



Office of Religious Congregations  
for Integral Ecology

Bureau des congrégations religieuses pour  
une écologie intégrale

## **Executive Summary: Linking Ecological Debt to Global Financial Exploitation**

The Jubilee Year 2025 is a crucial opportunity to respond to the interconnected global crises of ecological and financial debt. Pope Francis reminds us that these crises “...are two sides of the same coin that mortgages the future,” and urges wealthier nations to cancel enormous *financial debts* ‘owed’ to them by the Global South that are effectively unpayable—not as a matter of charity, but of justice.

Meanwhile, the *ecological debt* of the Global North to the Global South—arising from centuries of colonial resource exploitation and environmental harm to satisfy consumer demands, has grown dramatically over the years, yet has no associated formal accounting framework or repayment obligation despite it causing widespread suffering within nations of the Global South.

While financial debt, rooted in an unjust economic system shaped by colonial oppression, keeps poorer nations trapped in a cycle of dependency, the climate crisis is worsening. This leaves the poorest nations, which are least responsible for climate change, suffering the most and exposes the systemic injustices within the current global economy.

Jubilee 2025 offers faith communities an opportunity to unite while answering Pope Francis' call for systemic reforms of the global financial system and a new ethics code of international relations. This briefing explores the nexus of ecological debt, colonial legacies, and extractive industries, as well as the resulting forced financial dependency of the Global South on the Global North. It highlights the urgent need for systemic reforms to the global financial system to refocus on achieving justice, equity, and sustainability for all.

## **Understanding Ecological Debt**

Ecological debt, formally introduced at the 1992 Earth Summit, refers to the *cumulative* environmental damage inflicted by industrialized nations on poorer countries. This debt encompasses resource extraction, pollution, and the exploitation of Indigenous knowledge without equitable compensation. More recent definitions highlight the Global South being used as a waste depository for the Global North, alongside broader socio-cultural harms stemming from colonialism, including the systemic impoverishment of people, displacement, and the irreversible loss of lives. Indigenous peoples in the North also face ecological debt through land dispossession and industrial contamination.

## **How did the Global North Incur Ecological Debt?**

Colonial exploitation laid the foundation for modern economic systems that commodify nature. Extractive industries such as mining, petroleum extraction, and agribusiness continue to deplete resources in the Global South, leaving behind environmental devastation. For instance, Ecuador’s Amazon region has suffered over 1,000 oil spills since the 1970s, adversely affecting biodiversity and Indigenous communities’ health and livelihood. Canadian mining companies currently account for 48.9 % of the large enterprise

mining exploration market in Latin America, often backed by governmental support. Similarly, Indigenous nations in North America suffer from industrial projects that violate treaty rights and harm ecosystems.

### **Financial Debt as a Mechanism of Extraction**

The control of financial systems by industrialized nations exacerbates global economic and ecological inequalities. Rising interest rates, which are often higher for countries most vulnerable to climate change, worsen the debt burden in the Global South. As of December 2022, 130 out of 152 Global South nations faced critical debt situations, collectively owing over \$8.7 trillion. For example, Honduras' already high external debt of \$11.8 billion continues to worsen as the country takes on additional loans for recovery efforts related to hurricanes and other catastrophic events that are becoming more frequent and destructive due to climate change. Historical debt crises, such as the 1980s structural adjustment programs (SAPs) imposed by the International Monetary Fund and World Bank, forced Global South countries to prioritize resource extraction over sustainable development to pay their debts, deepening dependency on exports. These economic policies effectively turn many nations into "**debt colonies**," trapped in cycles of exploitation, sacrificing their economies and environments to meet debt obligations.

Predatory lending practices continue today, with loans tied to conditions that benefit Global North interests and channel resources to corrupt or authoritarian governments in the South. A notable example is the Bataan Nuclear Power Plant in the Philippines, which was financed through unjust loans under the Marcos dictatorship. While Marcos, his associates, and the U.S. firm Westinghouse profited, the plant never produced electricity. It exemplifies how financial debt was used to extract resources while leaving local populations with lasting burdens.

### **Climate Crisis and the Global North's Responsibility**

Developed nations are primarily responsible for climate change, disproportionately impacting vulnerable countries. The United States alone accounts for 20.3% of historical cumulative CO<sub>2</sub> emissions, while **Canada, despite a much smaller population than many leading emitters, has the second highest per-capita emissions after the USA.** Meanwhile, developing countries, which contribute the least to climate change, suffer its worst consequences. Their damages are projected to exceed \$1 trillion annually by 2050, representing the growing climate debt owed by the Global North to the Global South. Despite pledging \$100 billion annually in climate finance in 2009, Global North nations have consistently underdelivered, exacerbating the crisis.

### **Reparations and Financial Commitments**

While climate finance pledges exist, they remain inadequate. COP27 established the Loss and Damage Fund, but its funding structure favors loans over grants, further indebting vulnerable nations. At COP29, a new target of \$300 billion per year by 2035 was criticized as insufficient relative to the estimated \$1.8 trillion needed annually by 2030.

Alarmingly, despite mounting evidence of the ecological debt owed to the Global South, the Global North not only resists acknowledging this obligation but also continues to demand repayment of external financial debts. The ecological debt far exceeds—and therefore arguably more than offsets—the financial debts, exposing a profound imbalance that perpetuates global injustice and risks ecological catastrophe. Reparations for climate damage are just one aspect of this broader harm caused by the North's

environmental exploitation and the lasting injustices of colonialism. To address this, a fundamental shift in global economics and ethics is required. The current economic model, which exacerbates both financial and ecological debts, must be overhauled through concrete actions that transition from policies benefiting economically powerful nations to a just global economy that integrates both financial and ecological accountability.

### **Canada's Role and Responsibility**

As a major ecological debtor, Canada must lead efforts to address ecological justice. This includes phasing out fossil fuel subsidies, cutting emissions by 80% below 2005 levels by 2035, and delivering its fair share of climate finance (\$15.9 billion annually). Canada also holds CAD 8.63 billion in bilateral debt from developing nations, much of which consists of climate-related loans, further exacerbating financial burdens in those countries. Canceling these unjust debts would be one step to enable the world's poorest nations to invest in sustainable socio-economic development and address the damages caused by ecological exploitation. Acknowledging ecological debt must become central to Canadian foreign policy, positioning Canada towards systemic change for a just and sustainable future.

### **ORCIE's Advocacy and Call to Action**

ORCIE is committed to supporting the Jubilee campaign, "Turn Debt into Hope," through:

- **Education and Awareness:** Equipping religious congregations with tools to engage in the campaign and raise awareness about ecological debt.
- **Advocacy on Parliament Hill:** Engaging policymakers, particularly those participating in G7 meetings, to push for financial debt cancellation and the creation of an international framework for financial debt resolution.
- **Climate Finance Advocacy:** Urging Canada to provide non-debt-creating climate finance and contribute its fair share to the Loss and Damage fund.
- **Promoting an Integral Ecology Lens on the Economy:** Identifying and promoting alternative economic models—[Wellbeing Economies](#), [the Human Rights Economy](#), and [the Doughnut Economy](#)—which are demonstrating the capacity to advance the social, economic, and environmental indicators of the Sustainable Development Goals (SDGs).

### **Conclusion**

Ecological debt is an issue of justice, not charity. Addressing it requires a systematic reappraisal of how global financial structures should function and a commitment to equitable economic reforms. As Pope Francis reminds us, "We are called to be tangible signs of hope." The Jubilee Year 2025 presents a pivotal moment to push for systemic transformation, ensuring that historical and ongoing exploitation is recognized, repaired, and prevented in the future. Canada, alongside other Global North nations, must embrace its responsibility to act intentionally in this moral and ecological obligation.

**Read the full paper here:** [Linking Ecological Debt to Global Financial Exploitation](#)

*For brevity and clarity, source references are included only in the full paper.*