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

Special Issue Guest Editors:
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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

1. 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 Goals (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 billion to integrate a sustainable development approach to humanitarian response planning with regard to protracted refugee situations in the global South (European Commission 2016b; Hendow 2019). The European Union (EU), a key ODA donor and destination for refugees fleeing the Syrian conflict and elsewhere, 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. 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 interlinked 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
trole, 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 Forum 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) 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 Fund, 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 rollbback 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 interrelated 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 economistic 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).


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).


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.

References


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Hashemite Kingdom of Jordan, of the other part, with regard to the adoption of EU-Jordan Partnership Priorities and annexed Compact. Brussels: European Commission.


**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