

# NPOQ

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## How Do We Create Home in the Future?

*Reshaping the Way We Live in the Midst of Climate Crisis*

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# How the America the Beautiful Initiative, the Inflation Reduction Act, and Philanthropy

## Are Effecting a Just Transition in Native American and Alaska Native Communities

by Chéri Smith

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As Indigenous people, it is in our nature to be self-reliant. The average American either doesn't know or forgets that Native American Tribes are sovereign nations here on Turtle Island—the so-called United States of America. Think about it: How can a nation be truly sovereign if it is dependent on outsiders for its energy?

**T**here is a crucial global effort underway to protect 30 percent of the earth's lands, oceans, and waterways by 2030. Aptly named 30x30, this movement is aimed at preventing some of the worst effects of climate change and our loss of biodiversity.<sup>1</sup> The Biden administration is leading the US contribution to this work through the America the Beautiful initiative—which, as Secretary Deb Haaland writes, “reflects an inherently pragmatic approach that puts people at the center and outlines an inclusive and collaborative vision where locally led efforts to conserve, steward, and restore lands and waters will help us reach our shared goals.”<sup>2</sup>



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As noted by Native Americans in Philanthropy,

Tribal Nations, through their nation-to-nation relationships with the federal government and their deep knowledge of the ecosystems they steward, bring unique tools and resources to the 30x30 movement. In the United States, Tribes oversee approximately 5% of the country's landmass. The 95 million acres of land managed by the 574 federally recognized Tribal [N]ations encompass some of the continent's most critically important wildlife habitat, resilient landscapes, and irreplaceable cultural assets. Indigenous Peoples have been deeply connected to these ecosystems since time immemorial and have developed generations of environmental knowledge that has helped them nurture and steward lands and waters.<sup>3</sup>

Tribal nations are on the frontlines of climate change, and its effects threaten Tribal homelands, sacred food sources, cultural resources, and traditional ways of life. Indigenous communities in our country have faced chronic underinvestment for hundreds of years, and the effects of a warming planet—including drought, wildfires, rising sea levels, and extreme weather events—have exacerbated the challenges that exist due to ongoing systemic inequities.

### **THE INFLATION REDUCTION ACT**

In direct response to these crises, in August 2022 the Biden administration successfully passed the Inflation Reduction Act (H.R.5376), which has been touted as the most significant climate bill in US history.<sup>4</sup> Not to be confused with the Indian Reorganization Act of 1934,<sup>5</sup> this new IRA promises to bring significant benefits to Indian Country. The question is, will it?

The earlier IRA was a set of wide-reaching reforms designed to improve the quality of life for Native Americans—especially those living on federal reservations. It was the centerpiece of the Indian New Deal, “focused on protecting tribal land, reestablishing tribal governments, and spurring economic development among” and within Tribal nations.<sup>6</sup> But history shows that it fell far short. There were some

successes,<sup>7</sup> but the 1934 act's highly touted material benefits largely failed to materialize—and when they did, the federal government unevenly distributed them among Tribes. If one is even a bit familiar with Native American history, one is now wondering if this new IRA will live up to its ambitious intentions for Indian Country.

H.R.5376 is far from an environmentalist's ideal: compromises include carveouts for the oil and gas industries, such as new offshore drilling leases, so as to garner the support of Senator Joe Manchin, a conservative Democrat from West Virginia and a critic of earlier versions of the IRA that more greatly constrained the fossil fuel industry.<sup>8</sup> But the IRA allows our government to do what climate scientists have been advising for several decades—make meaningful investments in decarbonizing our nation's energy sector and begin to incentivize the transition from extractive and exploitative fossil-fueled energy to clean and regenerative energy sources. Whether the IRA will spark a Just Transition remains to be seen—but after nearly a year of being immersed in the legislation and early efforts to bring its fruit to bear for the benefit of our Tribal partners, skepticism and optimism are vying for first place in the arena that is my brain.

The IRA includes more than \$272 million in a climate and energy investments package tailored for Native American Tribes, administered by the Bureau of Indian Affairs.<sup>9</sup> This funding is earmarked for climate resiliency efforts, fish hatcheries, and drought mitigation programs in Native communities. The bill also authorizes over \$150 million for a new program to electrify homes lacking electricity in Indian Country and improve energy efficiency in homes and Tribal buildings. A \$145.5 million share of the funding is being provided directly to Tribes, with the remaining \$4.5 million for BIA administration costs. The money is to be spent over 10 years.<sup>10</sup>

Additionally, the bill significantly expands U.S. Department of Energy Tribal programs. The measure authorizes more than \$75 million in loans to Tribes for energy development and increases the loan guarantee program for Tribes from \$2 billion to an unprecedented \$20 billion.<sup>11</sup>

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We witnessed our federal colleagues at the U.S. Department of Energy Office of Indian Energy Policy and Programs and the U.S. Department of the Interior Bureau of Indian Affairs, Office of Economic Development make a concerted effort to listen to their constituents and advocate for this historic and much-needed legislation.

Among the most impactful provisions of the bill, there are two new tax rules: “direct pay” and “transferable credits.” Under the direct pay provision, taxpayers can elect to treat the amount of certain specific credits as prior payment of tax, allowing entities with little or no tax liability—like Tribes—to accelerate the use of these credits.<sup>12</sup> This provision is a game changer for Tribes, making renewable energy development on Tribal lands exponentially more beneficial.

My optimism is bolstered by the fact that American Indian land comprises approximately 2 percent of US land but contains an estimated 5 percent of all renewable energy resources. The total technical potential on Tribal lands for electricity generation from utility-scale rural solar resources alone is about 14 billion MWh, or 5.1 percent of total US generation potential.<sup>13</sup> Bypassing traditional tax equity structures and using the \$20 billion in funding from the Tribal Energy Loan Guarantee Program has the potential to unlock a beneficial cycle of self-determined capacity building within the Tribes—and will, hopefully, lead to massive amounts of Tribally owned, utility-scale clean energy projects, and result in liberation from federal dependency.

In the months since the passing of the Inflation Reduction Act, our team at the Alliance for Tribal Clean Energy has been working closely with our U.S. Department of Energy colleagues in the Office of Indian Energy and Policy Programs—as well as the Loan Programs Office and Department of the Interior Office of Indian Economic Development—to raise awareness among Tribes about the availability of the favorable financing options and tax credit monetization incentives this groundbreaking legislation has created, and to support them in writing the grants and loan applications necessary to secure the funding.

After the passage of the bill in the United States, Senator Brian Schatz (D-Hawaii), chair of the Senate Committee on Indian Affairs, said, “Native communities have the technical expertise, capacity, and place-based knowledge needed to develop effective climate change and energy solutions.”<sup>14</sup> While I agree with the senator on place-based knowledge, I have to disagree on the balance of that statement. Some Native communities have the technical expertise and capacity to develop clean energy infrastructure; the majority do not. Without the expertise and capacity-building support of clean energy technical, financial, policy, and workforce development and training experts, even the most well-funded projects run the risk of failure. With the absence of these essential capacities, Tribes are left in the challenging and expensive situations we’ve seen them in so many times before, with unfinished projects, unpaid debt, and the all-too-familiar anguish of being let down by the US government. Worse yet, without experience in this sector, Tribes often fall prey to unscrupulous consultants and developers. As a result of this vulnerability, all the benefits of energy development—and control—have historically flowed away from Tribal communities.

Score one for skepticism—and therein lies a primary reason the Alliance for Tribal Clean Energy was formed. Until Tribes have built their own capacity and cultivated Native energy leaders with a grasp of the many nuances of clean energy development—and the knowledge and networks to secure unbiased advice and technical assistance—they remain at risk of exploitation and at a significant disadvantage. Furthermore, Indigenous peoples are the original stewards of Earth. It only makes sense that Tribes lead this transition away from extractive and exploitative fossil-fueled economies and toward a clean energy future.

Furthering concerns is the problem that, even with projects fully capitalized, current utility practices and our broken federal energy regulatory system inhibit the ability of Tribes to pursue renewables *fully*. Tribal communities are often subject to discriminatory pricing for electricity, and frequently

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face discrimination and purposeful misinformation when attempting to connect energy projects to the grid. While Tribes do have the freedom to form their own utilities to overcome these problems, the process is complex and requires deep expertise in energy policy, finance, utility infrastructure, and energy technology. As such, currently, fewer than 30 Native American Tribes have successfully separated from outside energy providers and created a Tribal utility.<sup>15</sup>

The Alliance for Tribal Clean Energy was formed because our team of Native and non-Native advocates and experts understood the profound need for more coordinated, thoughtful, and culturally sensitive systems to support our relatives, if they are to successfully navigate their unique circumstances to take advantage of the sudden abundance of federal funding.

**PHILANTHROPY FOR ENERGY SOVEREIGNTY**

None of this would be possible, however, without philanthropy. When I established the Alliance for Tribal Clean Energy, I made a conscious decision to fund our operations only with philanthropic dollars, for a few imperative reasons. Accepting federal funding, which is fairly abundant for nonprofits and might seem logical for us to pursue, would hinder our ability to influence the types of systems change that will be required for us to achieve our mission. First, we can't be employed by the US government while advocating for it to reexamine its historical failures to enact equitable policies and provide effective programs for Tribes. Second, being philanthropically funded allows us to provide many types of support to Tribes at no cost to them. This is critical for underresourced Tribes lacking the financial and administrative capacity to embark on the challenging and circuitous journey toward energy sovereignty.

Above all, providing support to Tribes at no cost goes a long way toward establishing trust. After centuries of enduring the oppression and exploitation of colonization, it is reassuring for Tribal leaders to not have to be concerned that our support will be unaffordable or that the organization is looking to serve its own financial interests, as has historically been the case in Indian Country.

Responding to the expressed needs of Native American Tribes and our public, private, and philanthropic partners, Alliance for Tribal Clean Energy is offering the critical technical and financial assistance and wraparound services Tribes are seeking to build their own capacity—to access and manage the historic amounts of federal energy infrastructure and climate funding, and ensure these historic investments are implemented in an equitable and just way. We do this by offering support to Tribes through four key pillars, built upon a strong and deep foundation of Native American cultural values: Technical Assistance & Project Finance, Energy Policy & Government Relations, Workforce Development, Education & Training, and Events & Information.<sup>16</sup> Serving as allies, guides, and partners, we work hard to uphold the value of self-determination, as we believe that for this to be a Just Transition, it is essential for this work to be done by Tribes and Tribal members—by the people for the people—as much as possible.

With a history of oppression by government and businesses, Native American Tribes are hesitant to engage with companies—especially energy companies—for fear of continued exploitation of their homelands and the abundant natural resources they hold. To minimize the chances for harm to our Tribal partners, the Native-led team of experts at the Alliance serves as both a vetter of and a buffer between Tribes and energy service providers. To qualify as a member of the Alliance and be introduced to our Tribal partners, energy service providers must meet rigorous standards set by our full-Native board of directors and expert advisory council.

The Alliance also provides the federal agencies administering IRA and other funding programs feedback from Tribes to help them address and eliminate the inherent inequities in federal grantmaking processes. By serving as a conduit for a bidirectional flow of information and feedback between Tribes and our federal agencies, we are striving to minimize the barriers and maximize the effectiveness of these historic levels of funding.

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There is a common misconception that philanthropy isn't comfortable serving a role in building the future. I haven't found this to be true. In fact, without the perceptivity and compassion of our foundation program officers, the Alliance for Tribal Clean Energy simply wouldn't exist. In 2021, our founding donor, the John D. and Catherine T. MacArthur Foundation, invested three-quarters of a million dollars to support the expansion of our grassroots program. Upon learning about the impacts of climate change on Tribal communities coupled with the systemic inequities standing in the way of a Just Transition, Kate Barnes, MacArthur's senior program officer, understood that federal funding alone wasn't going to be enough to solve these cataclysmic problems.

Since then, the MacArthur Foundation has invested over \$1.2 million to further the work of the Alliance. Kate Barnes has also helped to encourage other big donors, including the Energy Foundation, Hewlett Foundation, McKnight Foundation, and a new pool of philanthropy—Invest in Our Future—to commit millions more to ensure that we can bridge the gap between federal funding and what the Tribes need to truly build the foundation for a sustainable future fueled by regenerative clean energy. This is where our optimism soars.

Historically, US-based philanthropic support of conservation efforts led by Tribal nations has been largely nonexistent and has often been approached through a Western lens that disregards the knowledge of Indigenous peoples. As Indigenous-led conservation and stewardship continue to prove effective and gain recognition as a critical strategy to achieve the goals laid out by 30x30, we are seeing a paradigm shift.

The federal government recognizes this shift and has ensured that the IRA provides significant funding for Tribally led conservation efforts.

Late in 2022, the leadership of Native Americans in Philanthropy and the Biodiversity Funders Group recognized the need to capitalize on this unprecedented opportunity and bring public and private funding together to support conservation work led by Tribal nations. As Native Americans in Philanthropy describe it, the two organizations, "in partnership with 15 leading funders, announced the launch of the Tribal Nations Conservation Pledge...at the White House Conservation in Action Summit" in March of 2023. "To date, funders have committed \$102.5 million [in support] over the next five years to support Tribal-led conservation work.

The pledge calls on foundations and philanthropists to allocate a self-determined percentage or amount of funding to support the biodiversity and conservation efforts of Tribes, inter-Tribal organizations, and Tribal consortia."<sup>17</sup> The founding funders "are The Alaska Conservation Foundation, The Christensen Fund, The Decolonizing Wealth Project, The Doris Duke Charitable Foundation, The Gordon and Betty Moore Foundation, The Grousemont Foundation, The JM Kaplan Fund, The David and Lucile Packard Foundation, The Resources Legacy Fund, RE:wild, The Walton Family Foundation, The Water Foundation, The Wilburforce Foundation, The William and Flora Hewlett Foundation, and The Wyss Foundation."<sup>18</sup> The list will continue to grow as more funders commit to the pledge—"The Tribal Nations Conservation Pledge demonstrates an important commitment to a new way of thinking about conservation that centers [on] the people who are most impacted by climate and biodiversity crises but [who] also hold the knowledge on how to best steward our lands and water. This Pledge represents a shift in climate funding by recognizing and supporting Native communities who have long been leaders in this work."<sup>19</sup>

Innovative approaches are required to solve endemic problems—and significant collective efforts like this pledge are key. As such, while Native Americans in Philanthropy served