Failure at COP26: The Global South Doesn’t Need Another Loan

By:

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COP26 ended with a palpable sense of despair as industrialised states failed once again to deliver on long-standing commitments to finance adaptation and mitigation efforts in the Global South.

As attempts to reach accord floundered, private capital materialised as the most likely source of this vital funding. Whilst their dire situation may leave post-colonial states with no option but to accept this investment, its continued entrenchment in the economies and polities of the Global South can only serve to perpetuate the centuries-long cycle of subordination, dependence, and debt.

Amongst the delegates of developing countries who had descended upon Glasgow, those from Madagascar felt this despondency acutely. In the build-up to the conference, representatives of the small island state and former French colony had warned of the ways in which the activity of the industrialised North was devastating the country’s environment and infringing upon food security. Juxtaposed alongside this, law was passed permitting the central government

to repossess land from peasant farmers in order to redistribute to agricultural or mining corporations at their discretion. In a state whose population has limited access to energy, and whose economy is heavily-reliant upon highly-polluting mining activity by transnational corporations, there was a need for imminent change.

Instead, with no progress on the promised annual USD 100 billion for the Green Climate Fund, and some states instituting actively-regressive emissions targets, any hopes that the largest emitters would provide the financial assistance or carbon reduction goals necessary were dashed. By the end of the conference, news had spread that global heating was projected to hit 2.4 degrees Celsius – a catastrophic rise that would mean devastation for the world's most impoverished communities. As industrialised nations failed to find agreement, abdicating responsibility for a crisis predominantly of their making, a potential, alternative source of finance arose.

The emergence of the Glasgow Finance Alliance for Net Zero (GFANZ) – the brainchild of former Bank of England Governor Mark Carney, in conjunction with billionaire former New York City Mayor Michael Bloomberg – was billed as an innovative collaboration between asset managers, insurance companies, and banking corporations. The initiative's stated objectives were to 'green' the global financial sector, and facilitate sustainable, decarbonised infrastructure building through the provision of loans and investment to countries of the Global South.

By the end of the Conference no concrete plans were in place, and many still questioned the extent to which the process was an exercise in *Greenwashing*, but whether or not GFANZ's promises are eventually realised, it appears to represent the continuation of a dynamic that has caused more harm than good.

Foreign Investment: Development and Power

Since the beginnings of colonial expansion, the furtherance of Western capitalist interests in the economies of the Global South has been a constant. A relationship first characterised by extraction and exploitation through enslavement and conquest had by the 19th century transformed into a narrative of 'civilisation' through management. By the 20th century, and the advent of first the League of Nations and its successor, the UN, notions of

‘economic development’ were at the forefront of all interaction between the industrialised former colonists and the post-colonial states.

Despite the fluid rhetoric, global governance is still dominated by Western epistemologies and international law created by Western states. The ideology of development is predicated upon the primacy of investment from industrialised states and transnational corporations, and continues to prioritise the profits of transnational capitalists. More than this, capital provision is employed as a means to catalyse systemic change and exert influence favourable to Western conceptions of modernity, and has for decades been a key facet of global policy towards post-colonial states. This agenda is implemented through technocratic, international financial institutions such as the IMF and World Bank, which in turn are steered by states of the Global North. More fundamentally, development constructs and perpetuates the civilising narrative between North and South that maintains the centuries-old power imbalance.

Maintaining this approach through GFANZ is clearly deeply problematic for a number of reasons. First, since the days of trading organisations such as the British and Dutch East India companies, Western capitalist interests have invariably been transplanted into states of the Global South in the pursuit of resources deemed at the disposal of the entire world in the view of Western governments. Continuing to promote the necessity of investment at the expense of unconditional support ignores the role played by centuries of Western incursion into the Global South in impoverishing communities through extraction of natural resources, labour, and rents.

Second, it is through the provision of private foreign loans and investment that industrialised states and transnational corporations maintain control over land and resources in former colonies. This form of economic imperialism makes it virtually impossible to craft endogenous, sustainable, subsistence-based ways of living that allow for the full utilisation of the state’s resources by its inhabitants. Loans from bodies such as the IMF, notionally proffered in order to assist with development and ameliorate the effects of climate change, only serve to amplify this. Frequently, they are contingent upon the enaction of immensely damaging, socio-politically and culturally ignorant ‘structural adjustment’ programmes that demand ever-greater access for transnational

capital, impoverish and disempower local populations, and, perversely, proliferate unpayable debt owed to the industrialised states and financiers whose very wealth was built upon their sacrifice.

Finally, and very much a taboo subject amongst representatives of industrialised nations at COP26, rapid, fossil-fuelled industrialisation and overconsumption, built upon the exploitation of colonies, has precipitated a climate catastrophe that most impacts states with the least capacity to manage its effects. It is the very fact of Western capital's enmeshment with the economies of post-colonial states, legitimised by centuries of international law that has rendered them intensely vulnerable in the face of the burgeoning crisis. The argument advanced by former colonies is that what is required is not investment – by its nature extractive – but reparation.

The Continuing Cycle of Exploitation

Madagascar epitomises the dysfunction of this dynamic. Like many other post-colonial states desperately demanding to be heard at COP26 – particularly those small island states facing the concurrent perils of rapid sea level rise, attendant flooding, and desertification – its population suffer the triple threat of poverty, climate catastrophe, and unsustainable, extractivist practices.

Since independence from France in 1960 ended an exploitative relationship that lasted more than half a century, and resulted in numerous episodes of bloody and violent repression, development loans have rendered it one of the most indebted developing nations. More than two thirds of its debt is owed to external creditors, including the World Bank, and despite the expenditure of vast monies over three quarters of the population continue to exist below the international poverty line.

The cyclical tragedy of this relationship lies in the persistence of the economic imperialist power dynamic: transnational capitalists – predominantly mining corporations – extract value from Madagascar's land and resources at the expense of its inhabitants who are unable to cultivate sustainable, subsistent ways of living. At the behest of international financial institutions, the state must allow for further foreign investment in order to maintain debt repayments. The changes in Madagascan land law that are so damaging to peasant farmers are representative of this coercive and harmful relationship.

The cycle of repression is completed by the obstinance of high-polluting states who prevaricate over emissions reductions whilst engaging in environmental depredation, and the international legal and financial institutions that are at best supine and at worst complicit. In their failure to address causes of extreme climatic events they only serve to increase the likelihood of irreparable loss and damage to developing states, and thus the level of debt that will need to be accrued in order to rebuild and adapt once again.

Reparation as Justice

For Madagascar, as with other post-colonial states, where there is an inarguable and insistent need to transition from fossil fuels and to decarbonise infrastructure, there is doubtless an ambivalence to the promise of initiatives such as GFANZ. But this is an ambivalence brought on through necessity and coercion, rather than autonomy and choice.

In encouraging the primacy of private capital, international legal and financial institutions are maintaining the gross power imbalance that subordinates the needs of post-colonial states to the interests of transnational capital and the industrialised North. Ultimately, this can only leave post-colonial populations more vulnerable to climate change, less able to sustain themselves, and less able to mitigate and adapt to loss and damage. Crucially, they will be more deeply and inescapably entrenched in the cycle of indebtedness to states, corporations, and institutions of the North.

It is only in recognition of the centuries-old debt owed not by but to post-colonial states that economic and, at this critical juncture, climate justice can be served. When the role played by rapidly-industrialising Western states in facilitating climate breakdown is acknowledged, and it is accepted that exploitation has impoverished and stunted the ability of former colonies to adapt to the crisis, it can only follow that the right and just course of action is to continually push for the fulfilment of the Green Climate Fund and other instruments free of conditionality and caveat.

GFANZ, if its ideals are to be realised, makes no plans to arrest or reverse the current, broken approach. It represents the continuation of a policy stance towards Global South forged over centuries; one that has proved only deleterious to those upon whom it is imposed. By this metric, it has not only

failed on its own terms, but can only fail on behalf of the people it purports to help.

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