders only began in 2012, when the G20 charged the Organization for Economic Cooperation and Development (OECD), a club of primarily rich countries, with formulating and implementing tax reform worldwide. In response, the OECD created the Inclusive Framework on Base Erosion and Profit Shifting (BEPS). The first phase of the project, launched in 2015, proposed 15 different actions to increase transparency and tax collection worldwide. The 15 provisions articulated broad principles of good tax governance but did little to move towards tangible policy change.[64] To address these deficiencies, the OECD introduced the second phase of the project in 2021, which included "pillars" that reallocated taxing rights and introduced a global anti-base erosion mechanism.[65]

So far, 130 countries have signed onto the

[60] Tax Justice Network, "What Is Profit Shifting?" accessed September 18, 2024, https://taxjustice.net/faq/what-is-profit-shifting/.
[61] Dhammika Dharmapala and James R. Hines, "Which Countries Become Tax Havens?" Journal of Public Economics 93, no. 9 (October 2009): 1058–68, https://doi.org/10.1016/j.jpubeco.2009.07.005.
[62] Gabriel Zucman, The Hidden Wealth of Nations: The Scourge of Tax Havens (University of Chicago Press, 2015).
[63] Thomas Tørsløv, Ludvig Wier, and Gabriel Zucman, "The Missing Profits of Nations," missingprofits.world, accessed September 18, 2024, https://missingprofits.world/; Rob Merrick, "The Global South Loses $47B a Year to Tax Abuse. That May Soon Change." Devex, May 10, 2024, https://www.devex.com/news/the-global-south-loses-47b-a-year-to-tax-abuse-that-may-soon-change-107583.
[64] OECD, "BEPS Actions," accessed September 18, 2024, https://www.oecd.org/tax/beps/beps-actions/.
[65] OECD/G20 Base Erosion and Profit Shifting Project, "State on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy," October 8, 2021, https://www.oecd.org/tax/beps/brochure-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-october-2021.pdf.
[66] OECD, "130 Countries and Jurisdictions Join Bold New Framework for International Tax Reform," Press release, July 1, 2021, https://www.oecd.org/tax/beps/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.html.

BEPS inclusive framework;[66] **however, the OECD is far from the ideal body to reform tax governance.** For one, the OECD has no legal standing to enforce the BEPS. For another, it is not an inclusive forum. Membership is limited to 38 countries—most of which are Western and all of which are high-income—that hold all the decision-making power in terms of the international tax policy agenda.[67] These countries, the bulk of whose revenues come from multinational corporations, have a lot to gain from reform but few incentives to carry it out in a way that is redistributive and reparative.

The BEPS agenda has also been criticized at the policy level. For one, it comprises a highly complex rules system that is hard to apply at a country level, especially in developing countries that lack large tax authorities and the resources to put rules in place. For another, it is relatively limited in scope, focusing only on the very largest corporations and entirely neglecting the huge amount of individual wealth that is tied up in tax havens. In order for governments to recover revenues lost to tax abuse—and for these revenues to then be committed to Global South climate action—tax governance must move away from the OECD urgently and scale up ambition drastically.

In the final analysis, only a comprehensive, global overhaul of the international tax rules, one which ensures that corporations are taxed ambitiously and geographically evenly, approaches the bar of reparative fiscal justice.

Quantifying the fiscal drain from the Caribbean

Figure 2 illustrates the external debt service and taxes lost (fiscal drain) for each country and the region as a whole and compares them with the projected annual cost of climate action.[68] Across the 13 Anglophone countries we examined, the Caribbean lost $3.2 billion due to the dual fiscal drains of debt service (2021 data) and tax abuse (2018 data). **Every dollar flowing out of the Caribbean through these mechanisms is a dollar not spent on building low-carbon power systems, making homes and schools more resilient to gathering storms, restoring ecosystems damaged by plantation agriculture, developing health care systems that can deal with the growing risk of pandemics and heat-related illness, educating children to grow countries' capacity to mitigate and adapt to climate change, and building government capacity to respond to the myriad pressures facing the region.**

Our analysis shows that the total fiscal drain is higher than the projected cost of climate action across the same countries by nearly half a billion dollars. Although these projected costs, laid out in country Nationally Determined Contributions (NDCs), are almost certainly underestimates, restoring this lost fiscal capacity would go a

[67] OECD, "Members and Partners," accessed September 18, 2024, https://www.oecd.org/about/members-and-partners/.
[68] All figures in this section are 2021 data unless noted otherwise (2021 is the last year for which data was available from the CARICOM statistical service). We draw 2021 debt service data from CARICOM's statistical service except for Jamaica, for which the data is from the World Bank. Barbados was undertaking IMF debt restructuring from 2018 to 2022 and did not report debt service information to the main international data aggregators. Tax avoidance figures are from the Tax Justice Network, and the costs of climate action are from each countries' documentation filed with their Nationally Determined Contribution (NDC) under the United Nations Framework Convention on Climate Climate (UNFCCC). Some countries' costs of climate action are extrapolations based on regional spending projections as a percentage of GDP; as such, they are indicative rather than precise, but we have high confidence that these estimates are both conservative and in a plausible range.

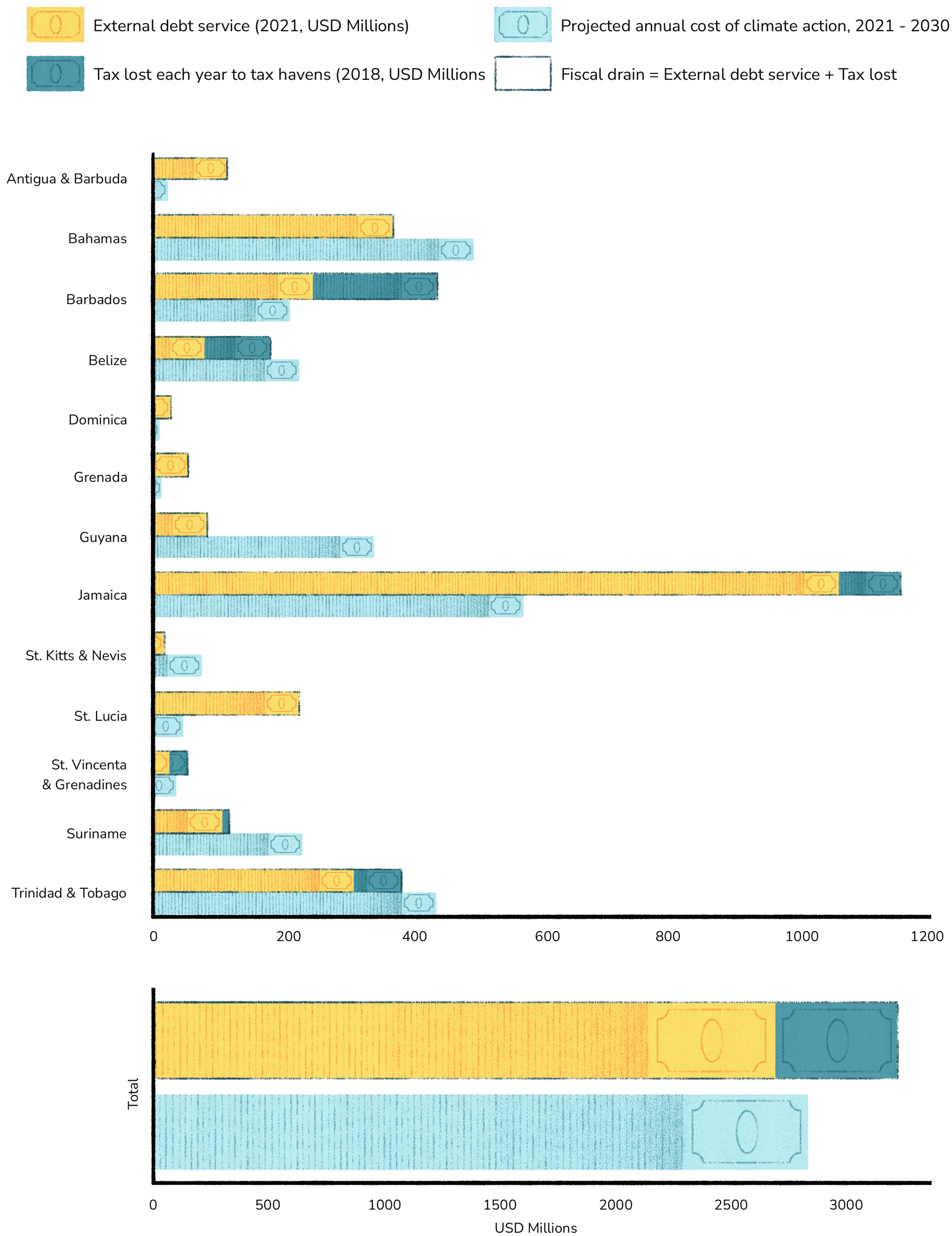
long way toward beginning to make transformative investments, especially when this lost fiscal space is paired with substantial, non-debt-bearing climate finance that the largest historical polluters, most of whom are among the richest countries in the world, must begin to distribute to vulnerable countries across the Global South.

Table 1 summarizes key facts about the region's fiscal drain and its relationship to various economic and environmental indicators. In our sample of 13 sovereign CARICOM member states, the total fiscal drain from external debt service and tax avoidance averaged to 4.2% of GDP, an amount almost four times the average annual economic loss from tropical storms across these countries.

The fiscal drain is even more troubling if we situate those losses next to average government spending. The fiscal drain from debt service and tax abuse amounts to 16.2% of the total spent by Caribbean states across the region in 2021, a figure that is roughly representative of typical outflows over the last decade. Across the region in 2021, government spending totaled less than 34% of gross domestic product—about 10% less than the United States and 20% less than the European Union average. Total fiscal outflows from debt service and tax avoidance capture almost a fifth (17.3%) of regional public budgets on average.[69]

[69] See Appendix 1 for details on how these figures were calculated.

Figure 2: Fiscal drain in the Caribbean compared to project costs of climate action



Projecting the costs of climate action is notoriously challenging.[70] We used costs from the most recently available NDCs—statements of intent on climate action that every signatory to the Paris Accords must submit periodically.[71] Across the region, we find that combined adaptation and mitigation costs are about 4.3% of GDP, with 3% in mitigation and the remainder in adaptation. There is fairly large variation in the figures, ranging from 1.55% of GDP for climate action in Dominica—which is almost certainly a gross underestimate, given Dominica's recent history with devastating hurricanes—to over 8% in St. Kitts and Nevis, Suriname, and Belize.

[70] Steve Keen, "The Appallingly Bad Neoclassical Economics of Climate Change," in Economics and Climate Emergency, edited by Barry K. Gills and Jamie Morgan (London: Routledge, 2022), pp. 79–107.

[71] Using NDCs to project the cost of climate action does not necessarily reflect the full cost of transformative climate action; methodologies and data quality differ widely, and some countries do not attempt to quantify costs. With those limitations in mind, in order to use NDCs of sampled countries, we extrapolated a regional average of the ratio of project costs as a percentage of GDP from the 9 of 13 countries that provided mitigation costs and the 7 included adaptation costs and applied that ratio uniformly across countries with uncosted NDCs. This approach, of course, obscures important variation in local circumstances and ambition for climate action, but given the conservative nature of most NDC cost estimates relative to the financial needs for transformative, climate-safer investment, this approach does yield a useful heuristic to understand the relationship between fiscal drain and climate-finance need at an order-of-magnitude level. For details on the contents of Caribbean NDCs, see https://link.springer.com/article/10.1007/s11027-023-10062-9.

Table 1: Fiscal drain in the Caribbean compared with key indicators

	Fiscal Drain ($ mm)	Fiscal drain as % of total government spending	Projected climate action costs as % of GDP	Fiscal drain a as % of projected climate action costs	Annual losses from disasters as % of GDP (excl. earthquakes)	Annual losses from disasters and fiscal drain as a % of GDP
Regional Average	$246.6	13.6%	3.6%	116.5%	4.4%	8.6%
Weighted[72] Average	$241.5	16.2%	4.2%	179.1%	7.1%	12.0%

The final column of Table 1 presents the costs of fiscal drain combined with average annual losses from non-earthquake disasters (as they are not subject to intensification from climate change)—a conservative estimate of the total costs of financial subordination and the climate crisis. Effectively, 8.6% of the region's GDP is lost to the dual economic and environmental crisis, with individual countries losing an average of 12%—as high as 22.1% in the Bahamas, 21.8% in Antigua and Barbuda, and 14.6% in Dominica—of their GDP. However, these numbers are all backward looking and so likely underestimate the future costs of the debt needed to finance climate action and the costs of tropical storms and other climate crisis–fueled disasters that will only increase in severity.

The top-line takeaway from our analysis is that fiscal extraction through debt service and tax avoidance is 117% of the projected cost of achieving the plans described in these country's NDCs (although those plans are likely low-ball estimates just to maintain business as usual). **Thus restoring lost fiscal capacity must be seen as a down payment on, rather than the culmination of, reparative reforms.** However, the fiscal space freed through debt and tax justice would enable countries to double their ambition, especially when combined with robust loss-and-damage finance that can compensate when climate-fueled disasters strike. Scaling up reparative climate finance that does not reproduce the same punitive, extractive relations of debt would be a huge step toward creating fiscal conditions that would be "worldmaking"—conditions that are urgently required as climatic conditions continue to deteriorate.

Of course, each country could divert its new fiscal capacity to its own priorities. Marjahn Finlayson, a climate researcher at the Island School who studies tropical cyclones, said that with more climate funding for her home country of the Bahamas, she would prioritize strengthening climate data collection. According to Finlayson, improving transparency and granularity in how data isreported would enable better collaboration, disaster response, weather prediction, and climate communications. Finlayson highlighted how advanced the United Kingdom's Met Office is in environmental-data measuring and publishing (a luxury due in no small part to the fiscal capacity that the United Kingdom

[72] Weights are calculated based on GDP per capita for 2021.

extracted from its erstwhile colonies), pointing to how fiscal justice could expand state ability to measure and publish data across the Caribbean to aid in addressing the climate crisis.

Governments' lack of robust data on everything from debt service and profits shifted to climate and granular storm prediction leads to a lack of understanding of the true scale of fiscal extraction and the climate threat. This lacuna impedes states' ability to break out of self-reinforcing, toxic patterns of intensified fiscal extraction. In our calculations of the fiscal drain, we came up against many data insufficiencies. External debt service statistics, for example, are not regularly published for many Caribbean countries, and our tax data came from the Tax Justice Network—who itself relies on OECD estimates—rather than the states themselves.[73]

[73] Tax Justice Network, "The State of Tax Justice 2023," July 2023, https://taxjustice.net/reports/the-state-of-tax-justice-2023/.

Responses to Climate Change in the Caribbean

There's no capacity to carry on.
– Dr. Adelle Thomas, Vice Chair of Working Group II for the IPCC Seventh Assessment Cycle and Senior Fellow at the University of the Bahamas

Caribbean domestic and regional climate planning

Approaches to addressing the climate crisis in the Caribbean tend to be in the tradition of many global environmental planning efforts: technocratic, neoliberal, and ahistorical. Countries create NDCs and National Adaptation Plans (NAPs) guided by the United Nations Framework Convention on Climate Change (UNFCCC) to detail their plans for—and commitments to—mitigating, assessing, and adapting to the impacts of the climate emergency. NDC commitments generally focus on mitigation according to the climate scenarios outlined in the Paris Agreement but vary across the region. Some Caribbean nations, for example, have focused on transitioning to renewable energy sources, improving energy efficiency, and enhancing sustainable transportation systems, while others have emphasized the protection of biodiversity, forests, and ecosystems to sequester carbon.

NDCs identify the actions that will enable countries to stay within the allotted emissions totals dictated by the principle of "Common but Differentiated Responsibilities"; NAPs, meanwhile, detail nations' specific plans for assessing and addressing the impacts of climate change. In the Caribbean, these plans typically include strategies to protect coastal areas, enhance water resource management, and promote climate-resilient agriculture. NAPs also prioritize building climate resilience in critical sectors such as tourism and infrastructure.

As a regional organization with subsidiary and associated institutions such as the Caribbean Community Climate Change Center and the Caribbean Disaster Emergency Management Agency, CARICOM plays a crucial role in coordinating climate action among its member states. CARICOM nations often align in the United Nations blocs, particularly the Alliance of Small Island States (AOSIS), which advocates for the interests of small island developing states (SIDS) in international climate negotiations. AOSIS seeks to secure funding, technology transfer, and support for SIDS' climate mitigation and adaptation efforts on the global stage.

Climate change planning exercises, like those embodied by Caribbean nations' NDCs and NAPs, are important. But these particular endeavors, for all their benefits, may not be appropriate to CARICOM countries. For example, NDCs' and NAPs' expense and technical requirements compel most countries in the Global South to seek support from donor governments. While it is certainly correct for Northern countries to fund these plans as part of their Common But Differentiated Responsibilities according to the UNFCCC, the lack of local expertise—wrought in part through capacity loss due to fiscal drain—and inconsistent engagement with local economic specifics can create significant sectoral gaps and thin details.

In an essay on the state of citizenship and its disconnect from progressive, or even radical, outlooks, scholar Aaron Kamigashu argues that in the Caribbean, “the general theme has been a development strategy which posits itself as non-ideological, as simply a professional and technocratic response to changing global and local configurations.”[74] This ahistorical, supposedly apolitical approach to development extends to the region’s treatment of environmental issues and results in technical, band-aid solutions that do not address the root causes of the climate crisis but rather privilege elite economic interests, overemphasize the guidance of technical experts, and ignore entrenched power differentials. **Simply put, technocratic and supposedly rational environmental planning processes enacted on a surface of deep inequalities across race, class, and citizenship, both intra-regionally and globally, will not solve the social, environmental, and fiscal crises of the Caribbean.**[75] Many communities and researchers have issued calls to move away from exclusively technical approaches to the climate crisis and toward socio-ecological interrogations that account for historic and current systems of racism and other forms of oppression that contribute to the uneven vulnerability of communities to the climate emergency.[76]

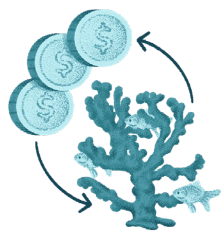
The multilateral fiscal response to existential risks in the Caribbean

> *There’s a disconnect, I think, as well with how international agencies are taking ownership of the problems that we're seeing on these islands...it's almost a feeling like, **I want to fix these problems, but I’m fixing these problems because you created a problem. Where's the money? Run me that check, please.***
> – Arica Hill, Executive Director of Environmental Awareness Group, Antigua and Barbuda the Bahamas

As the fiscal and climate crises have continued to mount, the institutions of global economic governance have taken some half-measures to stave off the worst impacts. These responses have largely been piecemeal or ineffective or are only capable of making an impact on one side of the fiscal drain/climate crisis ledger while potentially exacerbating the problems on the other. In the absence of structural reforms that can put the Global South, and particularly SIDS like many in the Caribbean, onto a more sustainable, abundant trajectory, most of the mechanisms that have been deployed for funding climate action or disaster recovery

[74] Aaron Kamugisha, “The Coloniality of Citizenship in the Contemporary Anglophone Caribbean,” Race and Class 49, no. 2 (October 2007): 20–40, https://doi.org/10.1177/0306396807082856.
[75] Arturo Escobar, Encountering Development: The Making and Unmaking of the Third World, Vol. 1 (Princeton University Press, 2011); Isabelle Anguelovski et al., “Equity Impacts of Urban Land Use Planning for Climate Adaptation: Critical Perspectives from the Global North and South,” Journal of Planning Education and Research 36, no. 3 (May 2016): 1–16.
[76] Dean R. Hardy, Richard A. Milligan, and Nik Heynen, “Racial Coastal Formation: The Environmental Injustice of Colorblind Adaptation Planning for Sea-Level Rise,” Geoforum 87 (December 2017): 62–72, https://doi.org/10.1016/j.geoforum.2017.10.005; Leon Sealey-Huggins, “‘1.5°C to Stay Alive’: Climate Change, Imperialism and Justice for the Caribbean.” Third World Quarterly 38, no. 11 (September 2017): 2444–63, https://doi.org/10.1080/01436597.2017.1368013; Nancy Tuana, “Climate Apartheid: The Forgetting of Race in the Anthropocene,” Critical Philosophy of Race 7, no. 1 (January 2019): 1–31, https://doi.org/10.5325/critphilrace.7.1.0001.

have had mixed results at best or are dangerous distractions at worst.



One of the most hyped mechanisms of recent years is debt-for-nature or debt-for-climate swaps. The idea behind a debt-for-nature swap is that a sovereign country will have some portion of its outstanding debt either canceled or restructured in return for commitments to use the funds freed up by debt relief to pursue conservation aims. The largest swap of this kind in the Caribbean was a 2021 deal concluded between Belize and the Nature Conservancy that featured a topline figure of $554 million. In October 2021, Belize's outstanding external debt stood at $3 billion or 125% of its GDP; the swap comprised less than 20% of Belize's total outstanding debt.

In its details, the deal is even less beneficial. The swap diverts only $4.2 million per year—about 2% of Belize's projected climate costs—to conservation projects (which themselves are not guaranteed to deliver meaningful environmental benefits, as they largely revolve around creating marine protected areas). Meanwhile, though the swap allowed Belize to avoid a damaging IMF bailout loan, the principal on the loan was not forgiven but merely reduced, with the length of the loan extended several years.[77]

Overall, the deal will only reduce Belize's debt service by $10 million annually over the following 20 years.[78] The deal took a long time to broker, in the process also incurring an astonishing $85 million in transaction costs and profits that mostly accrue to Credit Suisse (now UBS) as the financial intermediary of the deal—hardly a reparative approach to climate finance.

In sum, the Belize debt-for-nature swap highlights the relatively low ambition, high cost, and piecemeal nature of these kinds of deals. Moreover, the deal minimally disrupted the status quo, as evidenced by Standard & Poor's post-refinancing upgrade of Belize's unsecured foreign currency credit rating from Selective Default to B-, which only minimally changes the terms under which Belize can borrow. There is talk of arranging a Caribbean-wide debt swap deal to help with individual country transaction costs, but given the fairly low environmental and economic impact of debt swaps, it is clear they can never be more than a stopgap on the road to more substantive changes.[79]

Why aren't we doing flexible financing? *Why aren't we just saying you need money, here's the money, your community group, do that, work on it.* ***Why do you still have to fill out 10 pages of documents to access $5,000 US?*** *It's ridiculous.* ***Or how do you ask***

[77] Alejandra Padín-Dujon, "Do Debt-for-Nature Swaps Work? Learning from Belize," LSE Blogs, February 28, 2023, https://blogs.lse.ac.uk/internationaldevelopment/2023/02/28/do-debt-for-nature-swaps-work-learning-from-belize/.
[78] The Nature Conservancy, "Case Study: Belize Blue Bonds for Ocean Conservation," 2022, https://www.nature.org/content/dam/tnc/nature/en/documents/TNC-Belize-Debt-Conversion-Case-Study.pdf.
[79] Economic Commission for Latin America and the Caribbean, "Concept Note: The ECLAC Debt for Climate Adaptation Swap and Caribbean Resilience Fund," June 30, 2022, https://www.cepal.org/sites/default/files/events/files/concept_note-final.pdf; Patrick Bigger, "Debt for Environment Swaps," Climate and Community Project, December 2022, https://www.climateandcommunity.org/_files/ugd/d6378b_13db2ec564304e5bbee511a4f25d5b89.pdf.

countries to create space in their budgets and not give them grace when they have to pay debt?
– Hon. Senator Dr. Joyelle Clarke, Minister of Sustainable Development, Environmentand Climate Action, and Constituency Empowerment, St. Kitts and Nevis

Another approach to the debt and climate nexus embraced by international high finance and global institutions is a suite of financial products designed to increase resources for disaster recovery, including "cat" (for "catastrophe") bonds and catastrophe insurance. These products are reparative in the sense that they offer money to rebuild when disaster strikes without creating huge new borrowing needs, but they can do little to improve the prospects of Caribbean countries in the long run.[80] They also offer little in terms of avoiding the debt traps that are a structural feature of the global economy. **In fact, at worst, they create an additional claim on government revenue in the form of premiums that drain resources and send them to the Global North—this, despite the fact that the overwhelming responsibility for the increasing severity of disasters lies squarely at the feet of Global North companies and countries, including some of the same insurers and investors who continue to profit from the industries driving the crisis.**

Creating speculative markets in disasters via cat bonds and similar instruments is an attempt to shift the financial risk of climate and other disasters to investors by allowing them to bet on the incidence of specific types of disasters. If the trigger "hits," then the investor loses their money and the invested sum goes to the impacted region (with a healthy cut for the financial intermediary); if a disaster does not occur, the investor gets their principal back with an added profit. In either case, Northern intermediaries are profiting from the climate crisis, and vulnerable countries remain in harm's way. In the final analysis, these kinds of instruments parallel the hazards of high debt for climate vulnerable countries: In both cases, the countries are paying a financial penalty in markets for a problem they had no role in creating.[81]

The insurance schemes that are sometimes linked to cat bonds are also quintessentially neoliberal solutions that ignore the historical record when it comes to the climate crisis and stack the deck against vulnerable countries. The Caribbean Catastrophe Risk Insurance Facility (CCRIF), for example, is a parametric insurance scheme designed for hurricane and earthquake damage across the Caribbean region.[82] "Parametric" insurance means that payouts are not based on actually incurred damages—which is how most conventional insurance agreements work—but rather on predefined triggers, like wind speed over 105 miles per hour or a minimum earthquake of magnitude 6.0. It is another bit of complicated financial engineering that has a mixed record of

[80] Beki McElvain, "Development, Debt, and Disaster Risk in 'Nature's Casino'," Climate and Community Project, June 18, 2024, https://www.climateandcommunity.org/blog-development-debt-disaster.
[81] John Beirne, Nuobu Renzhi, and Ulrich Volz, "Feeling the Heat: Climate Risks and the Cost of Sovereign Borrowing," International Review of Economics & Finance 76 (November 2021): 920–936.
[82] Brett Christophers, Patrick Bigger, and Leigh Johnson, "Stretching Scales? Risk and Sociality in Climate Finance," Environment and Planning A: Economy and Space 52, no. 1 (February 2020): 88–110, https://journals.sagepub.com/doi/full/10.1177/0308518X18819004.

actually facilitating payouts for disasters, but what is certain is that it relies on Caribbean countries paying premiums either out of their own pocket or via further borrowing.[83]

Finally, there are a wide array of funds and facilities from IFIs and the UN, like the Global Environmental Facility (GEF), the Adaptation Fund, and Green Climate Fund (GCF), as well as bilateral environmental finance flows that all cleave, to varying degrees, to the logic of "blended finance." The core assumption behind these types of instruments—and entire IFI strategies, for that matter—is that scarce public resources will never be sufficient to achieve critical social and environmental aims, thus private, return-seeking capital must fill the gaps.[84]

Blended finance is but one symptom of a more fundamental condition affecting IFIs (as one representative critique has it, former World Bank head Jim Yong Kim turned his institution from a concessional lender to alleviate poverty into "a creature of Wall Street").[85] Rather than provide direct funding, the World Bank and other IFIs use their resources primarily to facilitate and de-risk private capital investments.

Although it is hard to prove a causal relationship, the increasing turn toward blended finance over the last 15 years has broadly mirrored increasing debt levels across the South. In a recent working paper, for example, the IMF acknowledged that, "Public equity capital provision and public-private partnership investment imply potentially large public debt increases through the crystallization of contingent liabilities."[86] **Put another way, the funding mechanisms created to help remedy compounding ecological crises largely driven by Northern economies are now being used to subsidize Northern investors and indebt already overburdened countries.**

[W]e are pushing hard when it comes to pressuring both the Green Climate Fund and the Adaptation Fund, the Global Environmental [Facility], for them to provide us ***climate finance, in grants.***
– Leroy Martinez, Economist & GCF Focal Point, Ministry of Economic Development of Belize

Another troubling issue with actually existing climate finance, particularly finance emerging from the MDBs, is that this funding comes with sovereignty-eroding strings attached in the form of conditionalities. For example, an IMF rescue package in Barbados has succeeded to some degree in creating much needed fiscal space to make investments in climate action. But along with

[83] Robert Muir-Wood, "The Politics of Basis Risk," Moody's, July 27, 2017, https://www.rms.com/blog/2017/07/27/the-politics-of-basis-risk.
[84] Patrick Bigger, "Blended Finance," Climate and Community Project, March 2023, https://www.climateandcommunity.org/_files/ugd/d6378b_7cc87f921ed64406b7d222b2ca145c77.pdf.
[85] Thomas, Landon. Jr, "The World Bank Is Remaking Itself as a Creature of Wall Street," New York Times, January 25, 2018, https://www.nytimes.com/2018/01/25/business/world-bank-jim-yong-kim.html.
[86] Ananthakrishnan Prasad, Elena Loukoianova, Alan Xiaochen Feng, and William Oman, "Mobilizing Private Climate Financing in Emerging Market and Developing Economies," IMF Staff Climate Note 2022/007, International Monetary Fund, https://www.imf.org/en/Publications/staff-climate-notes/Issues/2022/07/26/Mobilizing-Private-Climate-Financing-in-Emerging-Market-and-Developing-Economies-520585 , 16.

those funds came mandatory state and economic restructuring provisions that cleave closely to the IMF's traditional enthusiasm for austerity and privatization.[87] **The same process is being repeated across the Global South, from Jamaica to Ecuador to Pakistan, eroding state capacity at exactly the moment when the resources, expertise, and decision-making authority of government is most critical.**[88]

Funding conditionalities give the IMF and Global North-based NGOs an increasing say—or even a veto—over what kinds of climate and other public policy–related spending governments should and should not prioritize. They are provisions that echo multilateral lenders' worst responses to the Third World Debt Crisis of the 1980s and 1990s, responses that prolonged the crisis; did serious damage to development, environmental, health, and educational progress across the Global South; and only delayed the inevitable structural reckoning with global debt.

> ***The last thing that really makes it very difficult for transformative action is political will, and that political will is totally linked to the lack of fiscal space.***
>
> – Hon. Senator Dr. Joyelle Clarke, Minister of Sustainable Development, Environment and Climate Action, and Constituency Empowerment, St. Kitts and Nevis

The most high-profile alternative to the ineffectual measures on offer from multilateral financial institutions has come from the Caribbean, in the form of Mia Mottley and Avinash Persaud's Bridgetown Agenda (discussed briefly in the introduction to this report).[89] **From the start, Bridgetown has functioned as something of a Rorschach test: It is either transformative or business as usual, depending on who is doing the looking.**

The proposal has undergone a series of revisions since it was first proposed in 2022.In its current iteration, Bridgetown takes a business-as-usual-but-more approach: Debt assistance to low-income countries is scaled up, and the proposal still calls for more climate financing, pauses on debt service in the event of catastrophes, and governance reform at the biggest IFIs. However, the tenor of ongoing discussions around Bridgetown has been set by Persaud, the former Chairman of the Financial Services Commission of Barbados. Persaud has made clear that the steps being taken to drive climate ambition and increase funding

[87] International Monetary Fund, "Barbados: Request for an Arrangement Under the Extended Fund Facility and Request for an Arrangement Under the Resilience and Sustainability Facility-Press Release; and Staff Report," IMF Country Report, December 2022, https://www.imf.org/en/Publications/CR/Issues/2022/12/16/Barbados-Request-for-an-Arrangement-Under-the-Extended-Fund-Facility-and-Request-for-an-527041.
[88] Reginald Darius and Marco Pinon-Farah, "Growth and Adjustment in IMF-Supported Programs for Western Hemisphere," Background Paper, Independent Evaluation Office of the International Monetary Fund, June 30, 2021; International Monetary Fund, "Ex-Post Evaluation of Exceptional Access under the 2020 Extended Fund Facility—Press Release; Staff Report; and Statement by the Executive Director for Ecuador," IMF Country Report No. 23/381, December 2023, https://www.imf.org/-/media/Files/Publications/CR/2023/English/1ECUEA2023002.ashx#:~:text=The%202020%20EFF%20arrangement%20aimed,concluded%20on%20December%2014%2C%202022; Reuters. "IMF Debt Dilemma Looms after Pakistan Election - Former Cenbank Governor." Reuters, January 18, 2024, sec. Asia Pacific. https://www.reuters.com/world/asia-pacific/imf-debt-dilemma-looms-after-pakistan-election-former-cenbank-governor-2024-01-18/.
[89] Victoria Masterson, "Barbados Calls for Finance Reform to Fight Climate Change," World Economic Forum, January 13, 2023, https://www.weforum.org/agenda/2023/01/barbados-bridgetown-initiative-climate-change/.

do not fit into a reparative approach, nor was such an approach desirable. In a comment to Devex, a social enterprise and media platform, Persaud noted that he "wouldn't call any of that climate reparations, and it is unhelpful to do so."[90]

While disappointing for movements and governments that recognize the importance of a reparative approach to achieving climate justice, Bridgetown's evolution is perhaps unsurprising given both its authors and the global politics surrounding it. On the one hand, there is Persaud's background in high finance; on the other, there is Mia Mottley's selection by French President Emmanuel Macron as co-chair of his June 2023 summit on "Reshaping the International Financial Architecture." In our view, Macron's incorporation of Mottley's more transformative agenda into an orthodox policy summit was a purposeful move intended to defang more transformative momentum.[91] This is, in fact, a tried and true tactic: One recalls Henry Kissinger's strategic engagement with progressive Caribbean governments which defused—and ultimately dismantled—the demands of the New International Economic Order in the 1970s, setting the stage for the Third World Debt Crisis and two decades of lost progress on development.[92]

The current version of the Bridgetown Initiative indeed features increased availability of climate finance, but now it is specifically noted that this will be in the form of loans, rather than grants. The proposal also calls for debt restructuring rather than cancellation and emphasizes that 75% of new climate finance should come from private investment[93]—in short, blended finance.

Supporters of Bridgetown in its current form make the case that it is the most serious proposal in circulation for transformative climate action, specifically because it avoids claims of reparations and works within the existing institutional and conceptual frameworks of the international system. Serious questions remain, however, about the efficacy of a strategy that rests on using public financial support to drive private investment, an approach with a dubious track record and one that raises serious questions about distributional impacts. **For example, in 2022, every dollar of climate finance provided by development banks yielded just 28 cents of private sector investment—a clear indictment of blended finance's principal selling point: that it parlays public funds into private investment.**[94]

The shortcomings of this approach are particularly clear in the case of the Caribbean, where debt loads are already high, access to credit is very expensive, and economies are often reliant on one or two key industries. This conjunction of circumstances signals to investors that

[90] William Worley, "Bridgetown Agenda Author Rejects Idea of Climate Reparations," Devex, July 24, 2023. https://www.devex.com/news/sponsored/bridgetown-agenda-author-rejects-idea-of-climate-reparations-105911.
[91] Patrick Bigger and Federico Sibaja, "Feasibility Pact?" Phenomenal World (blog), June 21, 2023, https://www.phenomenalworld.org/analysis/feasibility-pact/.
[92] Adom Getachew, Worldmaking after Empire: The Rise and Fall of Self-Determination.
[93] United Nations Sustainable Development Goals, "Press Release | With Clock Ticking for the SDGs, UN Chief and Barbados Prime Minister Call for Urgent Action to Transform Broken Global Financial System," April 23, 2023, https://www.un.org/sustainabledevelopment/blog/2023/04/press-release-with-clock-ticking-for-the-sdgs-un-chief-and-barbados-prime-minister-call-for-urgent-action-to-transform-broken-global-financial-system/.
[94] Carolyn Neunuebel, Joe Thwaites, Valerie Laxton, and Natalia Alayza, "The Good, the Bad and the Urgent: MDB Climate Finance in 2022," World Resources Institute, December 1, 2023, https://www.wri.org/insights/mdb-climate-finance-joint-report-2022.

projects in the Caribbean are high risk and should be avoided for safer investments. **Using funds from IFIs to sway private investors rather than create fiscal space for the countries themselves seems a misguided and inefficient use of scarce resources.**

Even with these limitations, however, many Caribbean civil society leaders with whom we spoke are optimistic that the momentum of Bridgetown could be a vehicle for more transformative change. Many highlighted the utility of uniting demands around a shared regional agenda, a tool that could be used for greater coalition building and more transformative demands.

> *The Caribbean needs to carry the same message. Now we have the Bridgetown Initiative, let's just carry that message. Let's amplify the messaging in that, that it helps all of us.* ***Whether you're pushing for reparatory finance, whether you're pushing for debt restructuring, whether you're pushing for concessional grants as opposed to concessional loans, let's push this one agenda 'cause it saves us all. We don't need another hero, we have it: the Bridgetown Initiative.***
> – Hon. Senator Dr. Joyelle Clarke, Minister of Sustainable Development, Environment and Climate Action, and Constituency Empowerment, St. Kitts and Nevis

US policy for Caribbean climate action

Although the United States is party to many of the decisions that major IFIs and other multilateral bodies make regarding both fiscal and climate precarity, it also takes bilateral action in countries and regions across the world, the Caribbean among them. In fact, the United States has long sought to shape the political and economic affairs of Caribbean countries, all too often cynically and for its own economic and geostrategic benefit.[95]

The United States' most recent attempt at climate diplomacy vis-à-vis the Caribbean is the United States-Caribbean Partnership to Address the Climate Crisis 2030 (PACC 2030). Announced in June 2022, PACC 2030 begins by stating that

> [T]he Biden-Harris Administration recognizes the unique and evolving climate and energy challenges facing Caribbean nations, and we are committed to working together on solutions. This comprehensive, adaptive, and goal-oriented approach will support our Caribbean neighbors in addressing energy security and climate adaptation and resilience with the urgency these challenges demand.[96]

Although these sentiments and goals are laudable, PACC 2030's specific strategies are steeped in outdated and ineffective public–private partnership logics that run contrary to the reparative reforms the region needs.

[95] Alan McPherson, "A Short History of US Interventions in Latin America and the Caribbean (John Wiley and Sons, 2016).
[96] The White House, "Fact Sheet: Vice President Harris Launches the US-Caribbean Partnership to Address the Climate Crisis 2030 (PACC 2030)," June 9, 2022, https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/09/fact-sheet-vice-president-harris-launches-the-u-s-caribbean-partnership-to-address-the-climate-crisis-2030-pacc-2030/.

Examples of this tendency abound. Under the heading "Facilitating Clean Energy Project Development and Investment," for instance, one finds a slate of initiatives that functionally subsidize US investment in the Caribbean for projects loosely tethered to climate action.[97] The mechanisms under this heading focus most closely on building Caribbean technical capacity to attract overseas private investment in renewable power systems. **To be sure, decarbonizing energy and making energy systems resilient in the face of climate shocks is a critical component of sustainable development across the world, but pursuing that aim in an extractive way, one that creates additional demand from US firms while sending scarce Caribbean fiscal resources abroad, is far from a reparative solution to the Caribbean's dual crises.**

On balance, PACC 2030 is a dated, unambitious slate of actions that appears more interested in expanding markets for US industry and finance than meaningfully addressing vulnerability to climate and/or economic shocks across the Caribbean. The exact same strategy motivating PACC 2030 could have been articulated in 2008, or 2012, or 2018—it is, in its vision of the state as merely a means of subsidizing private investment, pure "Wall Street Consensus."[98]

Unfortunately, this is the same logic that guides the World Bank's "Maximizing Finance for Development" model (and, indeed, most of the climate and environmental finance funds like the GCF and the GEF) as well as the mechanism by which the Bridgetown Agenda aims to incentivize investment. All of these approaches are, in effect, subsidizing Northern capital to invest in profitable climate action—that is, accommodating and rewarding the countries most responsible for the crisis.

Given the lack of ambition or creativity on the parts of the decision makers in the Global North and at the important institutions of global economic governance, it is critical that economic and climate justice advocates—especially in the United States and Europe—push back against the worst options while building consensus around a truly reparative approach.

[97] US Department of State, "US-Caribbean Partnership to Address the Climate Crisis 2030," accessed September 18, 2024, https://www.state.gov/pacc2030/.
[98] Daniela Gabor, "The Wall Street Consensus," Development and Change 52, no. 3 (May 2021): 429–459.

05

Reparative Worlds

This report—and this section in particular—is largely based on a series of interviews with policymakers, leaders of civil service organizations (CSOs), and activists in the Caribbean. Some were experts on environmental and climate issues, some were experts on reparations, some were experts on debt, some were all three. We asked questions about the current debt and climate crises, about the histories that led to these conditions, and about possibilities for the future. Steeped in the histories of devastating losses—of people, of land, of resources, of sovereignty—interviewees articulated clear policy goals and reparative frameworks that could be achieved if Caribbean governments, CSOs, and individuals were granted even a fraction of the debts owed to the region by too many countries in the Global North.

So, given the international financial state of affairs as we have described it heretofore, with all its historical ignorance and misbegotten "solutions," what might a more reparative approach look like?

Sir Hilary Beckles states, "Reparatory justice has always been about the gap between what the victims know and what the rest of the world is willing to admit."[99] **Our use of the word reparative—as in reparations—is intentional. It is meant to close the gap between what the Caribbean knows and what colonial and imperialist forces will admit. It is also meant to signal not only redress for past social, economic, and environmental harms but also the possibility of making a fundamentally different kind of future. In short, a reparative approach worthy of the name must be worldmaking.**

Most of the reparative solutions that we offer depend on actions by bodies outside of the Caribbean. This does not mean that the region is not a fully realized partner in reparative processes; rather, it is reflective of the fact that the past wrongs need to be rectified and repaired by those who did the damage. Crucially, the global scale of the wrongs necessitates global solutions. The Caribbean is still a powerful and illustrative case for these changes to the global financial architecture. **If, as Danielle Zoe Rivera writes, "the logics of colonialism, modernity, and capitalism all have their genesis in the Caribbean," then the region must be an important site for the undoing of those systems and the repair of their harms.**[100]

Calls for reparations began circulating in tandem with the independence movements that gathered pace during the mid-20th Century. Rastafarians in Jamaica have been advocating for reparations and repatriation to Africa since 1948.[101]

[99] BBC HardTalk, "Sir Hilary Beckles: Reparations for Slavery," August 2, 2021, https://www.bbc.co.uk/sounds/play/w3ct1n61.
[100] Danielle Zoe Rivera, "Disaster Colonialism: A Commentary on Disasters beyond Singular Events to Structural Violence," International Journal of Urban and Regional Research 46, no. 1 (January 2022): 126–135, https://onlinelibrary.wiley.com/doi/pdf/10.1111/1468-2427.12950.
[101] Verene A. Shepherd, "Jamaica and the Debate over Reparation for Slavery: An Overview," in Emancipation and the Remaking of the British Imperial World (Manchester University Press, 2014), edited by Catherine Hall, Nicholas Draper and Keith McClelland, 223–250, https://doi.org/10.7765/9781526103017.00025; Chevy R. J. Eugene, "Towards a Framework for Caribbean Reparations," Journal of Eastern Caribbean Studies 44, no. 3 (December 2019): 54–77.

These calls emerged from and were strengthened by the intertwined Caribbean independence movements and US Black power movements, which raised Pan-African and Black consciousness across the African Diaspora.[102]

Those calls have been growing louder during the 21st century. The Caribbean Community itself launched a Reparations Commission in 2013, an effort that culminated in a 10-point reparations program designed to contend with a wide variety of contemporary challenges. **These challenges can all be traced directly to the affronts of European colonialism and imperialism: From the atrocities of Indigenous genocide and slavery to the contemporary dangers of the climate and ecological crisis magnified by the fiscal looting of onerous debt and avoided multinational tax, the people of the Caribbean, and much of the Global South, continue to face dangers and challenges largely not of their own making.**[103]

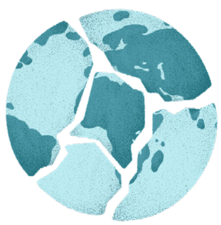
These conditions must be repaired in ways that make entirely different, safer, and more vibrant futures not just dreamable but doable. These kinds of futures will not become possible by doing business as usual—lending, tweaking tax systems, making nominal changes to undemocratic bodies of global governance. Instead, they require a dramatic shift that includes not only compensation for past and ongoing harms but also a step change in the range of responses available to the economic and environmental dangers facing the Global South and the world more broadly.

A worldmaking alternative to business as usual must comprise finance, technical assistance, technology transfer, and macroeconomic sea change. Although stopgaps—like an end to the extortionate IMF surcharges that accompany new lending packages;[104] the issuance of new, non-debt bearing IMF resources (called Special Drawing Rights[105]); and pauses on debt service in the event of climate change-fueled disasters[106]
—will be necessary to address the most pressing problems, more substantial changes will be required if Caribbean countries and communities are to thrive as the world only becomes more dangerous. As Adelle Thomas notes in the case of the Bahamas, “We need something that’s transformational, that deals not just with transformational adaptation for climate change, but how we approach development in general.” The same requirement applies across the region.

[102] Claudia Rauhut, “Caribbean Activism for Slavery Reparations,” in Practices of Resistance in the Caribbean: Narratives, Aesthetics, Politics (Routledge, 2018), edited by Wiebke Beushausen, Miriam Brandel, Joseph Farquharson, Marius Littschwager, Annika McPherson, and Julia Roth, 137–150, https://doi.org/10.4324/9781315222721.
[103] CARICOM, “10-Point Reparation Plan,” Caribbean Reparations Commission, accessed July 19, 2024, https://caricomreparations.org/caricom/caricoms-10-point-reparation-plan/.
[104] Ivana Vasic-Lalovic, Michael Galant, and Francisco Amsler, “A Broader Impact Than Ever Before: An Updated Estimate of the IMF’s Surcharges,” Center for Economic and Policy Research (blog), April 11, 2024, https://cepr.net/report/a-broader-impact-than-ever-before-an-updated-estimate-of-the-imfs-surcharges/.
[105] Lara Merling, Jon Sward, and Niranjali Amerasinghe, “Adapting Our Financial Architecture in a Crisis-Prone World: A Civil Society Proposal for Special Drawing Rights Reform,” ActionAid USA, April 2024, https://www.actionaidusa.org/publications/adapting-our-financial-architecture-in-a-crisis-prone-worlda-civil-society-proposal-for-special-drawing-rights-reform/.
[106] Shakira Mustapha, Theodore Talbot, and Jonathon Gascoigne, “Innovations in Sovereign Debt: Taking Debt Pause Clauses to Scale,” Centre for Disaster Protection, April 2023, https://www.disasterprotection.org/publications-centre/innovations-in-sovereign-debt-taking-debt-pause-clauses-to-scale.

Debt

In the Caribbean, official creditors—primarily IFIs and other countries—hold 69% of the total public external debt.[107] **This debt must be canceled as a first step toward debt justice.**[108]



It is important to note, however, that the cancellation of debt from official creditors will leave outstanding a substantial portion of private debt.[109] This buildup of privately held debt is a pressing problem across much of the Majority World, especially middle income countries that are not eligible for concessional lending from IFIs (at least under normal circumstances). **Thus, it is critical that official debt cancellation is matched by private lenders to create meaningful fiscal space to make pressing climate-safe investments.** The failure to incorporate private debt was a major shortcoming of the last large-scale attempt to reset the debt balance in the late 1990s.[110] This mistake cannot be repeated, particularly as mainstream climate finance continues to be channeled through debt-bearing mechanisms that will replicate these relations if they are not thoroughly reformed.

Although there are limited options for forcing private creditors to participate in debt cancellation led by multilateral bodies like the Paris Club or G20, there are promising avenues in two key jurisdictions—New York State and the City of London—under whose rules the majority of international debt is governed. (New York law alone covers 52% of the total private debt incurred by the developing world.[111])

The precise mechanism currently being pursued in New York State runs through the Sovereign Debt Stability Act and would create two distinct pathways for easing the Caribbean's privately held debt burden—either the courts could mandate that the private creditors take the same deal on offer by official creditors or that they participate in mediation proceedings similar to domestic bankruptcy cases.[112]

As necessary as short term debt cancellation is, however, it should only be seen as a stopgap. Debt is a symptom of systemic problems born of the legacies of colonialism and flagrantly exploitative trade and investment relations, and thus debt cancellation, in and of itself, cannot be reparative.

107 See our debt structure analysis on pp. 21–23.
108 Although definitions of debt justice vary, three key principles seem sufficient for a start: (1) All debt that compromises fundamental human rights must be canceled; (2) loans that feature sovereignty-eroding conditionalities that undermine democracy must be eliminated; and (3) the global debt architecture must be emended and adapted to the climate crisis. See Debt Justice Network Norway, "Debt Justice Norway," accessed September 18, 2024,, https://slettgjelda.no/en.
109 Circumstances vis-à-vis private debt vary from country to country. For example, in 2022, bondholders had claim to 58% of Jamaica's public debt (see Economic Commission for Latin America and the Caribbean, "Public Debt and Development Distress in Latin America and the Caribbean, United Nations, 2023. https://repositorio.cepal.org/server/api/core/bitstreams/d84a5041-0a2c-4b8e-9b01-d91b187477ce/content).
110 International Monetary Fund, "Debt Relief under the Heavily Indebted Poor Countries (HIPC) Initiative," January 2023, https://www.imf.org/en/About/Factsheets/Sheets/2023/Debt-relief-under-the-heavily-indebted-poor-countries-initiative-HIPC.
111 Maria Munoz Maraver and Gunnar Theissen, "UN Experts Back Draft New York Bill to Ensure Effective and Fair Debt Relief: UN Experts," OHCHR, June 8, 2023, https://www.ohchr.org/en/press-releases/2023/06/un-experts-back-draft-new-york-bill-ensure-effective-and-fair-debt-relief-un.
112 Tim Hirschel-Burns, "How a New York State Bill Is Shaping the Global Debate on Sovereign Debt," Global Development Policy Center, May 2, 2024, https://www.bu.edu/gdp/2024/05/02/how-a-new-york-state-bill-is-shaping-the-global-debate-on-sovereign-debt/.

On the other hand, it is difficult to imagine a reparative approach that does not include the large-scale and near-term cancellation of both official and private loans. As Adelle Thomas told us, "Restoring money from debt servicing, I think, would not go directly into implementation of adaptation projects, but I think it could go into increasing capacities, increasing the human capacities, the number of people, like the planning abilities." This observation highlights the extent to which debt and tax justice must be accompanied by rapid increases in non-debt finance for climate resilience as well as in-country capacity, all while avoiding the risk that climate-related debt will balloon to unmanageable levels.

There are further stopgaps available, many of which can be found in the Bridgetown Initiative. One such stopgap that seems likely to be broadly adopted is an automatic debt-service pause following a severe environmental disaster.[113] Another requires a shift in how big international institutions, particularly the IMF, conduct a technical procedure called a "debt sustainability analysis."[114] Countries in the Global South have long argued that the formulas used to determine when a country is in or approaching debt distress are overly strict and thus result in prejudicial effects on access to financing. At the current juncture, maintaining market access is critical, so, in the short term, these analyses should be adjusted to ensure debt remains affordable and accessible.

However, for all the benefits these stopgaps may confer in the near term, they address just two of the myriad issues that structurally disadvantage the Global South in international finance; others include exorbitant interest rates on borrowing, incredibly slow processes for solving debt crises when they strike, high surcharges for emergency lending from the IMF, the inability for countries to borrow in their own currency, the imposition of sovereignty-eroding conditionalities on IFI lending, and, increasingly, big NGO-led climate finance projects like debt swaps—all separate and apart from the fact that the institutions of global economic governance were largely designed and instantiated before many countries in the South had achieved independence and had a say in their rules.

Thus, a reparative approach to fiscal justice requires more thoroughgoing changes to the international debt architecture. One key proposal is to more closely regulate credit rating agencies. Firms like Fitch and Moody's play an outsized role in setting the prices Global South countries pay to borrow money, yet they are largely unaccountable for the economic and social harms that their credit ratings can entail.[115] These reforms should be accompanied by reforms of the World Bank and IMF's formulas for assessing debt risk (as noted just above).[116]

A second reparative proposal entails the greater democratization of international

[113] Enrico Mallucci, "Natural Disasters, Climate Change, and Sovereign Risk," Journal of International Economics 139 (November 2022): 103672.

[114] Franco Maldonado and Kevin P. Gallagher, "Climate Change and IMF Debt Sustainability Analysis," Task Force on Climate, Development and the International Monetary Fund, April 2022, https://www. bu. edu/gdp/2022/02/10/climatechange-and-imf-debt-sustainability-analysis.

[115] Vulnerable Group of 20, "Collective Statement: Emergency Coalition for Debt Sustainability and Climate Prosperity," June 23, 2023, https://www.v-20.org/our-voice/statements/group/v20-statement-on-emergency-coalition-for-debt-sustainability-and-climate-prosperi ty.

institutions. Many of the most important institutions of global economic governance were launched before much of the Global South had won independence, and they continue to be organized on a one dollar, one vote system that perpetuates the disproportionate power of the Majority World. The African Union recently won a permanent seat at the G20, and movements around the world are calling for reform of the IMF and World Bank to operate on more democratic principles.[117]

Along with debt cancellation and more careful regulation of credit rating agencies, thoroughly reformed institutions that create meaningful space for the Majority World to shape decision-making, lending priorities, and operating procedures are an essential part of a reparative approach to debt justice. However, debt is only one side of the fiscal ledger; raising government revenues for climate action will be critical as well, a process that is underway through reform of the international tax system.

Tax

The 21st century has seen the advent of a unified and clearly articulated tax justice movement. To realize the movement's goal of ending tax abuse globally, the present international tax governance regime must be drastically overhauled and a suite of new policies—among them the automatic exchange of information, beneficial ownership registration, country-by-country reporting, unitary taxation, and better-equipped tax collectors—adopted.[118]

Most crucial, however, to the realization of global tax justice is the shift of tax governance from the OECD to the UN.

In recent years, Global South nations have made powerful steps toward this goal. At the 77th session of the UN General Assembly in November 2022, for example, Nigeria, on behalf of the African Union and with the support of Norway, put forward Resolution 244 for the "promotion of inclusive and effective international tax cooperation."[119] Among other priorities, the resolution emphasized mobilizing tax reform to provide "assistance to developing countries, especially the least developed, as needed," stressing that any reform should "take into account the different needs and capacities of all countries, in particular countries in special situations."[120] The resolution, which echoed many of the demands of the tax justice movement, passed a month later.[121]

In August 2023, seemingly in response to the concerns articulated in Resolution 244, the Secretary-General of the United Nations published a report laying out three possible

[116] Friederike Strub, "IMF Debt Sustainability Analysis in Times of Compounding Crises: Still Unfit for Purpose," Bretton Woods Project, October 4, 2022, https://www.brettonwoodsproject.org/2022/10/imf-debt-sustainability-analysis-in-times-of-compounding-crises-still-unfit-for-purpose/.
[117] Chido Munyati, "The African Union Has Been Made a Permanent Member of the G20—What Does It Mean for the Continent?" World Economic Forum, September 14, 2023, https://www.weforum.org/agenda/2023/09/african-union-g20-world-leaders/.
[118] Tax Justice Network, "Taking Back Control of Our Tax System: A Visual Report," Tax Justice Network, https://taxjustice.net/take-back-control/.
[119] UN Department of Economic and Social Affairs, "Tax Report 2023," UNDESA Financing, December 30, 2022, https://www.un.org/development/desa/financing/tax-report-2023.
[120] UN General Assembly, "A/RES/77/244: Resolution adopted by the General Assembly on 30 December 2022."
[121] UN General Assembly, "A/RES/77/244: Resolution Adopted by the General Assembly on 30 December 2022," December 30, 2022, https://www.un.org/development/desa/financing/sites/www.un.org.development.desa.financing/files/2023-02/A%20RES%2077-244%20English.pdf.

routes to greater international cooperation on tax. Two of the routes are legally binding: the *multilateral convention on tax*, which is "regulatory" and advances "specific rules creating obligations," and the *framework convention on international tax cooperation*, which is "constitutive" and establishes the "core tenets of future international tax cooperation." The third route—*the framework for international tax cooperation*—constitutes a non-binding international agenda focused on promoting new norms.[122]

Perhaps unsurprisingly, many developed, OECD-member states, unenthusiastic about the possibility of UN tax governance, initially pushed back on the need for a convention. These countries eventually came to the table in Spring 2024—only to argue that the convention should not be legally binding and that decision-making should be by consensus rather than simple majority voting, a system that would enable a minority of countries to stall or block progress.[123] The final round of negotiations will take place in late Summer 2024, with the aim of producing a draft terms of reference for the convention.[124]

We believe a UN Tax Convention could amount to a vehicle for Global South climate finance, as long as it

- Is legally binding on ratifying countries;
- Promotes country adoption of tax justice policies and embeds a specific commitment to reparative climate finance for Global South countries; and finally,
- Creates a tax governance body—housed at the UN—to regulate tax, so that there is a clear, permanent arena for tax policy creation, implementation, and dispute resolution.

This reparative approach could be pursued by closely aligning the convention with existing UN climate funds like the Loss and Damage Fund (imperfect as it is), which would facilitate the disbursement of additional revenues to countries most in need. The convention could raise further funds for climate action by implementing diverse, redistributive tax instruments such as a Tobin tax on international currency market transactions or an emissions levy on first-class international flights. It could also help implement a global minimum wealth tax on high-net-worth individuals—as proposed by Gabriel Zucman—by encouraging signatories to implement domestic policies that target extreme wealth.[125] These mechanisms would raise revenues for climate action by taxing the super-rich and activities with adverse climate and economic impacts.

Questions remain, however, about the feasibility and timelines of achieving wholesale tax reform at the necessary scale and speed. Other UN conventions have taken years to establish, and there remains significant political resistance to a UN Tax Convention from multinational

[122] Secretary-General of the United Nations, "Promotion of Inclusive and Effective International Tax Cooperation at the United Nations," Report, August 8, 2023, https://financing.desa.un.org/sites/default/files/2023-08/A-78-235_advance%20unedited%20version_0.pdf.
[123] Golden Matonga, "Wealthy Countries Push Back as UN Moves Ahead with Global Tax Plan," International Consortium of Investigative Journalists, June 3, 2024, https://www.icij.org/investigations/paradise-papers/wealthy-countries-push-back-as-un-moves-ahead-with-global-tax-plan/.
[124] Tove Ryding, "Important Step Forward for UN Tax Convention Process," Eurodad, May 2024, https://www.eurodad.org/un_tax_convention_process.
[125] Gabriel Zucman, "A Blueprint for a Coordinated Minimum Effective Taxation Standard for Ultra-High-Net-Worth Individuals," EU Tax Observatory, June 25, 2024, https://www.taxobservatory.eu//www-site/uploads/2024/06/Zucman-Report-Executive-Summary-EN.pdf.

corporations, OECD officials, and Global North governments. That said, in recent months OECD member governments such as Colombia and Mexico have spoken out in favor of a UN Tax Convention, suggesting there has been a shift in sentiment within the bloc.[126]

As promising as a UN Tax Convention is, it is hard to determine whether it will deliver fiscal justice for the Global South, and the Caribbean specifically. Northern nations have the most to gain from the closing of tax havens, as it is developed countries that lose the highest proportions of their corporate tax revenue to tax havens: The United States, for example, loses 16% of annual corporate tax revenue to profit shifting, while Germany and the United Kingdom lose 29% and 32% respectively.[127] For a convention to successfully deliver reparative climate finance, it must embed governance mechanisms for redistributing additional finance to the Global South.

Climate finance

Despite being the primary contributors to climate breakdown and the progenitors of a predatory global economy that straitjackets Caribbean countries financially, the Global North is flagrantly shirking its commitment to provide climate finance to the Global South. If one considers Hillary Clinton's 2009 promise of $100 billion annually by 2022 to fight the climate crisis the bare minimum, the Global North has failed even to clear that lowest of bars: According to the most recent data available from Oxfam (2020), the Global North only managed to send $83.3 billion south on a non-loan basis, much of which was distributed as debt.[128] This paltry funding is dwarfed by OECD public spending on fossil fuel subsidies ($697 billion) and militaries ($1.3 trillion).[129]

Worse still, the vast majority of international climate finance fails to contend with many of the most pressing issues facing Caribbean communities. First, the bulk of climate finance is devoted to mitigation strategies, like building renewable energy capacity, when adaptation measures, such as restoring degraded coastal mangrove forests to protect against storm surges, are of critical importance for a region so acutely imperiled by the climate crisis. (More than 68% of climate finance flowing to the region is earmarked for mitigation measures only or for mitigation with adaptation benefits attached, while just 32% is specifically for adaptation.[130])

Adaptation projects are more likely to improve the performance of public goods that are not attached to any particular revenue stream, making it difficult to build a "business case" for funding them through

[126] Eurodad, "Growing Support for a UN Convention on Tax. April 5, 2023, https://www.eurodad.org/growing_support_for_a_un_convention_on_tax; Tove Ryding, "A UN Convention on Tax—Momentum Just Keeps Growing, September 21, 2023, https://www.eurodad.org/a_un_convention_on_tax_momentum_just_keeps_growing.

[127] Thomas Tørsløv, Ludvig Wier, and Gabriel Zucman, "The Missing Profits of Nations," missingprofits.world, accessed September 18, 2024, https://missingprofits.world/.

[128] Bertram Zagema, Jan Kowalzig, Lyndsay Walsh, Andrew Hattle, Christopher Roy, and Hans Peter Dejgaard, "Climate Finance Shadow Report 2023," Oxfam, June 8, 2023, https://www.oxfam.org/en/research/climate-finance-shadow-report-2023.

[129] Oliver Gordon, "Fossil Fuel Subsidies Doubled in 2021—OECD and IEA," Energy Monitor, September 1, 2022. https://www.energymonitor.ai/finance/fossil-fuel-subsidies-doubled-in-2021-oecd-iea/; World Bank Group, "Military Expenditure (Current USD)—OECD members," accessed September 18, 2024, https://data.worldbank.org/indicator/MS.MIL.XPND.CD?locations=OE.

[130] Aaron Atteridge, Nella Canales, and Georgia Savvidou, "Climate Finance in the Caribbean Region's Small Island Developing States, Stockholm Environment Institute, September 2017, https://mediamanager.sei.org/documents/Publications/SEI-WP-2017-climate-finance-caribbean.pdf.

return-generating finance. Thus the critical importance of increased grant-based mitigation and adaptation finance in addition to compensation for loss and damage—key components of a reparative approach.[131]

Standing proposals for reparative programs

Given the long history of calls for reparations coming from the Caribbean and beyond, a number of proposals for reparative approaches to the climate crisis and broader social and economic challenges are already on the table—including from CARICOM itself.

Issued in 2014 and drafted by the Caribbean Reparations Commission (CRC), a group of Caribbean activists and leaders led by Sir Hilary Beckles, CARICOM's 10-point program for reparations largely contends with the legacies of "crimes against humanity in the forms of genocide, slavery, slave trading, and racial apartheid."[132] The CRC Ten Point Action Plan features many of the provisions common to calls for reparations, including the recognition of culpability and apologies from the countries responsible for colonial atrocities; funding for the establishment of cultural institutions, education, and public health; and technology transfer from Europe to the Caribbean to drive industrial growth and economic development.

Most pertinent to issues of debt and the climate crisis is Point 10 of the Caricom Reparations Justice Program, which addresses specifically the kinds of fiscal challenges Caribbean governments face.

It is valuable to quote this plank in full:

> CARICOM governments that emerged from slavery and colonialism have inherited the massive crisis of community poverty and an inability to deal with the development of their countries because of the burdens of the legacy of colonialism. These governments still engage daily in the business of cleaning up the colonial mess and this forces newly emerging countries to borrow funds in order to meet their own international obligations. CARICOM Member States recognize the importance and desirability of providing the highest standards of living for their citizens. Nevertheless, the pressure of development has driven these governments to carry the burden of public employment, and has led them to create expensive social policies designed to confront colonial legacies. This process has resulted in states accumulating unsustainable levels of public debt that now constitutes "fiscal entrapment." Since correcting the burden of colonialism has fallen on these new States, they are unable to deal with the challenges of development without taking on onerous levels of debt. This debt cycle properly belongs to the governments from the responsible European countries who have made no sustained attempt to deal with debilitating colonial legacies. Support for the payment of domestic debt, the cancellation of international debt, and direct monetary payments

[131] Patrick Bigger and Sophie Webber, "Green Structural Adjustment in the World Bank's Resilient City," Annals of the American Association of Geographers 111, no. 1 (2021): 36–51.
[132] CARICOM, "10-Point Reparation Plan."

are necessary reparative actions to correct the harm caused by colonialism.

Compensation through reparations for these fiscal harms—as well as the myriad social, corporeal, and psychological harms perpetrated by colonial powers—is essential. Indeed, during a speech in London in 2023, Prime Minister Mia Mottley said that slave-owning nations owed Barbados $4.9 trillion, noting that, "We're not expecting that the reparatory damages will be paid in a year, or two, or five, because the extraction of wealth and the damages took place over centuries. But we are demanding that we be seen and that we are heard."[133] The $4.9 trillion figure was drawn from a recent study that puts the total owed to the 13 countries analyzed here at more than $21 trillion—a number nearly equivalent to the annual economic output of the United States, and 42,000 times more than the $500 million in climate finance that Mottley is seeking.[134]

Critically, the CARICOM Reparations Justice Program is almost entirely backward looking, focusing, as it does, on colonization and the slave trade. But Caribbean nations continue to be damaged by the everyday economic and environmental policy choices of the Global North, whose component countries include many that engaged in the historical harms for which the CRC seeks redress. As this report has demonstrated, communities around the Caribbean are already suffering the impacts of climate change, and further damaging impacts are already locked in as Global North governments fail to decarbonize their own economies and societies. **Meanwhile, these same governments hoard the resources Southern countries need to adapt to the new climate reality and chart their own path to low carbon development. For this reason, climate reparations cannot simply be backward looking; they must look forward as well.**[135] They must rectify the conditions that have created the fiscal and environmental crises in the first place while ensuring that different worlds become possible.

So, what might an acceptable program of climate reparations—which would include, or be issued alongside, a robust, just package of reparations for the harms of colonialism and slavery—look like?

Táíwò and others consider unconditional cash transfers to be the gold standard for reparations.[136] Although this particular measure has yet to form a major part of the climate justice conversation—because colonizing countries refuse to reckon with the scope and scale of the harms they caused and continue to cause—there is another, rather surprising place for recent inspiration: the US House of Representatives. In 2022, H.R. 1373, was proposed to honor "the life of Dr. Paul Farmer by recognizing the duty of the Federal Government to adopt a 21st-century global health solidarity strategy and take actions to address past and ongoing harms that undermine the

[133] Amelia Gentleman, "Barbados PM Says Country Owed $4.9tn as She Makes Fresh Call for Reparations," Guardian, December 6, 2023, https://www.theguardian.com/world/2023/dec/06/barbados-pm-says-country-owed-49tn-as-she-makes-fresh-call-for-reparations.
[134] Coleman Bazelon, Alberto Vargas, Rohan Janakiraman, and Mary M. Olson, "Quantification of Reparations for Transatlantic Chattel Slavery," The Brattle Group, June 8, 2023, https://www.brattle.com/wp-content/uploads/2023/07/Quantification-of-Reparations-for-Transatlantic-Chattel-Slavery.pdf.
[135] Adrien Salazar, "The Case for Climate Reparations in the United States," Roosevelt Institute, April 4, 2023, https://rooseveltinstitute.org/publications/the-case-for-climate-reparations-in-the-united-states/.
[136] Olúfẹmi O. Táíwò, Reconsidering Reparations.

health and well-being of people around the world."[137] While mostly focusing on the need to increase US development assistance for improving Southern health systems, the resolution includes the following provisions:

> (A) it is the duty of the Federal Government to issue reparations, containing multiple elements including apology, award, and guarantees of non-repetition of harms, for –
> (B) the harms of colonialism and subsequent forms of imperialism, which have undermined sovereignty, democracy, self-determination, social and economic rights, and human and ecological well-being in both the colonial and postcolonial eras; and
> (C) its disproportionate responsibility for climate breakdown, the burden of which unjustly and overwhelmingly falls on the Global South.

Adopting this resolution—with some modification to highlight the challenges of climate and ecological breakdown more explicitly—would offer legislative guidance on the kinds of actions that the executive should be developing, along with instructions for US voting shares at the various IFIs, where the United States wields outsized influence to shape policy. It would also make the United States a leader in restoring lost revenue to Caribbean governments and realizing debt and tax justice in the region.

I think people get it mixed up with things like slavery reparations and climate change reparations. But I think part of it is reparative justice is and is in loss and damage because you're losing things and you should be compensated for it.
– Dr. Adelle Thomas, Vice Chair of Working Group II for the IPCC Seventh Assessment Cycle and Senior Fellow at the University of the Bahamas

Of primary importance, however, is that the Global North meet its climate finance obligations in full and without creating additional debt burdens on recipient countries. This is a particularly pressing topic of discussion now given it will serve as the mechanism by which Global North governments will determine the volume of climate finance.[138] The current tendency in climate finance—the fixation on blended finance, piecemeal and small-scale debt-for-environment swaps, and large capital projects rather than government and community capacity building—is not a path toward transformative change; indeed, it is the well-trod road to perpetuating financial subordination that can be traced directly to European imperialism. As climatic conditions continue to deteriorate, this is a recipe for sleepwalking toward climate apartheid, wherein the Global North makes substantial investments in domestic climate action but the Majority World is left to fend for itself.[139]

[137] Honoring the Life of Dr. Paul Farmer by Recognizing the Duty of the Federal Government to Adopt a 21st-Century Global Health Solidarity Strategy and Take Actions to Address Past and Ongoing Harms that Undermine the Health and Well-Being of People around the World, H.R.1373, 117th Congress (2021–2022).
[138] United Nations Framework Convention on Climate Change, "New Collective Quantified Goal on Climate Finance," accessed September 18, 2024, https://unfccc.int/NCQG.
[139] Jennifer Rice, Joshua Long, and Anthony Levenda, "Against Climate Apartheid: Confronting the Persistent Legacies of Expendability for Climate Justice," Environment and Planning E: Nature and Space 5, no. 2 (June 2022): 625–645.

To not only prevent the worst outcomes but make other worlds possible, climate finance pledges must be met; those funds must be distributed primarily as grants with minimal conditionalities attached; and the institutions that govern the distribution of climate finance like the World Bank, its subsidiary trust funds like the Green Environmental Facility, and the new Loss and Damage Fund, must be brought under globally democratic control.

A key test for how serious Northern governments (especially the United States) are about creating more democratic, reparative financial mechanisms is the design and implementation of the global Loss and Damage Fund. It was first agreed to at COP26 in 2021. Countries across the Global South, particularly from the Caribbean and other SIDS (collectively known as the AOSIS negotiating bloc), have argued since at least 1991 that there must be dedicated funding for disaster recovery as the climate crisis intensifies. **Loss and damage funding is a key litmus test precisely because it is already redolent of reparations: It compensates for damages that are already locked in (if unpredictable in terms of space and time) because of emissions primarily from the Global North.**

The United States and other big, rich emitters fought against the Loss and Damage Fund for decades but have finally acceded that some type of funding is warranted. Decisions about how the fund is to be capitalized, what kinds of disasters are eligible, and what countries can access the funds are still up for negotiation, however, and Northern States—the United States in particular—are trying to narrow the operation of the fund so much that most Caribbean countries would not be eligible.[140]

In fact, there were moves by the Global North to water down Loss and Damage from the moment the Fund was announced. At COP27, held at the end of 2022, Germany announced a contribution to "Global Shield," a loss-and-damage adjacent insurance scheme to increase "pre-arranged" finance, "which disburses quickly and reliably before or just after disasters happen."[141] Other countries, including Denmark, Canada, and France also announced contributions, and the project is currently being coordinated with the V-20 group of climate vulnerable developing countries alongside the G7.[142]

Although disaster insurance likely has a role to play in building resilience in a warming world, subsidized insurance premiums are a far-cry from reparative climate finance. First, insurance has a mixed track-record, at best, for helping Caribbean countries respond to climate change-fueled disasters.[143] Second, **the insertion of a bureaucratic layer and actuarial logics between the perpetrators of climate change and the countries feeling its impacts obscures the responsibility of the rich world to**

[140] Bob Berwyn, "After a Last-Minute Challenge to New Loss and Damage Deal, U.S. Joins Global Consensus Ahead of COP28," InsideClimate News, November 10, 2023, https://insideclimatenews.org/news/10112023/us-loss-and-damage-cop-28/.
[141] Nick Bernards, "The Global Shield: Lights and Shadows of Insurance Schemes in the Fight Against Climate Change," Africa Policy Research Institute, January 16, 2023, https://afripoli.org/the-global-shield-lights-and-shadows-of-insurance-schemes-in-the-fight-against-climate-change.
[142] Vulnerable Group of 20, "Working towards a Global Shield against Climate Risks," October 25, 2022, https://www.v-20.org/global-shield-against-climate-risks.
[143] Brett Christophers, Patrick Bigger, and Leigh Johnson. "Stretching Scales? Risk and Sociality in Climate Finance," Environment and Planning A: Economy and Space 52, no. 1 (February 2020): 88-110.

compensate for the harms they have caused.

Even within the confines of the agreed Loss and Damage Fund, the United States is pushing for a version of the fund that would essentially restrict funding to the impacts of "slow onset" risks like sea level rise and desertification.[144] Mitigating the impacts of slow onset processes is an important goal, but it does nothing to contend with high-intensity, high-impact events like hurricanes, flooding, and droughts that cause acute human, environmental, and economic harm.

[144] Reuters and Joe Lo, US aims to limit loss and damage fund. Climate Home News, August 24, 2023, https://www.climatechangenews.com/2023/08/24/usa-loss-and-damage/

Conclusion: Fiscal Justice for Vibrant Caribbean Futures

This report has argued for urgently needed transformative and reparative measures to address the intertwined challenges of climate change and fiscal injustice in the Caribbean region. **By exposing the fiscal drain perpetuated by the legacy of colonialism and contemporary neocolonial dynamics, we have underscored the imperative of climate reparations as a moral and practical response to the disproportionate burdens borne by Caribbean nations, and boost the voices of civil society and political leaders pushing for just climate action across the region.** Through a call for debt cancellation, equitable climate finance, and systemic reforms to the global tax system, advocates for a paradigm shift that centers the self-determination and resilience of Caribbean communities are pushing not just for climate action but climate justice. By embracing a reparative approach that acknowledges past harms and empowers future generations, this report charts a path toward a more equitable, sustainable, and climate-resilient future for the Caribbean and beyond.

We conclude this report not with specific policy recommendations but rather some suggestions of transformative pathways that have been proposed by activists and governments from the Caribbean and beyond. There is recent precedent for substantive action on global injustices, even when the challenges seemed insurmountable. For example, as the Third World Debt Crisis ground on through the 1980s and 1990s, a global movement united activists across the North/South divide to fight for debt justice. The idea of large-scale debt cancellation was derided as unserious and impossible—until it wasn't. Starting in 1996], the United States led talks on what ultimately became the Heavily Indebted Poor Countries Initiative, which cleared the debt of dozens of countries across the Global South.

Although not a perfect, or lasting, systemic solution, debt cancellation led to substantial investments in health and education in some countries over the 2000s (though the durability of these funding increases is questionable). This is a critical insight, given that more than 60 countries across the Global South, including Jamaica, Belize, Grenada, St. Vincent and the Grenadines, and Haiti spent more on servicing debt than healthcare in 2019.[145] Arriving at a new-and-improved version of widespread debt cancellation that can create more lasting increases in social and environmental spending will require advocacy from around the world—and movements are already coalescing under the recognition that there is no route to *climate* justice that does not pass through *fiscal* justice.

Debt is the more high-profile struggle, but global tax governance reform is an equally important component of a reparative approach. Recent developments, in particular the push for the UN to move global tax governance into its orbit and away from the OECD, indicate progress in the fight for tax justice. But, even if a UN Convention on tax is established, it will still be critical to align new tax rules with the principles of climate justice—and reparative climate justice in particular. This is especially true in the Caribbean, where some nations have benefited, even if only marginally, from an

[145] Dev Useree, "Redesigning Debt: Lessons from HIPC for COVID, Climate and Nature," IIED, July 2021, https://www.iied.org/20276iied.

opaque, ineffective global tax system.

Meanwhile, scaling up non-debt climate finance through a variety of mechanisms that are democratically governed and fairly distributed remains a crucial struggle. More debt is clearly not the answer, nor is subsidizing private investors and hoping that they will make investment choices that deliver the funding that the Caribbean needs. The global dimensions of the climate struggle must not be lost on Global North activists—decarbonizing the biggest polluters, like the United States, is imperative, but decarbonization must be undertaken in a spirit of solidarity and internationalism. To that end, we offer the following reparative pathways.

Reparative Pathways

Debt justice for climate reparations

Adopt debt aspects of Bridgetown Agenda

Caribbean countries need access to finance, urgently. We argue that international financial institutions need to implement the debt aspects of the Bridgetown Agenda: providing unconditional rapid credit and financing facilities akin to crisis periods, suspending interest surcharged, and operationalizing the RST and channel special drawing rights to all the countries that need it.

Force private creditors to participate in public debt restructuring

Governments and international bodies should regulate private lending to Global South governments and mandate private-creditor participation in debt reduction and cancellation programs. This could be pursued through targeted key legislative interventions in a few key jurisdictions—for example, New York State, which has jurisdiction over 52% of the developing world's private debt.

Reparative tax reforms linked to climate action

Shift tax governance from the OECD to the UN

Tax governance should shift from the OECD to the UN through a legally binding UN Tax Convention. Countries should engage in the current ongoing UN Framework Convention on Tax, pushing for unified tax rules globally, robust enforcement, crackdowns on profit shifting, and the introduction of novel tax instruments that raise revenue by targeting the wealthiest high polluters.

Commit recovered revenues toward Global South climate action

Most crucially, the convention should embed a mechanism through which additional tax revenues are used for climate action—and channeled to the countries and communities that need it most—through grants, and existing funds such as the Loss and Damage and adaptation funds. Effective international tax governance has the capacity to free up billions of US dollars annually, which could be provided as transformative climate finance.

Reparative climate finance

More money with fewer strings

Caribbean countries need more money with fewer strings attached—that is, truly reparative climate finance, provided at the scale of the challenge and without onerous conditions that tie countries up in administrative costs and impede their ability to utilize funds quickly.

Explicit funding for Caribbean states to build capacity in all sectors

Long-term funding is needed not just for disaster relief but for capacity building. As we argue, limited fiscal capacity has closed off what Caribbean states can imagine for themselves and radically altered the power governments have to protect and adapt to our rapidly changing ecosystem. Explicit funding to build state capacity to protect infrastructure, land, and communities from climate disaster, provided consistently over the long term, is a necessity. All sectors need this funding to ensure Caribbean countries have more diversified economies that are more resilient to the shocks of changing global demand.

Localize climate finance

Climate finance should also be administered by Caribbean governments and civil society groups—and moved away from external, international administration and control.[146]

Reform International Financial Institutions for democratic governance and introduce heterodox perspectives

Global economic governance is still dominated by a handful of anti-democratic International Financial Institutions (IFIs) that have a mixed record of facilitating shared growth and prosperity around the world. Advocates in the Caribbean have been leading voices for reform of the global economic system and the institutions that govern it since independence, pushing for a greater voice for countries of the Global South in setting the rules of the economic game. The World Bank and IMF in particular are poised to be critical institutions, at least in the short-to-medium term, in defining what the responses to the debt and climate crises will be. Both organizations are in dire need of reform: to give greater decision-making power to the Majority World and to introduce novel approaches that break with the tried-and-failed neoclassical playbook that underpinned the ruinous era of Structural Adjustment and is now guiding the response to the climate crisis. The Bretton Woods Institutions must move away from the "one dollar, one vote" system that structurally marginalizes the Majority World and move toward a more just, equitable response to fiscal and climate pressures. If these institutions are incapable of reform, then alternative institutions and frameworks will be urgently needed.[147]

[146] CANARI, "The Caribbean We Want: Civil Society Recommendations for Transformative Pathways to Caribbean Sustainable Development," March 2024, https://canari.org/wp-content/uploads/2024/04/Caribbean-We-Want_March-2024.pdf.

Harmonize international climate action with action on the ecological crisis

In the Caribbean and elsewhere, harmonizing climate and ecological action means more funding for nature-based solutions not tied to failed market mechanisms like carbon trading or tradeable fisheries quotas. The natural landscapes of the Caribbean—and, in turn, the important role they play in supporting society by blunting the impacts of storms, filtering water, and enabling agriculture—were radically reshaped by colonial management, further degraded by unsustainable use or conversion to other land uses, and are now are threatened by climate change. At present, many of these landscapes and ecosystems—and the people who depend on and care for them—face additional pressure from projects intended to increase renewable energy production or spur tourism. This form of development, welcome hough it is, must be reconciled with the conservation of landscapes and the restoration of already degraded ecosystems. Climate action cannot come at the expense of the people, animals, plants, and landscapes of the Caribbean, particularly because of their importance for making a brighter future possible.

[147] Thomas Marois, "Time for a World Climate Bank," Land and Climate Review, July 14, 2023, https://www.landclimate.org/a-world-climate-bank-for-green-and-just-transitions/.

APPENDIX 1: Methodology

Quantifying the fiscal drain

The primary goal of this exercise is to compare the financial resources drained from 13 anglophone Caribbean countries to the projected costs of climate action and the impacts of climate change. The figures are not intended to be precise down to the decimal point; instead, they aim to highlight the detrimental effects of international financial subordination on the Caribbean as the climate crisis intensifies. The following tables present the data summarized in Figure 2 and Table 1 in the main text.

Table A1: Aspects of fiscal drain and the projected costs of climate action in the Caribbean

Country	External Debt Service (2021)	Tax lost each year to tax havens (2018)	Total Fiscal Drain	Projected annual cost of climate action, 2021-2030
Antigua and Barbuda	$107.70	$2.34	$110.04	$26.66
Bahamas	$368.50	$0.00	$368.50	$500.00
Barbados	$250	$188.43	$438.43	$212.39
Belize	$81.20	$98.30	$179.50	$231.19
Dominica	$20.30	$5.13	$25.43	$8.33
Grenada	$47.40	$3.25	$50.65	$13.33
Guyana	$80.70	$1.72	$82.42	$345.80
Jamaica	$1,060.00	$97.20	$1,157.20	$576.01
St Kitts and Nevis	$14.90	$0.83	$15.73	$76.40
St Lucia	$218.00	$6.06	$224.06	$48.30
St Vincent and Grenadines	$28.40	$23.91	$52.31	$38.62
Suriname	$107.30	$10.10	$117.40	$233.33
Trinidad and Tobago	$314.10	$69.79	$383.89	$441.86
Total	**$2,698.50**	**$507.06**	**$3,205.56**	**$2,752.22**

Table A2: Comparing fiscal drain to key indicators

Country	Total Fiscal Drain	Fiscal drain as % of total government spending	Projected climate action costs as % of GDP	Fiscal drain a as % of projected climate action costs	Average annual losses from disasters as % of GDP (excl. earthquakes)	Total average annual losses and fiscal drain as a % of GDP
Antigua and Barbuda	$110.04	28.62%	1.66%	412.75%	14.89%	21.76%
Bahamas	$368.50	10.02%	4.34%	73.70%	19.00%	22.19%
Barbados	$438.43	26.39%	4.31%	206.43%	1.64%	10.54%
Belize	$179.50	29.52%	9.54%	77.64%	3.31%	10.72%
Dominica	$25.43	6.94%	1.50%	305.28%	9.98%	14.56%
Grenada	$50.65	14.34%	1.19%	379.97%	1.88%	6.39%
Guyana	$82.42	3.94%	4.30%	23.83%	0.42%	1.44%
Jamaica	$1,157.20	26.76%	3.93%	200.90%	2.81%	10.71%
St Kitts and Nevis	$15.73	4.08%	8.90%	20.59%	6.44%	8.27%
St Lucia	$224.06	42.25%	2.46%	463.89%	2.12%	13.55%
St Vincent and Grenadines	$52.31	15.85%	4.43%	135.45%	2.49%	8.49%
Suriname	$117.40	11.27%	7.57%	50.32%	1.71%	5.52%
Trinidad and Tobago	$383.89	4.91%	1.80%	86.88%	0.10%	1.67%
Total	**$3,205.56**	**13.60%**	**3.62%**	**116.47%**	**4.35%**	**8.56%**

The data sources we used to calculate these figures are as follows:

Debt service:
For all countries except Barbados, we used external debt service figures from the CARICOM statistical service. The most recent year available for all countries except St. Lucia and Belize was 2021; for St. Lucia and Belize, the most recent year was 2020.[148] Because Barbados was not included in CARICOM's official statistics for 2020 or 2021, we sourced data from the 2021 and 2022 annual reports of the Central Bank of Barbados.[149] These numbers are conservative because of the range of debt pauses and other temporary reductions in debt servicing that were offered by creditors during the acute phase of the pandemic.

Tax avoidance:
Figures for taxes lost to tax havens were drawn from the Tax Justice Network's country profiles, which are based on 2018 evidence from the OECD—the most recent year for which data was available.[150] The trend in tax avoidance figures is unclear, but by using 2018 dollars vs. 2021 dollars, we have attempted to err on the conservative side.

Projected costs of climate action:
The costs of climate action are again calculated extremely conservatively, as many countries do not include all economic sectors in their projections of climate finance. All projected costs of climate action were action were sourced from individual-country Nationally Determined Contribution (NDC) documents filed with the UNFCCC.[151] In our 13-country sample, 9 countries provided estimates of mitigation costs, while only 7 estimated adaptation costs. In order to get an indicative, conservative figure for each country, we created a regional average on a cost-to-GDP basis; for countries that provided these cost estimates, we found projects of 3.1% of GDP for mitigation and 1.2% of GDP for adaptation. We then applied these ratios to 2021 World Bank GDP figures of countries that did not supply cost projections. Thus, these figures are imprecise and do not take into account important local conditions for countries that did not estimate costs. Most of the NDCs accounted for the total cost over 10 years between 2021–2030; costs are presented as an annual average of that spending, which will not be the case in practice but is useful for illustrative purposes.

Figures for total government spending were drawn from IMF reports. Estimates for the average annual losses from environmental hazards were drawn from the "2021 World Bank Resilience 360° Report," which is backward looking and therefore a conservative estimate of the potential losses and damages that will be incurred in the future as environmental conditions continue to deteriorate in the absence of substantial, rapid decarbonization by the world's largest emitters.[152]

[148] CARICOM, "CARICOM'S Debt Service Payments on its External Public Debt: 2012-2021," accessed September 18, 2024, https://web.archive.org/web/20230525214537/http://statistics.caricom.org/Files/Databases/External%20Debt/Debt_Service_Payments.pdf.
[149] Central Bank of Barbados, "2021 Annual Report," March 30, 2022, https://www.centralbank.org.bb/viewPDF/documents/2022-07-28-13-00-10-Central-Bank-of-Barbados-2021-Annual-Report-Digital.pdf; Central Bank of Barbados, "2022 Annual Report," March 31, 2023, https://www.centralbank.org.bb/news/annual-reports/the-central-bank-of-barbados-2022-annual-report.
[150] Tax Justice Network, "Country Profiles," accessed September 18, 2024, https://taxjustice.net/country-profiles/.
[151] United Nations Framework Convention on Climate Change, "NDC Registry," accessed September 18, 2024, https://unfccc.int/NDCREG

Finally, total Multilateral Development Bank (MDB) climate finance numbers were drawn from the 2021 edition of the "Joint Report on Multilateral Development Banks' Climate Finance."[153] The 2021 numbers were used to align costs with the majority of debt data; while climate finance figures have ostensibly been rising since 2021, they have not risen anywhere near what is necessary, and the vast majority of climate finance is still being distributed as debt.[154]

[152] Julie Rozenberg, Sophie De Vries Robbé, Melanie Kappes, Woori Lee, Abha Prasad, Abha, "360° Resilience: A Guide to Prepare the Caribbean for a New Generation of Shocks," World Bank, https://openknowledge.worldbank.org/entities/publication/461682e5-5f6d-5654-950a-cdc7ff25bd6d.
[153] European Investment Bank, "2021 Joint Report on Multilateral Development Banks' Climate Finance," October, 2022, https://www.eib.org/en/publications/2021-joint-report-on-multilateral-development-banks-climate-financ
[154] Oxfam, "Rich Countries Overstating "True Value" of Climate Finance by Up to $88 billion, Says Oxfam," press release, July 9, 2024, https://www.oxfamamerica.org/press/press-releases/rich-countries-overstating-true-value-of-climate-finance-by-up-to-88-billion-says-oxfam/.

Debt structure

The analysis in Figure 1 is based on data extracted from a variety of official and publicly available sources. For all countries in our sample, the figures represent 2022, except for St. Kitts and Nevis and St. Vincent and the Grenadines—where the debt composition is from 2020 and 2021, respectively. The following table summarizes debt levels, the structure of debt, and the composition of external creditors. Sources include central bank reports, IMF debt sustainability analyses, and regional studies.

Table A3: Debt structure of Caribbean countries

Country	Domestic debt	External debt			Total Debt ($Bn)
		Bilateral debt	Multilateral debt	Other debt (including private credit)	
Antigua and Barbuda[155]	53.2%	27.4%	12.6%	6.8%	$1.53
Bahamas[156]	59.1%	0.6%	10.2%	30.2%	$11.64
Barbados[157]	62.3%	2.6%	25.3%	9.8%	$7.32
Belize[158]	32.5%	20.4%	28.2%	18.9%	$2.02
Dominica[159]	36.0%	15.0%	44.0%	5.0%	$0.64
Grenada[160]	24.3%	10.7%	50.6%	14.5%	$0.84
Guyana[161]	60.0%	12.4%	26.8%	0.8%	$3.83

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Country	Domestic debt	External debt			Total Debt ($Bn)
		Bilateral debt	Multilateral debt	Other debt (including private credit)	
Jamaica[162]	35.3%	4.8%	22.3%	37.6%	$14.31
St Kitts and Nevis[163]	76.8%	3.2%	11.3%	8.7%	$0.59
St Lucia[164]	46.3%	10.2%	31.7%	11.8%	$1.63
St Vincent and Grenadines[165]	25.8%	18.7%	46.3%	9.2%	$0.83
Suriname[166]	24.2%	15.8%	21.7%	38.3%	$4.35
Trinidad and Tobago[167]	69.0%	13.0%	2.0%	16.0%	$15.50
Weighted Average[168]	**52.3%**	**9.8%**	**21.9%**	**16.1%**	**$5.90**

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