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WHO'S MAKING THE MONEY

INCREASING BLACK AND BROWN BUSINESS
PARTICIPATION IN THE CLIMATE ECONOMY

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ACKNOWLEDGEMENTS

This brief marks the beginning of a body of critical work, that adds a racial economic equity agenda, to a cadre of recent climate related interventions. Prosperity Now offered a sneak peak of this work at our 2022 Prosperity Summit, where we highlighted sessions that delved into climate related economic opportunities and the racially uneven manner in which those benefits are experienced.

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ABOUT PROSPERITY NOW

Since 1979, Prosperity Now (formerly CFED) has been a persistent voice championing economic opportunity, innovating outside of and beyond existing systems to build power for all communities. We advance racial and ethnic economic justice by investing in bold new ideas, and we work deeply at both the grassroots and national level to impact the entire ecosystem. By setting goals for our economy and following through with targeted approaches based on need, we are equipped to drive forward and cement big structural solutions. Join Prosperity Now in creating a new, transformed economy that works for all of us. Visit us at www.prosperitynow.org



TABLE OF CONTENTS

+	Introduction	4
	An Emerging and Unequal Climate Economy	5
	The Opportunity Landscape: Prioritizing Racial Equity in the Climate Economy	8
	State and Local Opportunities are Expanding	10
	The Role of the Private Sector	10
	Ensuring Black and Brown Businesses Can Lead in the New Climate Economy	11
	Recommendations	14
	Conclusion	17

Introduction

Climate change, a global clear and present danger, is fostering economic opportunity for some, while increasing racial wealth inequality for far too many. Black and Brown communities disproportionately bear the burden of climate impacts yet benefit the least from the related economic activity. The United States has lost an average of \$1 billion annually in the last 40 years because of climate-related disasters.¹ Governments, institutions, corporations and community organizations are working at an unprecedented scale to advance solutions to shift from a fossil-fuel-powered to a clean-energy-fueled society to temper climate change-related impacts. This shift – often referred to as “the transition” – has become a major economic driver as policies such as the American Rescue Plan, the Infrastructure Investment and Jobs Act, the Inflation Reduction Act and more drive federal funding toward business activities that will help achieve climate mitigation and adaption goals. The flow of these public dollars, combined with private-sector investments, has created a “climate economy” that, if left unchecked, will reproduce and exacerbate the same racial and economic exclusion that has been baked into the U.S. economic structure since its founding.

Black and Brown businesses are lagging in clean and green advancements in the infrastructure, transportation, buildings, food supply and other sectors where climate-smart advancements are driving economic opportunities. Environmental groups are advancing full-blown carbon reduction policy campaigns. In response, state and local governments are adopting emission reduction policies that will have a broad impact on manufacturing, engineering and the construction of roads, highways, bridges, buildings, housing and more. Corporations are adopting Environment Social (ESG) policies and action plans to assess risks and for some, to better govern their carbon footprint.

Black and Brown businesses and communities must be informed and educated about these climate-related economic opportunities and the potential risk to their existing businesses. They must be provided with the capital, technical assistance and capacity-building they need to start new and reshape existing business practices. Policymaking processes such as corporate ESG policies, state and local climate plans and Building Performance Standards must prioritize racial equity. Otherwise, as with the tech boom and many other global wealth catalyzers, another opportunity to make progress on eliminating racial wealth gaps and dismantling America’s legacy of economic extraction, exploitation and injustice will be missed, and further racial and economic harm will be done.



An Emerging and Unequal Climate Economy

Climate change has catalyzed record spending, facilitating the growth of a new economy – the “climate economy.” The World Meteorological Organization (WMO) estimates that climate-related disasters are fostering government spending on average of \$200 million a day.² In 2019, U.S. clean energy spending hit a record \$78.3 billion, led by investments in wind and solar.³ These investments are expanding in scope, scale and frequency. In the 2023 federal budget, the Biden administration allocated an additional \$45 billion in new spending for climate change, clean energy and environmental justice programs.⁴

U.S. climate investments are causing the clean energy sector to outpace traditional energy sectors in job growth. In the power sector, zero-emissions generation was responsible for 544,000 jobs in 2019, more than double the 214,000 jobs in fossil fuel generation.⁵ Businesses are also enjoying record industry growth and increased clean energy market share globally. The advanced energy industry generated \$238 billion in revenue in 2018, which is roughly equal to that of aerospace manufacturing and double that of the biotechnology industry.⁶

CLIMATE ECONOMY DEFINED:

Global and domestic economic activity fostered by private sectors, governments and communities in order to: respond to, recover from, mitigate, adapt and build resilience to the impacts of climate change.”

While vastly under collected, emerging data show that there is significant racial disparity in participation in the climate economy by Black and Brown communities. Private sector and federal, state and local government contracts, procurement dollars and more are not distributed equitably, limiting business entry and growth opportunities. The lopsided awarding of government contracts in disaster recovery offers a snapshot of the racially exclusionary manner in which the climate economy operates. For example, of the recovery contracts awarded in the aftermath of Hurricane Irma in 2017, only 6.4% went to Black and Brown businesses, or women-owned firms. After Hurricane Harvey that same year, less than one percent of contracts went to Black- and Brown-owned firms.⁷ The disparities in contracting are compounded by lack of access to disaster recovery dollars in small business lending. One analysis shows that the Small Business Administration approved more than 52% of disaster recovery loans in communities that were majority White, while approving only 28% of recovery loans in majority Black communities.⁸ This is a continuation of the nation's long history of a capitalist economy that thrives off of the backs of Black and Brown people. One need not go very far back in time to recall the dismal distribution of the first installment of Paycheck Protection Program (PPP) loans by race, where Black firms were approved for only 1.6% of COVID-19 small business relief loans, despite being 10% of the small business population.⁹

In addition to the direct loss of economic opportunity, the lack of investment in Black and Brown businesses leaves communities unable to redevelop critical infrastructure. The results perpetuate a cycle of undercapitalization that leads to greater wealth disparities by race. Public buildings, schools, roads and bridges are left in disrepair, which affects property values, business stability and creation, and local tax revenue to spur future public projects.¹⁰ The cycle continues. A recent study by the Minority Business Development Agency highlights that little has changed with regard to racial disparities in government contracting. The study found that minority-owned firms were less likely to win contracts across the board.¹¹

However, the US cannot afford this cycle. Economic access for Black and Brown businesses is critical to ensuring their communities are not locked out of the climate economy. Even as governments prepare to spend trillions on climate and sustainability efforts, the fact remains that racial wealth inequity is not sustainable. Racial gaps in income cost the nation \$3.1 trillion in GDP growth in 2019.¹²

Investing in Black and Brown businesses to support their full participation in the climate economy will grow the overall economy. One study estimates that if Black businesses reached parity in ownership with their non-Black peers, an additional 800,000 plus U.S. firms and potentially 1.6 million additional jobs¹³ would be created. For Latinx businesses, parity would yield 735,000 new businesses and 6.6 million new jobs.¹⁴ Black and Brown businesses are more likely to hire Black and Brown workers. However, they are more likely to be sole proprietorships. In 2019, only 4.1% of Black-owned businesses were employer firms, compared to 19% of White-

owned businesses.¹⁵ Only 7.5% of Latinx-owned businesses are employer firms.¹⁶ The climate economy is contributing to these disparities. One study observed the impact of FEMA recovery dollars on self-employment rates. Counties with high damages that received FEMA relief funds saw an additional 897 self-employees, with Whites benefiting the most from the increase.¹⁷ If Black businesses were capitalized enough to pay the same wages as non-Black firms, an additional \$25 billion in income would circulate through Black and Brown communities, improving quality of life through increased opportunity.¹⁸

Structural racism in policy and practice has already caused debilitating economic harm to Black and Brown communities. Absent a well-informed racial equity framework guiding the development of climate-driven economic policies and the related interventions, the results will likely exacerbate the persistent and growing racial wealth gap.¹⁹



If **Black businesses** were to reach parity in ownership with their non-Black peers, an additional **800,000+ U.S. firms** and **1.6 million additional jobs** could be created.ⁱ For **Latinx businesses**, parity would yield **735,000 new businesses** and **6.6 million new jobs**.ⁱⁱ

i. <https://www.brookings.edu/essay/to-expand-the-economy-invest-in-black-businesses/>

ii. <https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/the-economic-state-of-latinos-in-america-the-american-dream-deferred>

The Opportunity Landscape

PRIORITIZING RACIAL EQUITY IN THE CLIMATE ECONOMY

The time is ripe for deliberate outreach, capital infusion and technical assistance to Black and Brown businesses and communities, informing them of the economic opportunities stemming from the climate shift and supporting their ability to attain and sustain them. In January 2021, President Biden Issued **Executive Order 13985 on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government**. Every agency was tasked with examining the racial equity impacts of their policies and what can be done to be inclusive moving forward.

Additionally, the administration developed the **Justice 40 Initiative** which charges the government to ensure that 40% of the overall benefits of certain federal investments flow to disadvantaged communities that are marginalized, underserved and overburdened by pollution.²⁰ The areas of investment include: climate change, clean energy and energy efficiency, clean transit, affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution and the development of critical clean water and wastewater infrastructure.

The Infrastructure and Jobs Act aims to help create more livable communities by reducing carbon pollution from the transportation sector and helping to improve water and air quality. The bill provides \$550 billion in new spending on infrastructure over five years.²¹ States and localities have a prime opportunity to address racial inequities through the clean and safe drinking water access provisions in the bill. It also aims to correct some of the historical inequities in water infrastructure investment. For example, the Environmental Protection Agency (EPA) will be required to submit a detailed report on communities facing the greatest financial burdens from spending for drinking water or wastewater, as well as recommendations on how to address these inequities.²²

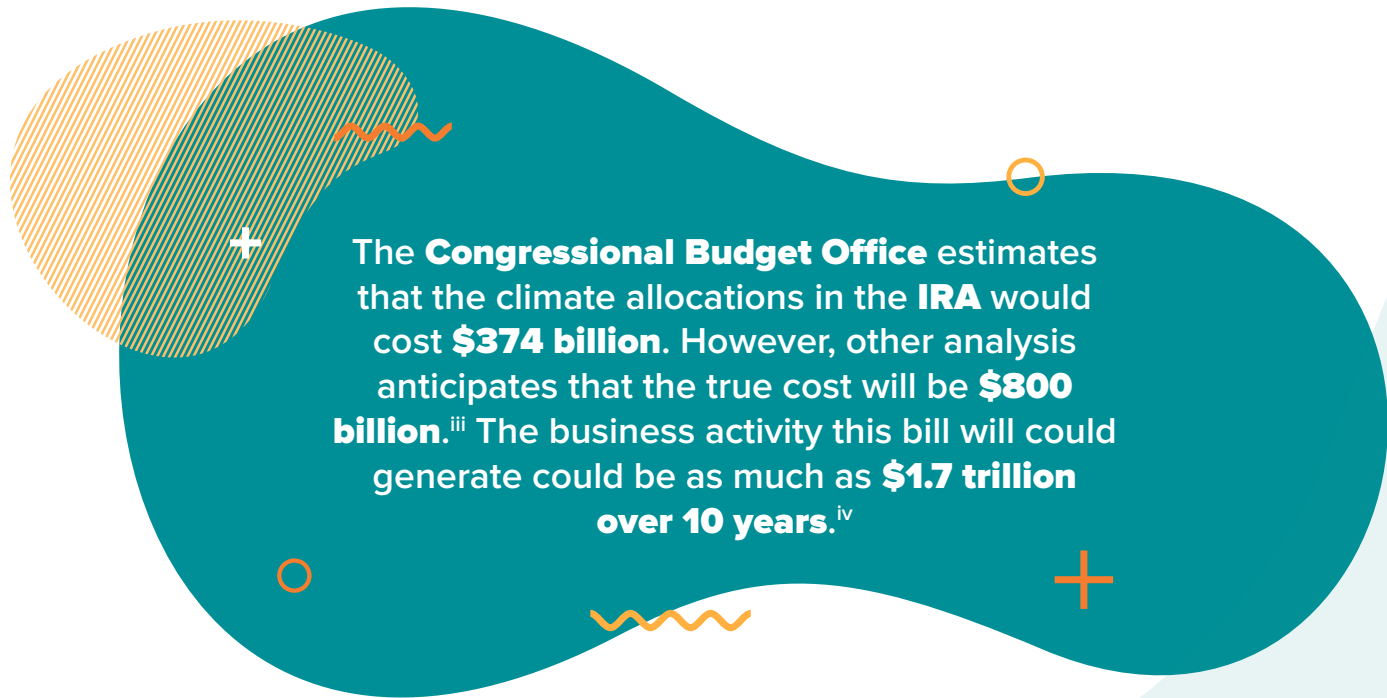
The **Federal Emergency Management Agency (FEMA)** has released several initiatives to prioritize racial equity. The agency has committed to expanding home repair assistance for people with disaster-caused disabilities, providing expanded Housing Assistance and Other Needs Assistance funding – a new program which funds repairs for homes that have disaster damage but are not uninhabitable. The agency has also committed to streamlining requirements for small business applicants of the Other Needs Assistance program.²³

Small businesses were specifically provided for in section 3301 of the **American Rescue Plan**, which issued billions in federal funding to state and local communities suffering from the devastating impacts of the COVID 19 pandemic. The State Small Business Credit Initiative set aside \$10 billion for credit and investment programs

for existing small businesses and start-ups. The initiative also included new funding for very small businesses owned by “socially and economically disadvantaged individuals,” as well as incentive dollars to promote support and technical assistance for these businesses.²⁴ More research must be done to understand how these dollars have been disbursed.

The Inflation Reduction Act (IRA) includes the most comprehensive climate legislation in American history. The investments made by this policy set the nation on track to meet a goal of 40% emissions reduction by 2030. In addition to several other climate goals, the bill includes \$60 billion to clean up pollution in disadvantaged communities and reduce environmental injustice.²⁵ The Congressional Budget Office (CBO) estimates that the climate allocations in the IRA would cost \$374 billion, however other analyses anticipate that the true cost will be \$800 billion.²⁶ The business activity this bill will generate could be as much as \$1.7 trillion over 10 years.²⁷

The Department of Energy has issued a new decarbonization road map that outlines emissions reduction plans for five sectors: chemical manufacturing, petroleum refining, iron and steel, cement production and the food and beverage industry. The road map also includes \$104 million in funding for new industrial decarbonization technologies.²⁸ Through its Equity Action Plan, the department also outlined as a primary goal improving data collection disaggregated by race in order to understand who is benefitting most from the business opportunities offered.²⁹



The **Congressional Budget Office** estimates that the climate allocations in the **IRA** would cost **\$374 billion**. However, other analysis anticipates that the true cost will be **\$800 billion**.ⁱⁱⁱ The business activity this bill will could generate could be as much as **\$1.7 trillion over 10 years**.^{iv}

iii. <https://www.theatlantic.com/science/archive/2022/10/inflation-reduction-act-climate-economy/671659/>

iv. Ibid

State and Local Opportunities are Expanding

States are leading the way on climate change and represent a significant portion of the climate economy. **The U.S. Climate Alliance** includes 25 states, represents more than half of the nation's population, 40% of greenhouse gas emissions and an \$11.7 trillion economy.³⁰ These states have made commitments to act on climate change, including developing new financing opportunities for resilient communities. For example, Massachusetts signed legislation directing \$2.4 billion on climate adaptation and more. The bill included \$405 million for community investment grant programs for municipalities, regional planning agencies and other eligible entities.³¹ States and localities such as Colorado, Nevada and D.C. have established 'Green Banks' that have financed nearly \$3 billion worth of clean energy projects.³²

The climate crisis is causing local governments to act and move resources as well. According to the Census Bureau, state and local spending to protect the nation's natural resources jumped from \$27.7 billion in 2014 to \$32.3 billion in 2018.³³ Some 419 cities have established climate action plans and have begun work.³⁴ Counties are also taking action. The **County Climate Coalition**, led by Santa Clara County, CA, has called on all counties to combat climate change.³⁵ To date, 34 counties have joined the coalition.

While these actions are notable, the majority even unprecedented, many have little to no provisions to ensure the economic benefits spurred by these investments are visited upon the communities most harmed by climate change. More must be done to address the unequal enjoyment of wealth creation that is often fostered through government spending. The legacy of economic exclusion, exploitation and wealth extraction from Black and Brown communities, sustained by federal, state and local policies, must be dismantled by policies of the same scale and intentionality. Investments in infrastructure, low-cost clean energy programs and the development of affordable green housing are good, but we must also ask, "who is making the money?" The strategies to ensure Black and Brown communities are economically benefiting must be baked into implementation plans and into all future policies.

The Role of the Private Sector

Corporations have an equally, if not greater role to play in taking climate action. Some major multi-national entities are leading the way on carbon reduction and they are using procurement strategies to do so. For example, Alphabet, the parent

company of Google, is the world's largest corporate buyer of renewable energy. Its goal: by 2030, become the first major company to operate full-time on carbon-free energy. It plans to do so by continuing to invest in renewable energy generation and storage technologies that can also benefit other businesses.³⁶

However, corporations can stand to improve their commitments. Few have explicit commitments to racial equity in their ESG efforts. Only 696 out of the 2,000 largest publicly traded companies in the world have made net zero commitments. In the US, only 43% of the top 1,000 publicly traded corporations have committed to disclosing their emissions reductions.³⁷ Racial equity commitments, particularly as it relates to supplier diversity, can also improve. One survey of America's top 100 employers found that while 42% had supplier diversity set-asides, only nine percent had set asides for local suppliers and small businesses.³⁸ As mentioned earlier, this is the pool of businesses more likely to be Black- and Brown-owned.

In order for corporations to successfully achieve stated climate goals, they must use procurement strategies that increase the representation of Black and Brown businesses within their vendor pools. Apple, Inc., developed an "Impact Accelerator" for Black-, Hispanic/Latinx- and Indigenous-owned businesses. The goal is to ensure Apple investments in renewable energy, carbon removal, recycling innovation and smarter chemistry also benefit communities that are disproportionately affected by climate change.³⁹

When corporations work with Black and Brown businesses in the clean energy transition, the communities that those businesses represent are strengthened, making them more resilient, contributing to sustainability efforts and growing the number of opportunities for widespread economic gain.

Ensuring Black and Brown Businesses Can Lead in the New Climate Economy

Billions are being spent annually on climate-related responses and interventions, including disaster recovery, mitigation, adaptation and resiliency. Carbon reduction goals and mandates are impacting industries globally. Every mode of transportation is retooling fleets, state and local emissions regulations are being adopted and annual disaster resilience-building and recovery spending continues to rise. Supply chain needs are shifting, manufacturing production and practices are changing. Yet,

U.S.-based Black, and Brown-owned businesses are sorely underrepresented in this rapidly evolving economy of the future. Black and Brown businesses must be prioritized for building capacity and gaining technical knowledge and skills needed to enter and/or grow in clean and green industries.

Intermediaries and community-based organizations are perfect vehicles by which to capitalize and build the capacity and technical knowledge needed to ensure that Black and Brown businesses and their communities are not left behind in the climate economy.

Community Development Financial Institutions (CDFIs): CDFIs provide financing for people and projects underserved by traditional financial institutions. Increasingly, CDFIs are investing in and helping low-income communities transition to new economic engines, such as transitioning from coal to renewable energy. While Black- and Brown-led CDFIs are left out of opportunities to participate in the climate economy, there is budding work that must be expanded. NDN Fund, a developing Native CDFI, SEEDING (Social Enterprise & Economic Development for Indigenous Growth) provides loans for community development, housing, regenerative agriculture, renewable energy, social enterprise, and sustainable infrastructure projects needing \$500,000+ in capital.

Government and the private sector must begin to partner with Black- and Brown-led CDFIs to provide clean energy education, training and capital to Black and Brown businesses. Banking institutions are beginning to recognize this. Bank of America recently invested \$25 million in **The African American Alliance of CDFI CEOs (The Alliance)** and the **National Alliance of Latino CDFI Executives (NALCE)** to support CDFIs in their networks. Together, these two organizations represent more than 130 CDFIs that serve Black and Latinx communities.⁴⁰ Bank of America further invested \$12.5 million in The Alliance to seed the \$125 million Black Renaissance Fund that will provide capital to Black-led CDFIs.⁴¹

Enacted through the Inflation Reduction Act (IRA), the \$27 billion **Greenhouse Gas Reduction Fund**, which will be administered by the EPA, will provide competitive grants to nonprofit organizations that provide capital or financial assistance to low- and zero-emission projects. Black- and Brown-led CDFIs and other entrepreneur-serving organizations are well-positioned and best suited to deliver greenhouse gas reduction financing to Black and Brown businesses and community-based organizations to actualize these investments in the low-income and disadvantaged communities targeted in the IRA.⁴²

Green Banks: Green banks use public capital to mobilize investment into underserved green and resilient financing markets to fill market gaps and advance public climate targets, with the goal of enabling private capital providers to expand their sustainable infrastructure investment activity at scale. The state of New York operates the largest

green bank in the country. The bank's commitment is that 35% of the Green Bank's investments will be in projects that benefit frontline communities between 2021 and 2025. To date, 19% of the bank's capital commitments are to projects benefitting disadvantaged communities.⁴³

The People's Climate Innovation Center is a Black-led organization supporting community-driven approaches and solutions to address complex climate challenges.⁴⁴ The center serves as an advisor to the National Building Performance Standards Coalition. The coalition includes 33 state and local governments that have committed to inclusively design and implement building performance policies and programs by Earth Day 2024. Building performance standards can drive business and job growth, creating opportunities for the expansion of private firms offering green engineering, construction, equipment sales and installation services.⁴⁵

The Emerald Cities Collaborative (ECC) is working to increase the number of Black and Indigenous People of Color (BIPOC) businesses and women-owned businesses in green building construction. ECC manages an E-Contractor Academy to develop a pool of skilled Minority, Women, Disadvantaged Business Enterprises (MWDBE) that can "compete, lead and succeed" in the green infrastructure sector. In this seven-week training program, MWDBE contractors learn to execute energy efficiency and renewable energy retrofit projects. Participating contractors also learn about the regulatory and technical requirements of green infrastructure projects as well as how to successfully bid on those contracts.⁴⁶ ECC also leads the High Roll Accelerated Minority Business Institute, which provides city governments with a list of local minority contractors with green building qualifications.⁴⁷

The **Justice40 Accelerator**, established by advocacy groups, supports climate and environmental justice organizations in building their capacity, partnerships and readiness to access government funding that will help implement community-designed solutions. Through a 12-month program, cohort members are offered \$25,000 general operating grant for participation, as well as technical assistance to help organizations prepare and successfully apply for government grants.⁴⁸ So far, 57 organizations have participated in the accelerator, more than \$13 million in funding has been applied for, and \$10.9 million in climate-related grants has been awarded to Justice40 Accelerator participants. The **Partnership for Southern Equity** has also established a Revolving Loan Fund, a \$1 million fund providing working capital to organizations that need matching funds for clean energy contracts.⁴⁹

Recommendations

Black and Brown businesses and communities are critical stakeholders in the climate economy and must be seen as a central component to the success of both government and private sector efforts to respond to climate disasters and impacts, curb emissions and overall adaptation and transition to a clean, green and sustainable future. Policymakers and corporate boards and executives should implement the following strategies to ensure that the same practices that have created and entrenched long-standing racial wealth disparities do not continue. These efforts must be designed in partnership with intermediaries and community-based organizations that are close to and have intricate knowledge about the needs of Black and Brown businesses and communities.

- **Foster and raise awareness in Black and Brown communities about the climate economy, related business opportunities and increasing regulations and data collection requirements.** Since the onset of climate change and environmental advocacy campaigns, Black and Brown communities have been overlooked. Messages about glaciers, polar bears and turtles did not connect with communities whose people are fighting to breathe and eat. Information about the economic opportunities related to “the transition” and recovery and adaptation efforts has played out the same way. Black and Brown communities are largely unaware that these opportunities exist, how they are driving growth in clean and green sectors, and how increasing regulatory actions may impact their existing businesses.
- **Ensure all federal spending programs include targeted outreach, technical assistance and financial resources for Black and Brown businesses and communities:** Black and Brown businesses already endure the challenges caused by systemic racism in accessing capital. To close racial wealth gaps that are destabilizing the economy, Black and Brown businesses must be able to equitably access government contracts and private-p business opportunities. Climate-related policies should include funded set-asides for training, capacity-building and capital in frontline communities.
- **Federal spending programs must require state and local governments to prioritize Black and Brown businesses in their procurement policies and practices.** Small, disadvantaged businesses are often overlooked when it comes to state and local contracting opportunities. State and local governments must be required to utilize federal spending in a manner that promotes economic equity and inclusion and work in concert with the aforementioned technical assistance and capacity-building efforts to ensure Black and Brown businesses are reached and provided the support and assistance to successfully compete for contracting opportunities.

- **Increase awareness and access to contracting opportunities in disaster recovery and emergency management for Black and Brown Businesses:** Black and Brown communities are hurt first and worst in climate disasters. Black and Brown businesses should be prioritized in allocations to states and local governments for emergency management and disaster recovery contracting opportunities. The federal government must demystify which federal agencies administer such congressional allocations and programs and provide transparency and information on which state agencies and units of local governments administer said resources. Training and capacity-building with related federal grants must be provided to Black- and Brown-led entrepreneur-serving organizations to support bringing Black and Brown businesses into the emergency management and disaster recovery sectors.
- **Expand access to affordable clean energy business financing through local CDFIs and Credit Unions:** CDFIs are among the best-positioned institutions to deliver high quality financing tailored to the business needs of Black and Brown communities. Banks should partner with Black- and Brown-led CDFIs to ensure that small businesses in frontline communities are able to access affordable capital in the climate economy.
- **Administer the Greenhouse Gas Reduction Fund through BIPOC-Led CDFIs:** The EPA has a tremendous opportunity to work with BIPOC-led CDFI coalitions to administer the Greenhouse Gas Reduction Fund. EPA should provide technical assistance and support needed to fully realize this opportunity. These CDFIs are well-positioned to effectively manage the GGRF in a manner that impacts greenhouse gas reduction, and that increases economic vibrancy and opportunity in the communities that have the greatest need for both. The Alliance of African American CDFI CEOs and NDN Collective both operate capital loan funds with the goal of impacting economic opportunities in their respective communities. BIPOC CDFI consortiums possess the capacity and the intimate knowledge of their communities that is needed to effectively administer the GGRF.
- **Ensure green banks and other climate financing tools have clearly-stated targets for the inclusion of Black and Brown businesses:** Green banks must be required to develop and adopt comprehensive equity action plans designed to increase financing made to Black- and Brown-led businesses and community organizations. These plans should also include an evaluation component that requires the collection and sharing of disaggregated data to measure results. The data should also include the size of projects and type of project financed by race.

- **Fund Black- and Brown-led intermediaries and community-based organizations to develop local climate solutions through inclusive design processes:** Black- and Brown-led nonprofits are trusted institutions in their communities and have a unique ability to gather and share community voices on critical issues. They must be central partners in ensuring Black and Brown neighborhoods are able to both participate in and benefit from the growing climate economy. This is especially critical as increasing regulation in pursuit of net zero requires more input from residents.
- **Track federal contracts by race:** The urgency of the climate transition means there is no room for error in achieving clean energy goals. Government agencies must provide disaggregated data on the portion of climate-related contracts going to Black- and Brown-owned businesses.
- **Prioritize Black and Brown businesses in ESG Strategies:** Corporations must set intentional targets for diverse vendor pools as they build out ESG plans. They must clearly define the intended outcomes of the "social" component of ESG strategies, collect and share disaggregated data on the diversity of their suppliers, and conduct analysis on the climate impacts of their practices on Black and Brown communities. Corporations should also invest in their own training and capacity-building to development and utilize racial equity frameworks in the development of policies and processes. Contracting Black- and Brown-led nonprofit intermediaries and consultants with equity and policy expertise to support such efforts can lead to greater and sustained results.

Estimated Increases in the White-Black Wealth Gap between 1999 and 2013 Attributable to Natural Hazards Damage



*Source: Howell, Junia and James R. Elliott. "Damage Done: The Longitudinal Impacts of Natural Hazards on Wealth Polarization in the United States." Social Problems. DOI: 10.1093/scxpra/spy016
Note: Circle diameters are proportion to the amount of increased White-Black inequality attributed to Natural Hazard Damages.

Conclusion

Climate change is fostering record spending on a massive economic and social transition to a clean, green and sustainable future. This spending has catalyzed a rapidly expanding “climate economy” that is transforming every industry and causing economic growth. However, in the US, deeply entrenched racial wealth disparities are already causing Black and Brown businesses and their communities to fall behind in the transition and lose out on its economic benefits.

The scale of the problem and the speed with which we must make change require intentional and targeted strategies to ensure that in this transition, frontline communities cease to be pushed further behind economically. We must do an about-face using robust economic engagement. Federal, state and local governments must improve their disaster recovery policies and practices to ensure that Black and Brown communities are not only receiving the much-needed infrastructure investment, but that Black and Brown businesses are participating in the related economic activity. Government and the private sector must be held accountable to ensure that Black and Brown businesses are not being excluded from contracting and financing opportunities in clean energy. Both must also prioritize Black and Brown business’ participation in the development of risk assessments, data methodologies and systems, research and development, studies and report-writing.

Prioritizing training, capacity-building and technical assistance for Black and Brown businesses is a central path to success in the clean energy transition. Without this intentional design, the goals and purposes of the transition will be defeated. Black and Brown communities will remain frontline communities, the economy will suffer, democracy will be undermined and we will continue to harm the environment.

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