

ANALYSIS

After the floods, Pakistan needs reparations, not charity

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Cancel the debt, or let the Bretton Woods group profit from climate disaster, writes Farooq Tariq.

At the time of writing, more than one-third of Pakistan is under water. Flash floods, generated by abnormal monsoon rains have so far claimed the lives of [1350 people](#). One million residential buildings are totally or partially damaged, leaving more than [50 million people](#) displaced from their homes.

Crucially, the flood is expected to add [\\$10 billion worth of damage](#) to an already teetering economy. More than 793,900 livestock have died, and families across Pakistan of a critical source of sustenance and livelihood. Around two million acres of crops and orchards have been impacted.

These impacts are undeniably a symptom of an accelerating climate crisis. Despite producing less than one per cent [of global carbon emissions](#), Pakistan bears some of the worst consequences of the climate crisis globally. The nation has consistently ranked in the Global Climate Risk Index as among the top ten most vulnerable countries in the world over the past twenty years. As Julien Harneis, the UN humanitarian coordinator in Pakistan says: 'This super flood is driven by climate change — the causes are international'.

The people of Pakistan are the latest victims of a global crisis to which they have contributed almost nothing,— and which has instead been driven by the excess emissions of rich countries and corporate polluters. This fundamental injustice is at the root of increasing demands for climate reparations from Pakistan and the wider Global South.

We are now taking out more loans to simply pay off the interest of our previous debts. The money sent out of Pakistan to pay off our international creditors could be spent instead on rehabilitating the millions who are displaced

One such demand is debt cancellation. Debt injustice and the climate crisis go hand in hand. As extreme weather events intensify countries on the frontlines, such as [Mozambique](#), and island states in the Caribbean are facing increasing economic damages. After these events, low-income (and often

already heavily indebted) governments face a shortfall in funding and have little choice but to take out further loans to rebuild livelihoods and communities.

We can already see this cycle happening in Pakistan. Even before the floods, Pakistan was drowning in debt, having faced a steep fall in foreign exchange because of soaring global commodity prices and a rise in the US dollar. The cost of electricity and food has soared. By the end of this year, Pakistan will have had to pay a total of around \$38 billion dollars to the IMF, World Bank and other financial institutions including the Chinese State Bank. A spiral of borrowing is generating an impending economic crisis.

The floods have prompted a flurry of foreign aid, with USAID contributing \$30 million, adding to a United Nations contribution of \$3 million last week. The UN is launching a new flood relief plan for Pakistan, as its officials echoed calls for greater contributions from around the world. But still, it is nowhere near enough.

As humanitarian organizations scabbled for emergency funds, a familiar face reared its head once more. The International Monetary Fund (IMF), recently approved a bailout request with a plan to release [\\$1.1 billion to the country](#). At first glance, this may seem like a vital step in Pakistan's recovery, but to pile further debt on a country already in the grips of a financial crisis will only end in further disaster.

The empirical evidence overwhelmingly supports the view that a large portion of government debt harms economic growth potential, and in many cases, the impact gets more pronounced as debt increases. Pakistan's high degree of indebtedness has made it more vulnerable to economic shocks and weakened the country politically vis-a-vis powerful external lenders. It has also greatly reduced Pakistan's ability to invest in education and healthcare, or its infrastructure.

If the West intends on supporting Pakistan through this crisis, it needs to implement a series of measures that tackle the scale of damage inflicted by the Global North upon the South since the Industrial Revolution. As a first step, this should include comprehensive debt cancellation, alongside greatly increased climate finance to support communities to adapt to the impacts of climate change.

In addition, many climate-vulnerable countries including Bangladesh, Ethiopia and Tuvalu are now also calling for compensation from rich countries for the disasters they are now facing.

This is often termed as 'Loss and Damage', which even now in 2022 is still not an official part of the negotiations agenda at the UN climate change conference, COP. Climate-vulnerable countries have on numerous occasions demanded climate compensation from the rich countries and corporations that have created climate chaos - each time [they have been blocked](#). At COP27, there must be further concrete progress on these discussions.

The concept of waiving debt is not new. During the pandemic, some debt relief was put in place for low-income countries, although the private sector has continued to collect payments, which inevitably exacerbated the economic crisis generated by Covid-19. But even private creditors can be kept at bay when there is a strong moral demand. In July, a few months after Russia's invasion, Ukraine's creditors made a landmark agreement to cease collecting debt payments during the war. This provided vital relief to the Ukrainian economy and allowed the country to focus on spending every available penny on supporting its people.

If international institutions suspended the collection of debts, Pakistan wouldn't need new loans. The money sent out of Pakistan to pay off international creditors could be spent instead on rehousing the millions who are displaced. Pakistan needs at least four years to rebuild and reconstruct its economy

and to cover up the damages done by floods and heavy rains.

But there also remains a wider question: who should pay for the climate crisis? Why should Pakistan have to take out any loans at all to pay for the impacts of a crisis it has not caused? Pakistan's climate minister Sherry Rehman told [The Guardian](#) that global emission targets and reparations must be reconsidered, given the accelerated and relentless nature of climate catastrophes hitting countries such as Pakistan.

Of course, repairing climate apartheid and fixing the crisis is not as simple as writing a cheque, and many other measures are needed to support Pakistan's people through the catastrophe they are facing.

Yet without debt relief or funding to compensate for loss and damage, Pakistan's cycle of debt and climate crises is only set to worsen.

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P.S.

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<https://newint.org/features/2022/09/05/after-floods-pakistan-needs-reparations-not-charity>