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THE GLOBAL POLITICAL ECONOMY OF GREEN FINANCE AND SOCIO-ECOLOGICAL TRANSFORMATION

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Johannes Jäger, Lukas Schmidt

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SUSANNE SOEDERBERG, LAMA TAWAKKOL

The Humanitarian-Development Nexus and the Jordan Compact: Tensions and Trajectories in Global Capitalism

ABSTRACT *The humanitarian-development nexus (HDN) frames protracted refugee situations as win-win development opportunities, building on dominant tropes like sustainable development and global risk management. Focusing on the Jordan Compact as part of the HDN, we question for whom it presents opportunities, highlighting its politics and tensions. We argue that the HDN and Jordan Compact are not win-win strategies whereby refugees and host countries benefit equally, but rather fail forward strategies with longstanding material roots in the power relations and paradoxes of global capitalism. Moreover, the neoliberal fail forward practices both frameworks embody legitimate themselves by depoliticising capitalism's underlying contradictions. We highlight how the HDN, similar to its undergirding tropes, is a political project that advances the interests of private actors over those of its intended beneficiaries.*

KEYWORDS *Humanitarian-Development Nexus, Jordan Compact, fail forward neoliberalism, global capitalism, development finance*

I. Introduction

Sustainable development has served as an enduring and foundational plank of global development over the past three decades. Its roots are often traced to the report, *Our Common Future*, issued by the Brundtland Commission in 1987, where sustainable development was defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations General Assembly 1987: 43). Despite its vagueness, sustainable develop-

ment, which has been said to encompass economic, environmental and social dimensions, has underpinned landmark global initiatives, notably the United Nations (UN) eight Millennium Development Goals (2000–2015) and its successor, the more expansive 17 Sustainable Development Goals¹ (SDGs) (2015–2030; United Nations 2019).

Since its inception in the late 1980s, sustainable development has been continually updated and often revised with equally elusive concepts ranging from good governance and resilience to risk management (Mikulewicz/Taylor 2020; Sharma/Soederberg 2019). One of its more recent and celebrated iterations is the humanitarian-development nexus (hereafter: HDN). Although not a new concept, the HDN was reinvigorated at the high-level “Supporting Syria and the Region” London Conference in 2016, where key donor countries, multilateral development banks (MDBs) and the United Nations pledged a record \$10 billion² to integrate a sustainable development approach to humanitarian response planning with regard to protracted refugee situations in the global South³ (European Commission 2016b; Hindow 2019). The European Union (EU), a key ODA donor and destination for refugees fleeing the Syrian conflict and elsewhere⁴, has favoured the HDN as a broad-ranging approach that can deliver a “win-win scenario for both displaced and their host communities” in the global South (European Commission 2016b: 5). The HDN supports primary host countries of Syrian refugees: Jordan, Turkey and Lebanon.

Jordan, a small landlocked kingdom, is one of the largest proportional recipients of refugees. It is also the third most water-scarce country in the world. The arrival of over half a million Syrian refugees since 2011 into the country has compounded its low water levels. Added to this, the country has been experiencing crushing public debt, rising unemployment, and increasing poverty levels – all of which had existed prior to the influx of Syrian refugees in 2011 and coincided with the wave of Arab uprisings that same year, of which Jordan had its share.

The 2016 Jordan Compact, which falls within the ambit of the HDN, was seen as a game-changer in terms of how the international development community, specifically the EU, and host countries sustainably deal with protracted refugee situations. On the ground, the Compact has promised more funds to Jordan, particularly in support of its national development goals (i.e. in infrastructure), as well as preferential trade terms with the EU

in exchange for facilitating refugees' employment and easing their access to the Jordanian job market.⁵ Guided by the HDN framework, the Compact thus aims to respond to protracted displacements by transforming refugees from a financial and environmental burden to a *development opportunity*, and has been discussed as a model for refugee compacts in the future (UNDP 2016). It has also been heralded by many development practitioners, policymakers and donors as a paradigm shift in which aid can be made more effective and efficient, leading to self-reliance and a stimulus for sustainable economic growth (Hedow 2019: 11; Oxfam 2019; UNDP 2016).

While scholars and practitioners have critically examined the HDN with regard to the Jordan Compact and its promises of improving Syrian livelihoods (Parkes/Pauwels 2017; Lenner/Turner 2019; Morris 2020), analysing the geopolitics of donors therein, the Compact's human rights dimensions and what has been referred to as Jordan's "refugee rentierism" and "refugee diplomacy" (Arar 2017; Kelberer 2017; Panizzon 2019; Meral 2019; Al-Mahaidi 2020; Burlin 2020; Seeberg 2020), few analyses have questioned the Compact's development aspect, namely the aid and infrastructure projects promised to Jordan; the focus has predominantly been on refugees' job market access and livelihoods. To fill this silence, we ask: how might we understand the power, politics, and paradoxes involved in transforming environmental (water supply), economic (debt), and humanitarian (refugees) challenges into sustainable development opportunities in Jordan? Whose opportunity and why?

To address these questions, we draw on a critical political economy of development lens to interrogate the Jordan Compact and HDN on two levels of analysis, corresponding to Sections Two and Three respectively. First, we locate the HDN, and, by extension, the reproduction of the prevailing paradigm of sustainable development, in the wider macro-dynamics and power relations of global capitalism, including the neoliberal solutions embodied in achieving sustainable development. Neoliberalism describes a disciplinary set of policies, regulations and discourses aimed at ensuring the dominance of highly individualised market logics over collective solutions supported by public consumption (Gill 1995). Importantly, neoliberalism is not a one-off event, but refers to ongoing, contradictory and uneven processes driven by *fail forward* strategies (Shields 2020). Following Peck and Tickell (2002), fail forward strategies respond to the

problems caused by neoliberalism through more neoliberal processes. In the context of the Global South, this has often meant offering loans with conditionalities, such as privatisation and fiscal austerity, as elaborated in Section 2.2 below. Second, we query how the macro-political economic processes of sustainable development, including HDN, have played themselves out on the ground, by concentrating on the Jordan Compact from 2016 to 2020, specifically its projects for improving infrastructure and public service delivery in Jordan's water sector.

Seen from the above angle, we argue that as a vector of sustainable development, the HDN, including the Jordan Compact, is not a win-win strategy in which refugees and host countries benefit equally. Instead, the HDN and Jordan Compact represent a fail forward strategy with long-standing material roots in the power relations and paradoxes of global capitalism. From this viewpoint, the primary beneficiaries of these fail forward strategies have neither been the refugees nor the poor. Instead, those who have benefited the most from the Jordan Compact so far have been private actors – operating at the local and global scales – and EU donor countries, who have been eager to keep the refugees out of the continent. We also argue that neoliberal fail forward practices embodied in the HDN and Jordan Compact legitimate themselves by depoliticising and erasing underlying contradictions of capitalism that have been intensified under neoliberalism, notably growing levels of income inequality and environmental destruction. Together, both prongs of our argument highlight the fact that the HDN, similar to its undergirding of sustainable development, is a political project that advances private sector and accumulation interests over those of its intended beneficiaries.

2. Sustainable development: Global tensions and trajectories

2.1 Tensions in global capitalism

Sustainable development, embodied in the HDN and Jordan Compact, has existed uneasily with already ongoing tensions, along its three definitional dimensions outlined above, namely: economic, environmental and social features. These frictions are most evident in three major and inter-linked global crisis tropes that have accompanied efforts to achieve sustain-

able development in the new millennium: the 2007-08 financial crisis, environmental crisis, and the refugee crisis. In what follows, we explore each in turn.

The global financial crisis catapulted tens of millions of people across the globe into poverty and/or deeper levels of destitution for prolonged periods. The aptly named Great Financial Crisis (GFC), which was fuelled by property speculation in the global North, also resulted in a prolonged recession from which many countries across the globe are still recovering, including many parts of the European Union (EU) (Bieling et al. 2016). The renewal of fiscal austerity – a key feature of neoliberalism – resulted in a fresh round of public spending cuts affecting key social services (health, housing and education). These post-crisis austerity measures, coupled with decades of neoliberal restructuring on the continent, in many ways played an important role in creating the conditions for Europe’s alleged refugee crisis (Bhagat 2019; Soederberg forthcoming). The general solution to the GFC has been, as was the case with previous financial crises, to maintain the status quo. Voluntary guidelines and benchmarks achieved through consensus-building among powerful state leaders, international financial institutions (IFIs) and private financial actors have ensured that the freedom of financial flows continue to serve as a cornerstone to achieve sustainable development (Sharma/Soederberg 2019).

The second main crisis is global warming. Despite the rhetoric of sustainable development, global fossil fuel consumption has continued to be the norm. The planet has been experiencing rising levels of global warming brought about by greenhouse gas emissions, bringing the world’s temperature increase in this century to 2 degrees Celsius above preindustrial levels (Mayer 2019; Mikulewicz/Taylor 2020). The solution to this crisis was forged at the Paris Agreement, the world’s first universal and legally binding global climate change agreement, adopted at the climate conference (COP 21) in 2015, and which sought to limit global warming to 1.5°C. This ethos was also incorporated into SDG 13 (Climate Action; UN, 2019).

In 2015, the same year that the COP 21 was signed, more than a million migrants and refugees, many of whom were fleeing the Syrian war (2011—present), undertook the perilous journey across the Mediterranean to reach Europe (UNHRC 2016). The mass influx of displaced people into the EU culminated in its so-called refugee ‘crisis’. Notwithstanding the EU’s crisis

trope, many of the approximately 5.6 million Syrian refugees do not reside in the EU, but instead in the global South, where 95 percent of the growing number of displaced people live (Oxfam 2019). A proposed solution to the protracted refugee situation in host countries in the global South was the HDN, and the individual country compacts, notably the Jordan Compact, which we discuss below.

The three primary crises have hit poor countries in the global South and the most vulnerable residing therein (refugees) hardest. How might we explain this ongoing friction between the rhetoric of sustainable development and the actually existing triple crisis? To begin to answer this question, we rely on a more critical understanding of development that allows us to see its connection with the power and paradoxes inherent to the uneven dynamics of capital accumulation and capitalism's insatiable pursuit of profit maximisation. Drawing on Rist (2007: 488), we suggest that the trope of sustainable development obscures its position in global capitalism as "the general transformation and destruction of the natural environment and social relations in order to increase the production of commodities geared by means of market exchange to effective demand".

In line with this view, sustainable development, including its newest additions, the HDN and the Jordan Compact, cannot be divorced from class interests that benefit from the continual expansion of capital accumulation powered primarily, albeit not exclusively, by fossil fuels and financial speculation. Despite the Paris Agreement, SDG 13, and the ongoing warning by scientists that, without serious leadership and effective action, the world will continue to experience, among other things, habitat loss, heatwaves, ecosystem degradation and shortages of water supply, capitalist development continues to rely on high carbon consumption, production and distribution to achieve growth. The UN's Emission Gap Report reveals that countries around the world are falling short of the emission reductions laid out in the Paris Agreement, "and [that] even if they met those targets, a disastrous 3–5 Celsius rise would occur" (Mayer 2020: 36).

Financial-driven accumulation has not delivered the high levels of economic growth that existed prior to the neoliberal turn in the early 1980s (United Nations 2020). For instance, more than one billion people continue to live in extreme poverty, income inequality has increased both within and between many countries, and long-term unemployment and

precarious work (zero contract hours, gig economy jobs, involuntary part-time) exist alongside the expansion and deepening of financial markets and increasing levels of concentration of corporate and individual wealth (ILO 2020). With 1.4 billion people (or around 42 percent of total employment), the people facing vulnerable employment conditions in global capitalism is quite substantial (United Nations 2017: 15).

Rist's above understanding of sustainable development also makes visible the influence of donor countries, and by extension, global development institutions such as the IMF, World Bank, and European Bank for Reconstruction and Development (EBRD), which possess the power – expressed through money and conditionality – to construct and reproduce a social reality in which economic growth is viewed as the only viable alternative to meet the SDGs (Shields 2020). As Altvater (1993: 137) notes, these power relations are fraught with tensions insofar as development finance (aid and loans) “never just promote the institutional and technological modernization of debtor countries; they always also serve the development of the lender nation. And the two functions not only can but must enter into contradictions with each other”.

2.2. Fail forward trends in sustainable development: Good governance and risk management

The tensions between, on the one hand, the promises of sustainable development and, on the other, the crisis-prone nature of capitalist accumulation, have been continually resolved through fail forward neoliberal development practices and policies (Soederberg 2004; Shields 2020). Neoliberal development has served to uphold the preference for private consumption and individualisation over public spending, which is further constrained by the constant presence of fiscal austerity measures and the fixation on endless economic growth as a panacea for poverty (Altvater 2002). By briefly highlighting the global fail forward trends of good governance and risk management, we aim to reveal how these strategies attempt to resolve these frictions inherent to sustainable development, and how these fail forward policies, wrapped in the guise of institutional modernisation, serve donor and capitalist interests. Together, both insights assist in problematising the novelty and neutrality of the HDN, and, by extension, the Jordan Compact.

In response to the growing critiques of neoliberal development during the 1980s, and the legitimacy problems associated with these turbulent times in the mid-1990s, the IMF and World Bank began to overhaul their policies, as they were considered to be too top-down in policy formation, economistic (devoid of historical, institutional and social considerations) and exclusionary with regard to various civil society groups (Pender 2001). Engaging in fail forward strategies, these leading international development institutions began to expand their traditional policy emphasis on *getting economics right* to include what they considered to be a proper institutional environment to facilitate economic growth. *Getting politics right* under the rubric of good governance policies was thus a way to support the pro-growth policies of the 1980s (World Bank 2002, 2015). A core initiative of this fail forward strategy was the good governance agenda. This promoted the idea that donor countries could achieve sustainable development by implementing the donors' neoliberal structural adjustment policies alongside good governance practices such as rule of law, transparency and accountability.

The good governance agenda and the increasing power of corporations in sustainable development are illustrated by the projects and policies pursued by the EBRD (Shields 2020). The EBRD is a key development institution, owned by 69 countries and dominated by several powerful donors, including France, Germany, the United States, the European Union and the European Investment Bank. In 2019, the EBRD Annual Meeting and Business Forum relaunched good governance policies “to strengthen its sustainability, transparency and accountability”, practices aimed at, among other things, guiding its commitment to environmental and social policy (EBRD 2019). In Jordan, the EBRD has advanced these policies and been actively involved in the HDN and the Jordan Compact through its Refugee Response Plan, as elaborated in Section 3.2.

Owing to the increased exposure of financial and non-financial corporations to conditions that could potentially threaten the profitability of their investment abroad, the good governance agenda of the EBRD and other major donor institutions has entered into another fail forward strategy. This time, the focus of sustainable development has been increasingly concerned with mitigating and managing global risks as an important mechanism for achieving the SDGs. The World Bank's 2014 report

suggests that “risk management can be a powerful instrument for development not only for building people’s resilience and thus reducing the effects of adverse events but also by allowing them to take advantage of opportunities for improvement” (World Bank 2014a: 5). Risks thus have an alleged upside: if properly managed through good governance and embrace of market-based tools, risks can become transformed into opportunities for prosperity or value creation in a win-win manner (World Bank 2014).

As we discuss below, there are at least four aspects that characterise the fail forward global risk management paradigm that have also found their way into the HDN, and, by extension, the Jordan Compact: (1) the counter-concept of risk appears to be *opportunity*, (2) risk management entails a win-win relationship, (3) good governance is central to the effective management of risk, and (4) the main preoccupation of risk management is to protect and encourage economic growth (Sharma/Soederberg 2019).

Throughout these fail forward strategies of good governance and global risk management, including that of resilience, the unequal distribution of growth is erased along with the unwillingness to acknowledge the environmental dimensions of growth. The latter involve the transformation of natural resources and raw material and energy for the ends of production, consumption and distribution – all of which run counter to the SDGs (Altvater 1993, 2002). In many ways, these good governance and global risk management strategies are reflected in the HDN and the Jordan Compact.

2.3 Displacement as a development opportunity: The HDN and the Jordan Compact

The Jordan Compact, signed as part of the EU-Partnership Priorities at the London Conference, draws on and underlines the above-mentioned tropes. Resilience (through risk management), good governance and sustainable development stand out, both implicitly and explicitly, in the Partnership’s avowed aim of “turn[ing] the challenges posed by the Syria crisis into concrete *opportunities* to the benefit of the population of Jordan, the Syrian refugees and the EU” (European Commission 2016a: 5-6; our emphasis).

The Compact itself translates these broad goals into specific objectives. It emphasises the need to improve refugees’ economic situation in

Jordan, but also to build up (vulnerable) host communities' resilience (European Commission 2016a: 11). Most of these targets are geared at Jordan's economy and the pressures it has faced in absorbing such large numbers of refugees; they include increasing investments and job opportunities, advancing sustainable growth, and creating a private sector-friendly economy. Other objectives, such as promoting education, preventing radicalism and violence, managing migration between the EU and Jordan and fostering justice, democracy and human rights, are similarly presented as strengthening the economy and creating job opportunities for sustainable development. In contrast, Jordan's environmental and resource challenges are only briefly considered in the document and then also to highlight their potential economic benefits.

The Compact's tropes are reflected in the support of EU regional development banks such as the EIB and EBRD, and other IFIs. This is evident in MDBs' joint commitment at the 2019 Global Refugee Forum⁶ to respond to forced displacement, through, among other things, support for the private sector as well as these donors' individual strategies. Both EIB and EBRD emphasize resilience as a means to address Jordan's increased challenges. The former has financed various projects under its broader Economic Resilience Initiative (ERI), and EBRD's 2020-2025 Country Strategy for Jordan outlines economic growth and financial inclusion, employment and private sector participation in the economy as part of its Refugee Response Plan and as the way to achieve resilience (EIB 2019; EBRD 2020). Similarly, the World Bank's Country Partnership Framework for Jordan invokes the Compact in its resilience-building strategies, stressing investment and job creation, and the IMF's latest funding package highlights economic growth and job creation as a sustainable resolution to Jordan's challenges (World Bank 2016; IMF 2020a). It is thus worth noting that when we refer to the Compact in our analysis hereafter, we mean the document itself as well as related projects in Jordan by these institutions, which often jointly fund them.

Despite its emphasis on sustainable development and focus on the needs of refugee and host populations as its foremost aim, the Compact is a direct reflection of the EU's own (geo)political and economic interests, as elaborated below; for example, it is inherently an attempt to curtail the arrival of refugee populations to its shores and advance European

economic interests (Anholt/Sinatti 2020). This is more explicitly evident in the EU's broader document on forced displacement and development which considers these "[s]econdary and multiple displacements...a collective failure to address the specific mid- to longer term needs and vulnerabilities of forcibly displaced people and their host communities and to provide them with durable solutions" (European Commission 2016b: 2). The following section draws on our above discussion of sustainable development and fail forward neoliberalism to situate the Jordan Compact and its related development projects within global capitalism and outline these interests and the tensions they embody.

3. The Jordan Compact: Trends and tensions on the ground

Exploring how the Jordan Compact's developmental promises have materialised on the ground, we highlight the contradictions and power relations inherent to the HDN in Jordan. We historicise IFIs' involvement in Jordan prior to the Syrian conflict to show how neoliberal policies gave rise to many of the problems it faces today, and which the Compact seeks to address. Drawing on Altvater's (1993) insight regarding the institutional and technological modernisation of debtor countries, we analyse the Compact's current advancement of these same policies as the key to Jordan's sustainable and long-term development. While HDN support for Jordan includes donor grants, some of which top up loans, we focus on the significant number of loans extended under the Compact's auspices. Among creditors have been the EBRD, EIB, World Bank, Global Concessional Financing Facility (GCFF)⁷ and IMF. We zoom in on the West Irbid Wastewater Project (hereafter WIWP) as one of these public infrastructure and service delivery projects (particularly in the water sector) to identify for whom these projects actually present an opportunity. WIWP aims to build new wastewater networks with the overall goal(s) of improving the sector's performance and, hence, strengthening its resilience in the face of added pressure from the influx of refugees; it is funded by a EUR 25 million EBRD loan as part of its Refugee Response Plan and topped up by grants from the EU Madad Fund⁸, the GCFF and the EBRD's Shareholder Special Fund (SSF), which amount to a total of around EUR 28 million.

3.1 Erasing underlying causes and histories

The Jordan Compact is a fail forward strategy insofar as it depoliticises Jordan's current problems and erases their history. It completely ignores the fact that many of the challenges facing Jordan in the wake of the refugee influx actually have their roots in the country's historical experience with aid and neoliberal policies.

Jordan has relied on foreign assistance since its inception in the 1920s (Brynen 1992; Ryan 1998; Peters/Moore 2009; Abu-Rish 2014). Most of the Compact's key donors today, including the EU, EBRD, World Bank and IMF, extended loans to Jordan before the Syrian refugee influx and HDN framework. While they have claimed their financial and technical support helped Jordan achieve growth and reduce its deficit, hailing it as a reforming success (Harrigan/El-Said 2009: 75), the situation today complicates this narrative given that Jordan's debt has more than doubled since 2008 (World Bank 2020).

The conditions of and interests vested in this assistance further relate it to Jordan's present challenges. The professed goals of the EU's Euro-Mediterranean Partnership (EMP), or Barcelona Process, first initiated in 1995, explicitly supported deregulating public services and implementing reforms to attract investment. Its grants and EIB loans stipulated specific reforms, including privatisation and trade and financial liberalisation and a rollback of state spending and subsidies. Rather than promoting economic well-being, these structural measures facilitated European accumulation in the region, as the EU became one of the largest exporters to these countries, including Jordan (Hanieh 2013: 39-42, 69). EIB and EBRD (operating in the region since 2011) loans have also promoted public-private partnerships (PPPs), which Jordan has implemented for its airport and energy and water provision, thus supporting private sector accumulation by handing it public wealth and further restructuring the economy along neoliberal lines (Hanieh 2013: 55f.).

Contrary to donors' claimed goals at the time, however, Jordan's problems remained. Its poverty rates increased in the 1990s despite IFIs' aid and assistance (Harrigan/El-Said 2009: 104). The situation worsened after the 2008 financial crisis, which weakened the economy and necessitated further austerity measures (Seeberg 2016: 175). As mentioned above, its debt also increased. The effect on the public has been evident in the

protest waves against these reforms, dating as far back as 1990, reoccurring in 2010 and 2011, and culminating in Jordan's 2018 protests against tax increases and neoliberal reforms, which explicitly blamed privatisation and foreign aid for their problems (Ababneh: 208). In contrast, these reforms consolidated local private sector and economic elites' historical privileges and mutually beneficial relations with the monarchy (Greenwood 2003; Wils 2004). For example, in 2001, the Jordanian government dissolved parliament due to regional instability and took advantage of the vacuum to implement controversial reforms, including massive privatisation (Harrigan/El-Said 2009: 84). Local elites, particularly the ethnically Palestinian business class, accumulated from this privatisation and other investment incentives, such as tax reductions (Wils 2004; Abu-Rish 2012: 239).

Before the Syrian crisis, Jordan's neoliberal reforms, alongside sudden population surges resulting from various refugee waves, such as after the 2003 Iraq War, had already contributed to a fragile economy, strained public services, decreased public spending and increased demand on resources (further exacerbating its environmental problems as well). As donors present the same policies as new solutions to the Syrian Crisis, however, this history—and the uneven benefits and interests served by these reforms—is erased from HDN narratives. We elaborate on the Compact's fail forward strategies since 2016 below.

3.2 Power and paradoxes of the compact's development 'opportunities'

The Compact's approach to Jordan's sustainable development and resilience in the face of overlapping challenges has translated to two inter-related solutions: more debt and more neoliberal restructuring of Jordan's economy. Both solutions contribute to the expansion of local and global capitalist accumulation and the prioritisation of European geopolitics over the needs of the Compact's intended refugee and local beneficiaries. This is particularly evident in proposed solutions to Jordan's water scarcity challenges, which are further threatened by climate change, given these solutions' almost exclusively economic understanding of what an environmental problem is. Though in its early stages, WIWP is a prime example of this.

The Compact stresses the importance of sustainably managing Jordan's natural resources and highlights the impact of climate change, but this environmental focus is mostly absent from its strategies. The document devotes less than half a page to this, vaguely noting that the EU will add to its previous activities on water and sanitation to improve Jordanian and vulnerable people's quality of life (European Commission 2016: 15). On the ground, it casts the problem in primarily economic terms. Global development financiers, specifically IFIs and MDBs, present their loans as much-needed support to the Jordanian budget in light of the water sector's unsustainable financial situation and the strain its debt places on the budget (OECD 2014: 9; World Bank 2017: 6f.), highlighting their rates as lower and more favourable than the market's (IMF 2020b). WIWP similarly capitalises on the country's stressed services and the political costs of increasing service tariffs – even though its objectives include raising them—to justify these external funds (European Commission 2018: 2). Donors further emphasise their loans' long-term benefits for the economy and good governance: EBRD officials note that their projects' longer duration creates stronger relationships with local parties, fosters accountability, and ensures the facilities' maintenance and sustainability (Interview 2020). Even when climate or green action or environmental impacts, i.e. making the sector more energy efficient, decreasing water losses and improving water quality, are invoked, the means are always neoliberal and the desired ends (Green) growth and more (private) investment (World Bank 2017: 7; EBRD 2020).

Thus framing the problem as a primarily economic one and their loans as essential, these loans, under the auspices of HDN, further entrench Jordan in a cycle of debt. Since 2011, Jordan's total debt has multiplied by around 181 per cent and its net long-term debt flows (i.e. subtracting its annual debt repayments) have consistently grown since 2014 (World Bank 2020). The latest empirical indications of this have been the recently approved €100 million in EU macro-financial assistance (MFA) in 2019 and the IMF's \$1.3 billion package (European Commission 2019; IMF 2020a). To service these loans, Jordan will most likely need to incur even more debt in the future, something that is already being proposed by IFIs. Within the water sector, the World Bank's now completed Energy and Water Development Policy Loan outlines central government borrowing

(i.e. debt) as the way forward to service the sector's mounting debt (World Bank 2018b: 30). This additional debt will paradoxically perpetuate the sector's financial constraints, and, by extension, inability to effectively provide public services that these loans allegedly address. It will also come with further conditionalities that Jordan has to abide by in order to maintain these loans (Momani 2020: 67).

Through their emphasis on Jordan's financial and economic constraints, IFI loans and proposed solutions impose conditions largely reminiscent of early structural adjustment programmes (discussed above) in Jordan and elsewhere in the Global South, which primarily advance market interests (Pender 2001). Priorities for addressing refugees' added pressure on Jordan's scarce water resources focus on minimising financial and water losses, notably through tariff reforms (read: increases) in the water sector, increased reliance on PPPs, and improved infrastructure (World Bank 2016: 19f.; World Bank 2017: 7; EIB 2018; EBRD 2020: 14ff.). While WIWP⁹ explicitly presents these policies as the means for ensuring service 'sustainability' (European Commission 2018; EBRD n.d.-a), these policies not only promote market-oriented governance, and hence *opportunities* for capital accumulation, but also maintain neoliberalism as a whole and constantly reinvigorate it at the national level (Shields 2020). Furthermore, donors' emphasis on stronger governance, democracy and the rule of law (European Commission 2016a: 7), reflected in WIWP's stated goal of improving Jordanian water utilities' governance and institutional performance, similarly benefits market interests by legitimating neoliberal reforms and creating the political conditions for their implementation (EBRD n.d.-a; Hanieh 2012).

Rather than serve its intended beneficiaries, i.e. local and refugee communities, through a comprehensive development response to the pressure on Jordanian resources, the Compact thus advances other interests with these loans. Donors, Global North governments with vested economic and political interests in Jordan and the region for whom these loans offer a valuable and lucrative investment through their interest, are primary beneficiaries. Equally significant, donors are emphasising the private sector's crucial role in infrastructure and (public) service delivery in lieu of traditional financing schemes, particularly in the wake of the GFC.¹⁰ This is part of a broader pattern of capitalising on infrastructure as an investment

opportunity to ease the glut in global savings since 2008, and more so since 2015 (Bayliss/Van Waeyenberge 2018). The private sector also stands to considerably benefit through these projects' implementation. Roberts (2014) highlights how development money becomes (private) profit for the development contractors increasingly hired to implement these projects. Though in their early stages, the HDN's infrastructure projects in Jordan reflect this trend, as contracts get awarded to massive global firms for large sums of money. WIWP's feasibility study and environmental and social due diligence assessment were both awarded to global consultancy firm Mott MacDonald, with a contract valued at EUR 145,438 (EBRD 2017: 10). Similarly, the consultancy contract for As-Samra wastewater treatment plant's second expansion, EBRD's first project in Jordan as part of its Refugee Response Plan, was awarded to French KPMG Corporate at a value of EUR 499,320 (EBRD 2017: 1).

The loans, and cycle of debt they perpetuate, also serve key (geo)political interests. By maintaining financial leverage, Jordan's creditors influence its policymaking to align with their interests. As a major donor to Jordan, through the WIWP, and the Jordan Compact more broadly, the EU is a perfect example. As mentioned above, its sponsorship and funding of the Compact is tied to its efforts to contain Syrian migration to the EU. It is also reflective of Jordan's strategic importance in relation to regional security threats, given its role in counterinsurgency operations in Syria (Seeberg 2016: 169; 2020:7) and in light of its normalised relations and shared transboundary water resources with Israel (Hanieh 2013: 34f.; Robins 2019: 199).

The benefits are not exclusive to global donors or private actors, though; Jordanian political and economic elites continue to considerably benefit from these loans. Jordan has not been immune to the uprisings that have shaken the Middle East and Arab world since 2011. These loans provide the Jordanian regime with the financial means to manage opposition, helping it survive relatively unscathed (Hanieh 2013: 162; Beck/Hüser 2015; Momani 2020: 65). For example, Jordan's above-mentioned 2018 protests against increased taxes and neoliberal policies merely resulted in the appointment of a new prime minister and a change in government, without significant political or social change (Ababneh 2018). The loans and their conditionalities further guarantee benefits to politicians with

private interests, who quickly approve them, reflecting the strong relationships between donors and Jordanian political institutions and elites (Al-Shawabkeh/Ghbari 2016; Al-Ajlouni/Hartnett 2019).

Meanwhile, these projects do not significantly help the public or environment, but could actually disadvantage them. While WIWP's objectives include creating employment for vulnerable populations, including refugees, through its implementation, evidence shows that these benefits are not guaranteed and, even when jobs are created, they are mostly temporary and do not significantly improve refugees' lives in the long-term or their resilience (IRC 2017a: 4; IRC 2017b: 13). Furthermore, despite the Compact's promises for joint developmental benefits for both host communities and refugees, Jordanian unemployment increased to 18.5 per cent in 2017 and the poverty rate for Syrian refugees is around 87 per cent (Huang et al. 2018: 14). In that sense, these loans are (indirectly) paid off by the Jordanian public, who bear the brunt of budget deficits and the austerity allegedly necessary to offset them, despite their worsening conditions, as the 2018 protests show (Momani 2020: 68f.). Similarly, in addition to facilitating accumulation for the private sector, PPPs in infrastructure are expensive to set up, have relatively little revenue stream and rely on central government funds (Interview 2020). As such, they place an additional toll on already strained public finances (which these loans purport to support), even if the government prefers them for the purpose of spreading the cost over time. Equally significantly, neoliberal policies advanced by these loans have been largely related to exacerbating climate change (for a broader discussion of the relations between capitalism and the environment, see Peet et al. 2011). That the Compact does not address Jordan's environmental concerns is unsurprising, however, considering that EU financing (which includes both EIB and EBRD among other institutions) spends three times as much on fossil fuels and unsustainable energy sources as it does on renewable and alternative energy (Bankwatch 2015: 1).

Examining the Compact through the lens of debt and the interests it serves shows it as an opportunity for private and Global North interests to continue to benefit in Jordan rather than as a positive breakthrough for refugees and vulnerable host communities. The Compact erases both the underlying histories of Jordan's economic constraints and structural threats to its environment, extending and perpetuating power relations and

uneven interests in Jordan. It provides as solutions fail forward policies that primarily benefit the economic and geopolitical interests of donors and the private sector. Overall objectives of sustainable water infrastructure and more efficient sector management translate to less public spending, price increases, more privatisation and more debt, all policies historically shown to favour capitalist accumulation over public interests, environmental and otherwise.

4. Conclusion

The Jordan Compact and development financing that has derived from it claim to present a novel and sustainable solution to the challenges Jordan has faced in the wake of the Syrian refugee crisis. These challenges include further strains on its economy, finances and natural resources, especially water, and increased demand on public services. A closer look at the Compact's proposed solutions and promises from a global political economy lens highlights them for the contradictions they are, however. Through our analysis, we have broken down some of these contradictions, highlighting the Compact's politics and power relations, particularly in relation to its development projects and promises. We have argued that through fail forward neoliberal practices and policies, the Compact turns the Syrian crisis into an opportunity for global development finance and private market actors, rather than for refugees and host communities. The conditions it attaches to assistance and the policies it advances have a longer history in Jordan. This history is erased in the Compact's narrative, however, to depoliticise it and hide its uneven power relations and the benefits it embodies. This is made clearer with a closer look at the almost solely economic solutions offered for Jordan's water challenges.

The tensions we discuss are not unique to Jordan and its Compact; they serve to problematise the HDN as a broader development paradigm in global capitalism. They raise questions on what is actually meant by key development tropes such as sustainable development and resilience, revealing the politics inherent to seemingly technical and apolitical solutions. More specifically, they highlight that, within the context of contemporary capitalism and its fossil and finance-driven accumulation strategies,

development activities always involve (more) benefit to the developer, or creditor, than the developed.

- 1 Our discussion of the geopolitics of sustainable development refers to the Brundtland definition, which is present in the 17 SDGs – several of which are pertinent to our analysis, notably SDG 1 (no poverty), SDG 8 (decent work and economic growth), SDG 10 (reduced inequality), and SDG 13 (climate action). For more information, see <https://sustainabledevelopment.un.org/?menu=1300> (accessed on 15 May 2020).
- 2 “Record \$10 billion pledged in humanitarian aid for Syria at UN co-hosted conference in London,” UN News, 4 February 2016. Available at: <https://news.un.org/en/story/2016/02/521552-record-10-billion-pledged-humanitarian-aid-syria-un-co-hosted-conference-london> (accessed on 14 June 2020).
- 3 A protracted refugee situation is defined by the UNHRC as one “in which 25,000 or more refugees from the same nationality have been in exile for five consecutive years or more in a given asylum country” UNHCR, 2018f: 22 cited in Hendow, 2019).
- 4 The five main countries from which EU-bound refugees originate are Syria, Afghanistan, Somalia, Sudan and South Sudan (European Commission, 2016).
- 5 For more details on the Compact’s emergence and terms, see Howden, Daniel, Hannah Patchett and Charlotte Alfred, “The Compact Experiment: Push for Refugee Jobs Confronts the Reality of Jordan and Lebanon,” Refugees Deeply, December 2017. <http://issues.newsdeeply.com/the-compact-experiment> (accessed on 15 October 2020).
- 6 Zgheib, Nibal, “Multilateral Development Banks Stepping Up Support for Refugees.” EBRD, 16 December 2019. www.ebrd.com/news/2019/multilateral-development-banks-stepping-up-support-for-refugees.html (accessed on 15 October 2020).
- 7 The GCFF is a multilateral initiative, jointly launched by the World Bank, UN and Islamic Development Bank group, which provides Jordan and Lebanon with concessional financing to cope with their refugee influx to address long-term development needs alongside humanitarian assistance. It is now comprised of various development banks, including EBRD, other private actors and a range of donor governments, including US, UK, France, Germany and others.
- 8 The EU Madad Fund is an EU regional trust fund that brings together EU aid to the region to respond to the Syrian refugees’ needs and the needs of their host communities. It is an integral component of the Jordan and Lebanon Compacts. For more information, see https://ec.europa.eu/trustfund-syria-region/content/our-mission_en (accessed on 15 October 2020).
- 9 These policy directions are also evident in the professed objectives and achievements of key loan-funded projects in Jordan, available on the donors’ websites, including but not exclusive to: the World Bank and GCFF’s Water and Energy Development Policy Loan, EIB’s Deir Alla Water Supply and Sanitation, EBRD’s NEPCO Restructuring Loan and West Irbid Wastewater Project, as well as IMF policy prescriptions.

- 10 “Why Infrastructure Matters.” *EBRD*. www.ebrd.com/infrastructure/infrastructure-matters.com (accessed on 15 October 2020).

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ABSTRACT Der Humanitarian-Development-Nexus (HDN) präsentiert lang anhaltende Flüchtlingssituationen als Win-Win-Chancen für Entwicklung und stützt sich dabei auf dominante Diskurse wie nachhaltige Entwicklung und globales Risikomanagement. Am Beispiel des Jordan Compact, der Teil des HDN ist, hinterfragen wir, für wen dieser Ansatz tatsächlich eine Chance bietet, und beleuchten dabei die politischen Zusammenhänge und Spannungsfelder. Wir argumentieren, dass der HDN und der Jordan Compact keine Strategien zur Schaffung einer Win-Win-Situation darstellen, von

denen Flüchtlinge und Aufnahmeländer gleichermaßen profitieren, sondern vielmehr Fail-Forward-Strategien, die tief in den Machtverhältnissen und Paradoxien des globalen Kapitalismus verwurzelt sind. Darüber hinaus legitimieren sich die neoliberalen Fail-Forward-Praktiken, die beide Rahmenwerke verkörpern, durch die Entpolitisierung der dem Kapitalismus zugrunde liegenden Widersprüche. Wir streichen hervor, dass der HDN, ähnlich wie die ihm zugrunde liegenden diskursiven Formationen, ein politisches Projekt darstellt, das die Interessen privater Akteure über die der vorgesehene Empfänger stellt.

Susanne Soederberg
Department of Global Development Studies,
Queen's University, Canada
soederberg@queensu.ca

Lama Tawakkol
Department of Political Studies, Queen's University, Canada
l.tawakkol@queensu.ca

YULIYA YURCHENKO

**The Energy Sector and Socio-Ecological Transformation:
Europe in the Global Context**

ABSTRACT Global climate change politics is moving ahead, while policy effectiveness lags behind. The overwhelmingly capitalogenic climate change (Moore 2015; Street 2016) necessitates a global ecosocialist transformation (Yurchenko 2020). In many ways, the EU is a champion of green politics and policy, although its decarbonisation framework has been criticised for being ill-conceived, ill-prescribed and insufficient, especially in the context of internationalised production and consumption of Green House Gas (GHG) emissions. A radically socio-ecological transformation of 'global' Europe, and the decarbonisation of the EU energy sector as a complex socio-ecological system are needed (SES; Ostrom 2012). Focusing on some 20 years of EU energy market reforms, I argue that decarbonisation aims are jeopardised without (1) public national, local and collective forms of ownership and financing of energy (generation and supply) as a common pool resource (CPR)/commons, and (2) a polycentric mode of governance (Ostrom 2010).

KEYWORDS ecosocialism, global climate change, socio-ecological systems, commons, Ostrom, polycentricity

1. Introduction

Global economy as a system is underpinned by policy models – international and national – derived from economic theories that, since the Industrial Revolution, have assumed exponential economic growth (Jones 2015). Predominantly quantitative, such growth is materialised via industrialisation, increasingly mechanised and digitised production, and a faster consumption of goods with increasingly shorter lifespans in increasingly

capitalist economies (Malm 2017). Those processes require increasing amounts of predominantly fossil energy and thus any climate action must involve an examination of the relationship between society and nature (Malm 2017), grasping the role of the capitalocene – “a system of power, profit and re/production in the web of life” (Moore 2017: 1) – in the current environmental catastrophe, while imagining and designing alternative systems of generation, distribution, ownership, and governance of energy systems. This entails the dismantling of the growth models required for capitalism to function that produce a capitalogenic – i.e. driven by capitalism – climate change (Moore 2015; Street 2016). The consensus among (green) Marxists resonates with Kovel and Löwys’ (2001) declaration, made in “An Ecosocialist Manifesto”, that the end of capitalism can be the only hope for our own and for many other species. And indeed, even by its own, neoclassical economic reductionist metrics and standards, the capitalist market is failing to deliver decarbonisation, let alone sustainability or the fixing of the metabolic rift between human economic systems and nature (Foster 2016; Yurchenko 2020).

The case of the energy sector is a testimony to the need for a systemic policy approach. It binds other sectors, keeping them ‘alive’ through the grids and wires. In the EU alone it “employs close to 2.122 million people, spread over 90,000 enterprises [...], representing 2 per cent of total added value” (EC 2019). Between 1994 and 2004 in the EU-15, 246,000 jobs were lost in electricity and 23,000 in gas across 20 member states (ECOTEK 2007). In the energy sector as a whole, 197,400 jobs were lost between 2010 and 2016 (EC 2017) due to the compound effects of liberalisation, decarbonisation, digitalisation and automation (Heyes/Lewis 2014). Many workers in fossil and nuclear industries in the EU (and beyond) are losing jobs, and only few of them find new employment in renewable energy (RE) or energy efficiency industries (IRENA 2017: 168). The transformation thus needs to be carefully thought through, as jobs and livelihoods of millions of workers in related sectors also depend on the shape of change to come.

In 2017, EU marked a 20 year anniversary since member states’ energy markets began to liberalise and move towards a single energy market. In those 20 years, significant progress in global climate talks and in the EU decarbonisation effort have been achieved. The global financial crisis of

2007-9 led to an economic recession and austerity, both of which put constraints on individual (e.g. affordability) and governmental (e.g. budgetary and policy choice constraints, not least ideological) action towards sustainability. Despite this, the Paris Climate Agreement was signed in 2015. Now, the COVID-19 disruption, following the School Strike and the Extinction Rebellion (Hesters 2020), has placed climate politics centre-stage globally, while spurring the EU to organise the climate-focused Next Generation EU recovery plan (FT 27 May 2020).

Having built a reputation of being a champion of climate politics (Oberthür and Kelly 2008), the EU has been pursuing decarbonisation policies by means of an integrated energy market and its four policy packages to date, that (it was hoped) would improve efficiency, empower consumers, and attract green investment. The apogee of such commitment to date was the European Commission President Ursula von der Leyen's unveiling of the European Green Deal on December 11, 2019, defining it as Europe's "man on the moon' moment" (Euronews 11 Dec 2019). Yet, is the plan fit for the task? And what role do the energy systems play in it, and in the context of a wider socio-economic and ecological transformation?

In this paper, I deploy Ostrom's model of socio-ecological systems (SESS) and common pool resource (CPR)/commons governance in analysing the EU energy market and its decarbonisation frameworks. The carbon-intensity makeup of energy systems directly affects our global commons (not unlike other systems, but especially for its high carbon footprint). Thus, any analytical exercise on any energy system must include the international dimension; in our case, it is the international impact of the EU decarbonisation effort. The use of global commons as a polycentric super-structure in its own right needs to be assessed separately, subject to the same principles; suffice to say here that the inability to arrive at a decisive coordinated action on climate change mitigation on a global level, signals that the global commons' system governance is undeniably malfunctioning – a reason not least, why global leadership in such efforts shall be progressive and systemic.

This paper assesses the pathway of the EU energy market reform in the context of global sustainability transition tasks and challenges, globalised emissions production and consumption, and historic responsibilities.

2. Energy, markets and Elinor Ostrom

A sustainable and decarbonised world economy must be achieved in less than a decade, and that means an urgent move away from fossil fuel dependency (Pirani 2018) while energy intensity of human economic systems is determined by “five main energy-related anthropogenic legacies [that shaped our energy dependency and related challenges]: growth in fossil fuel consumption, ‘atom for peace’, RE development surfing on non-energy science and technology, the move to sustainable development, and climate change” (Verbruggen and Yurchenko 201: 2-3). It thus becomes crucial to review the architecture put in place to achieve sustainability and decarbonisation. New energy spaces are emerging outside energy policy domain (strictly speaking) i.e. “novel combinations of energy systems and social relations across space – that is, a process of uneven development – rather than an interest in only certain energy technologies (e.g. those associated with decarbonization)” (Bridge and Gailing 2020: 1038), where decarbonisation can and should occur, e.g. low energy-intensity production lines of various goods and services, lower carbon supply chains, etc. Acceptance of the need for “‘economy-wide’ perspectives calls for deep decarbonization beyond the energy sector, and typically align decarbonization with broader social goals such as improving societal welfare and reducing socio-spatial inequalities” (Ibid.).

The EU is seen as a global leader in climate politics (Wurzel and Connely 2012; 2016), and its energy market is being deepened with a declared aim to decarbonise via an integrated and more efficient market that empowers consumers and attracts green investment (EC 2019b *inter alia*). Despite there being, 15 years later, little evidence of the effectiveness of the liberalised market approach (Thomas 2013), the EC rolled out its Fourth Energy Package, or the Clean Energy Package, built in the likeness of the first three. The EU institutional framework has marketisation and economic growth dogmas hardwired into its neoliberalised policy infrastructure, and that translates into multi-level policy-making and performance targets. As a result, some contradict one another and thus create mutual implementation obstacles – thus, state aid is at odds with the competition law, anti-monopoly legislation contradicts the logic of natural monopolies and has not prevented the formation of oligopolies, while private ownership and

financing initiatives are structurally favoured over public ones (Yurchenko and Thomas 2015), despite the EU law clearly stating that its institutions must remain neutral on the question of state vs private ownership (Hall 2016). The European Green Deal (EGD) unveiled in December 2019 resonates with the Four energy packages in its approach. However, together with the current revision of the State Aid rules to spearhead green investment, and governments stepping in on a global level with (post)COVID-19 economic recovery packages, a historic possibility is opening up for a more democratic, sustainable transformation of the sector; but only if the lessons of past failures are not repeated once more and a neoliberal, financialised marketisation approach to implementing change is revised or, indeed, abandoned. A new, meaningfully sustainable system shall be delivered on principles of (1) “energy democracy” – a “socially just energy system, with universal access, fair prices and secure, unionised and well-paid jobs” (ED 2016) – through a process of (2) “just transition”, a term developed by trade unions and activist movements and now adopted by the United Nations Framework Convention on Climate Change (UNFCCC), which denotes a transition that is delivered in a “socially balanced way whereby the inevitable burdens and costs are fairly shared by all major actors” (ILO 2014: 218).

How does one remedy the EU energy market problems in the context of decarbonisation. The EU energy market is a large, coordinated, interconnected and centralised system of systems involving actors, entities and infrastructure of varying size and capacity, from high voltage network operators to medium/small systems and actors – e.g. low voltage decentralised networks and generators; put differently, it is a polycentric system (Ostrom 1990). The evolution of the EU decarbonisation framework is a clear record of the growing acknowledgment and acceptance of, and attempts at, grasping, (on the level of policy of complex systems within which energy systems are embedded, in the words of Elinor Ostrom we are talking of “social-ecological systems” (SES), i.e. systems in which all resources used by humans are embedded). Tackling climate change requires diagnoses by “cumulative capacities” of the problems and potentialities of the complex SESs (Berkes and Folke 1998, Liu et al. 2007) and the necessity of development of such capacities substantiated by Ostrom (2007; 2009). Energy union, market and systems are polycentric sub-systems of the global SES,

and, according to Yurchenko (2020) must be understood as an integral part of such, as part of the dialectical circulation of matter and energy. With that in mind, one must accept that energy market systems must be decarbonised as part of the responsible, sustainable use of the global commons. Energy market transformation in the context of a transition towards sustainable energy production, and the utilisation and consumption of energy resources shall then be treated as a social-ecological system which is best governed by the principles of Polycentricity, as laid out in Ostrom's Nobel prize winning framework (1990). The latter calls for abandoning the state-market dualism, instead open the space for (self-)management via the relative autonomy of agents of various ranks in a system of negotiations, balancing, and monitoring of collective governance (Ostrom 1994; 2010). Such systems prove to be the most resilient, robust, adaptable and sustainable. It is not through the excesses of top-down monitoring and exogenous prescription but through informed, careful and negotiated application and combination of scientific and local knowledge that systems are best managed by their long-term users (Ostrom emphasized the efficiency of systems run by long-term users in one of her last public appearances, Hayek Lecture in June 2012).

Ostrom('s)¹ framework is a testimony to the necessity of the energy democracy and just transition if sustainability is to be achieved and maintained. It proposes experiential solutions, and examples of what makes multi-stakeholder and polycentric models successful in governing common pool resources (CPRs) or commons, summarised in eight mutually reinforcing principles. These are: (1) commons need to have clearly defined boundaries; (2) rules should fit local circumstances; (3) participatory decision-making is vital; (4) commons must be monitored; (5) sanctions for those who abuse the commons should be graduated; (6) conflict resolution should be easily accessible; (7) commons need require the right to organise; and (8) commons work best when nested within larger networks (Wall 2017; Williams 2018; Trebeck and Williams 2018).

Few publications – let alone policies – treat energy systems as CPRs/commons (Laerhoven, Schoon and Villamayor-Tomas 2020), and that needs to change. The collective forms of financing, ownership and management that follow such approach are precisely what is needed for a full and rapid transformation of the sector and the EGD delivery, as is advocated by the Just Transition.

Let's now examine the evolution of the (neo)liberalising energy market architecture, identifying its successes and pitfalls through the contextualising lens of Polycentricity and the criteria for successful governing of the CPRs.

3. From liberalisation of energy market to the European Green Deal – what could go wrong?

In the 1990s, the EU decided to get rid of state monopolies in energy and start to gradually open markets to competition, and has since produced four energy policy packages. The First Package (1998) required member states to introduce wholesale markets for electricity and gas and to give consumers the choice of supplier with the objective of creating 'Single Markets' across the EU for electricity and gas. The Second Package (2003) allowed industrial and domestic consumers to freely "choose their own gas and electricity suppliers from a wider range of competitors" (Euro-parl 2009). The Third Package was the first to go beyond the extended energy market liberalisation and included climate action goals – it set the 20-20-20 targets, which identified the three main climate objectives for 2020, namely: (1) "a 20 per cent reduction in EU greenhouse gas emissions from 1990 level; (2) raising the share of EU energy consumption produced from renewable resources (RES) to 20 per cent; and (3) a 20 per cent improvement in the EU's energy efficiency" (EC 2007/9). Yet, by 2016 the EU's view/conclusion on electricity market was that it had to "be remodelled (after three iterations already) in such a way that would ensure support for the EU's policy objectives by encouraging investments in flexible low-carbon electricity generation and in a stable and adaptable grid that is fit for a growing share of RE in the supply and for new uses of electricity. This was done by incentivising the use of energy-efficient equipment and consumer goods, and by providing affordable energy for industry and households" (EC 2007/9). The result was the Fourth and latest package, also known as the Clean Energy Directive, presented on 30 November 2016. It was "intended to help the EU energy sector become more stable, more competitive, and more sustainable, and fit for the 21st century" (EC 2016) and help deliver the EU's Paris Agreement commitments. The three main goals of the package are: (1) "putting energy effi-

ciency first, (2) achieving global leadership in RE, and (3) providing a fair deal for consumers” (Ibid). The goals are to be achieved via “five mutually reinforcing and closely interrelated dimensions” laid out in the Energy Union strategy (COM/2015/080) towards “secure, sustainable, competitive and affordable energy published on 25 February 2015: solidarity and trust; a fully integrated European energy market; energy efficiency contributing to moderation of demand; decarbonising the economy; and research, innovation and competitiveness (EC 2016).

The two main themes of the fourth package are decarbonisation and Europeanisation. The first one focuses on “adapting market and regulatory structures to make them fit for the decarbonised energy system of the future (with more decentralised sources, more intermittent power, more active consumers and so on)” (Buchan and Keay 2016: 2). The second signifies a move away “from national approaches to energy towards regional and EU-wide frameworks (e.g. regional operations centres; cross-border capacity and RE payments; strengthening of regulatory coordination)” (Ibid.). And, underneath it all, implied in the delivery mechanisms, is further marketisation.

The EU Green Deal (EGD), rolled out at the end of 2019, reinforces goals set out in the Fourth Package and contains a number of promising objectives: (a) “Climate ‘neutral’ Europe, Circular economy, Building renovation, Zero-pollution, Ecosystems and biodiversity, Farm to fork strategy, Transport, Money, R&D and innovation and External relations” (EC 2019). The EGD is supported by the Sustainable Europe Investment Plan, which aims “to mobilise public investment and help to unlock private funds through the EU budget and associated instruments”, with the overall objective of mobilising “at least €1 trillion of sustainability-related investments over the next decade” (EC 2020: 4). The Plan is part of the Renewed Sustainable Finance Strategy that built on the “10 actions of the EC’s ‘2018 Action Plan on Financing Sustainable Growth’, which laid down the foundations for channelling private capital towards sustainable investments” (Ibid.). A source of concern is the existence of the Energy Charter Treaty (FOEE 2019), which secures rights of corporations over rights of citizens and contradicts the EU law aimed at “protecting public interests and EU citizens who are expected to bear the cost of the long-term carbon neutrality target” (Saheb 2019: 2 *et passim*).

EGD estimates assume that the goal of reducing Green House Gas (GHG) emissions by 40 per cent by 2030 will require additional annual investments of €260 billion, while Wildauer, Leitch and Kapeller (2020) estimate that some €855 billion will be required (excluding transport) for the goals to be met. In the context of COVID-19 disruption, ongoing State Aid rules (consultation) large-scale investment by the states to aid economic recovery, it becomes clear that the largest investment and/or subsidies/incentives will be funded by the taxpayer, (who shall be included as decision-makers and shareholders in return for their “investment”). Otherwise, the market failures, to which I turn next, will continue.

4. Have energy packages delivered promised results?

(De)monopolisation: Demonopolisation has failed, and instead of state-run monopolies, privately run monopolies and oligopolies have emerged. While there is a growing number of prosumers, i.e. consumers who also produce and feed energy back to the grid, such as cooperative-producers, and SME energy companies, they are crowded out by the big energy companies (Prospex 2016; EC 2019) and they do not guarantee good quality jobs, protection of workers’ rights or security of supply – all of which are crucial conditions of a just transition. The biggest industry players are in the fossil fuel business and have little to negligible RE in their energy mix, especially when nuclear and gas are discounted as low-carbon options – which they are not (Verbruggen and Yurchenko 2017). Moreover, despite the EU decarbonisation agenda, it is the fossil energy ‘experts’ who form the bulk of advisory committees on the future energy – a fact partly responsible for over-investment in gas pipelines (CEO 2016; 2019). The elephant in the room is the (il)liberalised market, i.e. a market with the illusion of providing free access to new entrants and working on a principle of fair competition.

Market mechanisms and their effectiveness: The aims of liberalisation were ambitious – “unbundled and liberalised electricity systems were expected to be more efficient because of the competition resulting from the creation of wholesale and retail markets” – yet there is little evidence that the private sector yields higher efficiency (Hall 2016: 5; Thomas 2013,

2015). A number of instruments were suggested while just a few tried across the EU to ‘aid’ the achievement of the RE capacity and decarbonisation targets. These were: Feed-in-Tariffs (FiTs), emissions trading, capacity auctions, RE obligations, and a carbon floor price (see Yurchenko and Thomas (2015) for their analysis).

Historical evidence shows that state aid and subsidies are crucial in the deployment of RE capacity (Yurchenko and Thomas 2015). However, when austerity and competition law combine, a double squeeze is applied whereby the states have little budgetary capacity or policy choice options, as austerity spells means ‘thou shalt not spend’, while competition law is at odds with state aid mechanisms (Ibid.). Anti-monopoly legislation in natural monopoly industries, combined with market competition legislation, leads to states losing ownership, control and thus ability to direct RE transition of the split energy enterprises (Thomas 2013).

Efficiency: EU energy market optimisation was aimed at cost efficiency and efficiency of consumption; while at the same time the investment into the energy efficiency of the households, for example, stands at €134bn out of needed €214bn (Holmes, Jess, and Genard 2017). Ultimately, the EU Efficiency Directive and its proposed policies “are likely to be insufficient” to meet their own targets (E3G 2017: 17). The efficient use of energy and of public money are very important, but efficiency and efficacy of service are important too. Free market efficiency – a foundation of EU economic models – “is completely unconcerned with distribution of utilities (or of incomes or anything else), and is quite uninterested in equity”, according to Sen (1993: 521). Moreover, the liberalised energy market is really illiberal in such modelling, as it prohibits the possibility “to rearrange the resource distributions freely” (Sen 1993: 522). The reverse also applies – it is impossible to achieve even limited “market efficiency” when “any given initial distribution of resources” takes place (Ibid.). So, freedom of the market comes at the expense of freedom of distribution, which makes that market inefficient.

Cost reduction: The electricity price landscape in EU is uneven, with prices being higher in the states with more liberalised markets. This creates affordability problems when the Purchasing Power Parity principle is applied, and leads to higher levels of energy poverty in some states, e.g. Greece, than in others, e.g. France. On the whole, energy prices are

rising for both industrial and household consumers, with the latter paying more (EC 2019), while fossil and nuclear energy companies are subsidised (Verbruggen 2014). Affordability and carbon efficiency are key for sustainable transition, while the dominance of private suppliers means payment of dividends and interest, that effectively add to the final cost of electricity (Hall 2016: 4). According to a report by Corporate Watch in 2015, “the annual savings from bringing the energy, water and rail sectors into public ownership could be £6.5 billion [or £248 per household] in the UK” alone (Corporate Watch 2014).

Security of supply: The liberalisation of markets failed to guarantee security of supply on the basis of affordability and of access to supply, as fuel import dependency is growing, not falling (EC 2019a). In 2018, “almost three quarters of the EU’s imports of natural gas came from Russia (40 per cent), Norway (18 per cent) and Algeria (11 per cent), while almost three quarters of solid fuel (mostly coal) imports originated from Russia (42 per cent), the United States (18 per cent) and Colombia (13 per cent)” (Eurostat 2020). This creates not only interdependence but also potential geopolitical tensions between the states who import/export/consume various types of fuel and those that produce nuclear fuel and store nuclear waste.

5. The international dimension: the long shadow of market-based growth

There is a direct relationship between growth, trade, globalisation and environmental damage from fossil fuels, a relationship which threatens a green future. The infamous 1991 World Bank internal memo signed by Chief Economist Lawrence Summers (Johnson, Pecquet, and Taylor 2007), where he urged other World Bank members to “*encourage* pollution intensive industry [to] migrate to developing countries”, is a reminder that is increasingly relevant (McAusland 2008). A cross-section study of 63 countries and instruments for trade intensity and income by Managi (2004) calculated “the scale, technique and composition effects of trade and concludes that the combined effect of a 1 per cent increase in trade leads to a 0.58 per cent increase in CO₂ emissions for the average country in [the] sample” (in McAusland 2008). Findings by Frankel and Rose (2002,

2005), Neumayer (2004), Holtz-Eakin and Selden (1995), and Schmalensee et al. (1998) confirm a direct correlation between trade, income and carbon emissions (Ibid.).

Overall, EU CO₂ emissions are declining but the global emissions are growing, reaching 32.8 billion tons of CO₂ by 2017, even if that dynamic has temporarily been stalled by the COVID-19 lockdowns. The biggest emitters in 2017 (and 2018 based on preliminary data; IEA 2019) were: China (the People’s Republic of China and Hong Kong, China; (28 per cent), the United States (14 per cent), the European Union as a whole (10 per cent), India (7 per cent), the Russian Federation (5 per cent), Japan (3 per cent), Korea (2 per cent), Canada (2 per cent), Indonesia (2 per cent), and Iran (2 per cent). The substantial presence of US and China in the global historic emissions record (Figure 1) reminds is a reminder of their role in producing and in the necessary halting of the global heating.

The EU decarbonisation effort delivers promising results in decreasing the production and export of emissions, while this appears to be partly achieved by “outsourcing” those as in 2015 “the ratio between import- and export-embodied emissions was 3:1 for the EU-28” (Fezzigna et al 2019: 10).

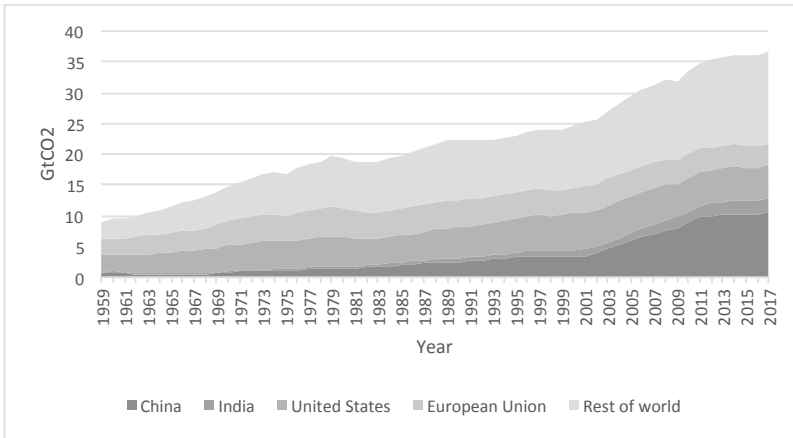


Figure 1. Annual CO₂ emissions from fossil fuels by country, 1959–2017
Source: Annual CO₂ emissions from fossil fuels by major country and rest of world from 1959-2017, in gigatons of CO₂ per year (GtCO₂). Note that 2017 numbers are preliminary estimates. Data from the Global Carbon Project.

Richer countries and consumers drive global overconsumption (Wiedmann et al 2020). Workers' movement is regulated by visa regimes, economic, military, and social conditions while customers can be reached anywhere. The "sites of production can be dissociated from sites of consumption, and capital can choose between national economies for establishing export platforms" Malm (2012: 154), leaving workers in poorer production sites with CO₂ and other forms of pollution to metabolise. Economic growth requires "mass production of commodities by means of machines and transportation of commodities by means of various vehicles", even trade in non-material goods still involves physical spaces and machinery is required to facilitate services and transfers, and high carbon footprint technology (Ibid. *et passim*). Decisions about sustainable consumption corridors (Di Giulio and Fuchs 2014), de-growth (Gough 2017; 2020), and the politics of consumption must be made, and need to be supported by a policy-enabled transformation of consumption praxis to become sustainable as well as accessible and affordable levelling along the axis of needs (Isenhour et al. 2019: 1-18 *et passim*). According to Malm, production, is not "a neutral element [that responds] passively to consumer demand, owners and managers of production" must be made visible (Malm 2012: 151), and supply chains decarbonised without blaming low-income households for their carbon-intensive non-choices when just 10 per cent of the world's richest produce some 50 per cent of the world's emissions (Oxfam 2015). Historic and current responsibilities for the environmental destruction need to be acknowledged in an ecosocialist transformation, and (needlessly) consumed emissions drastically reduced.

The rights of workers and citizens, not merely corporate profitability and market efficiency, are to be accounted for when green transformation is designed; to which I turn next.

6. Policy options for ecosocialism, energy democracy and just transition

The polycentric approach advocates the combination of large scale centralised elements of energy systems and natural monopolies with decentralised, local generators and consumers and for a devolution of decision-making power and authority. Ostrom's framework on CPR governance

showed that the most effective are the systems that combine multiple levels of authority distribution, and she documents examples from across Europe to prove the effectiveness of such an approach.

Looking at the above dimensions of the energy market as a cluster of SESs within the planetary SES and energy as a CPR, there are problems and hope alike. So, (1) the energy market does have clearly defined boundaries, yet rules about who produces and sells what at what price and when are much less clear; the market – not people – decide; (2) rules fit local circumstances in some cases, while in others they create problems, e.g. electricity price-setting hurts poorer households; (3) participatory decision-making is malfunctioning, not least due to the inadequacy of power dynamics in the Social Dialogue framework (EPSU 2019); (4) commons are being monitored, yet both monitoring and targets are riddled with problems, not least due to the complex internationalised character of emission-making; (5) sanctions for those who abuse the commons exist, yet fossil industries are still subsidised; (6) conflict resolution can be costly and time/expertise consuming (EPSU 2019); (7) the right – and the socio-economic ability – of commons to organise varies from country to country, and that needs to be more coordinated and supported; yet, (8) energy commons work best when nested within larger networks and in the EU Energy community they are – a lot of necessary institutional, policy, and infrastructural architecture is in place; next, what is needed is democratisation of the functions. In the Ruhr region in Germany, for example, “a cooperative industrial structure with active roles for the government, the municipalities, the employers and the trade unions [evidently served as] a prerequisite for a successful and just transformation” (ILO 2014: 237) – for a just transition and energy democracy.

The EU energy market is run by the member states, which “operate within a hybrid institutional framework combining supranational and intergovernmental elements, in which formal and informal authority distribution is unstable and contested”; a system Bocquillon and Maltby (2020) describe as “embedded intergovernmentalism”, which is also a form of SES. With increasing participation from smaller actors, prosumers, and the diversification of generation and type of energy in the interconnected grids, the mode of governance of the system needs to be transformed. Blomkvist and Larsson showed that it is important to include “the [common

pool resources] (CPR) in legislation and that government agencies support the CPR in alignment with the large technical systems (LTSs)” (2013: 114). The CPR institution and the LTSs are practically connected and mutually interdependent, and the currently transforming EU energy market architecture is attempting to enhance that connection, yet much more has to be done. A multilevel system of policy-shaping and implementation agents of various sizes is necessary, with “citizens assemblies and forums” (e.g. the Convention Citoyenne pour le Climat in France (Mellier-Wilson 2020) and similar in Ireland, UK and Canada) and their growing experience of bringing experts and citizens together (Gough 2020), especially relating to matters where local knowledge and understanding are key, those related to the needs of communities they represent (as Ostrom’s work has extensively shown).

There are several issues that need to be addressed if economic, social and environmental gains are to be achieved. Universal access, stability and security of supply must be guaranteed, while RE capacity must be deployed rapidly and on the basis of just transition and energy democracy. This can be achieved via public ownership of energy systems, as, despite the liberalisation mantras, “there are often significant improvements in productivity when separate parts of a system are merged under public ownership, because transaction costs are reduced” (Hall 2016: 3). There are several alternative approaches already in existence, including public financing for sustainability enhancing projects, that would enable cost saving in the long run (Marois 2017; TUED 2017).

Ecosocialism, just transition, and energy democracy can be achieved if the EU ‘multi-stakeholder’ model is made meaningfully functional and includes a deep and constructive dialogue between local communities, workers, trade unions, civil society organisations, municipalities, etc.: if energy is treated as a CPR/commons and the energy market as an SES. It cannot operate in a system where ‘independent’ consultation committees are made up of big shots from the gas industry, for example (CEO 2019). Indeed, the close relationship between energy and growth means that energy politics always embody high politics, affording large providers of energy a degree of structural power in state decision-making, which they have exercised repeatedly in the area of climate change politics (Newell/Paterson, 1998). The EU trade unions, and some political parties, have on

multiple occasions voiced their concerns about fossil energy, supported decarbonisation, and come up with thorough, economically viable policy plans – EPSU/EU, ETUC, UNISON and TUC from the UK, FNME-CGT/France, the International Transport Workers’ Federation, etc. for example; however, their concerns are often trumped by the interests of fossil industries and the EC and EU’s growth obsession, both of which shall be abandoned for sustainable future to have a chance. The transition must occur under public and democratic control of energy generating and distributing enterprises, in a polycentric system of governance of energy systems as a commons.

- 1 Elinor Ostrom worked alongside her husband, Vincent, and famously commented on the Nobel prize being an achievement for their and their team of researchers’ collective work over the years.

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ABSTRACT Die globale Klimapolitik entwickelt sich weiter, doch die Umsetzung der politischen Maßnahmen hinkt hinterher. Der überwiegend kapitalogene Klimawandel (Moore 2015; Street 2016) macht eine globale ökosozialistische Transformation notwendig (Yurchenko 2020). Die EU ist in vielerlei Hinsicht ein Vorreiter grüner Politik, auch wenn ihr Rahmenwerk zur Dekarbonisierung als schlecht durchdacht und unzureichend kritisiert wurde, insbesondere im Kontext der internationalisierten Produktion und

des Verbrauches von Treibhausgasemissionen (THG). Eine radikale sozial-ökologische Transformation des "globalen" Europas und die Dekarbonisierung des EU-Energiesektors als komplexes sozio-ökologisches System sind notwendig (SES; Ostrom 2012). Am Beispiel von rund 20 Jahren EU-Energiemarktreformen argumentiere ich, dass die Dekarbonisierungsziele ohne (1) öffentliche nationale, lokale und kollektive Formen des Eigentums und der Finanzierung von Energie (Erzeugung und Versorgung) als Common Pool Ressource (CPR)/ Gemeingut und (2) einen polyzentrischen Modus von Governance (Ostrom 2010) gefährdet sind.

Yuliya Yurchenko
International Business and Economics Department,
University of Greenwich, UK
Y.Yurchenko@greenwich.ac.uk