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POLICY BRIEF

NAVIGATING CLIMATE CHANGE THROUGH A REALIST PRISM:

New South, Global Ambitions, and National Interests at COP29

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This paper examines the complex interplay between global climate ambitions and national interests within the New South—defined as a diverse group of emerging economies, each pursuing distinct geopolitical strategies, economic priorities, and development goals—seen through a realist lens at the COP29 climate summit. As the climate crisis deepens, the geopolitical stakes involved in climate governance become more pronounced. The New South, grappling with the dual challenges of economic development and environmental vulnerability, finds itself navigating between international climate commitments and the imperatives of national security, energy needs, and sovereignty. Taking a realist international relations perspective, the paper explores how countries from the New South, including emerging powers and resource-rich nations, prioritize state-centric goals in the face of shifting global power dynamics. At COP29, hosted by gas-producing Azerbaijan, these tensions underscore the limitations of multilateral climate agreements, as national interests take precedence over global cooperation. The analysis explores the role of climate finance, energy security, and geopolitical alliances, offering an insight into how the realist approach can better explain the current global climate impasse, and its implications for the future of international climate negotiations.

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INTRODUCTION

As the world prepares for the COP29 climate summit in Azerbaijan, long-standing tensions between environmental ambitions and economic survival are poised to come to the forefront. For developing nations in the New South, the stakes are not only about contributing to global climate goals, but also about ensuring their survival and development in a world increasingly shaped by climate finance and geopolitical competition.

The New South's demands for greater climate finance have never been more urgent. At the heart of the conversation lies the need for substantial financial commitments to mitigate the impacts of climate change, and to fund adaptation and address loss and damage—terms that have come to dominate the climate discourse. These themes, particularly the latter, reflect the realist dilemma that underscores the geopolitical aspects of climate finance, and the broader implications for global power dynamics.

THE NEW SOUTH'S CLIMATE FINANCE DEMANDS

In the developing world, climate finance is not merely a question of environmental responsibility, but of economic necessity. Countries in the New South, particularly small island developing states (SIDS) and least developed countries (LDCs), face existential threats from rising sea levels, extreme weather events, and other irreversible climate impacts. For them, the demand for climate finance goes beyond mitigation—it is about survival.

The concept of 'loss and damage' has taken on increasing importance in these discussions. According to the *United Nations Framework Convention on Climate Change* (UNFCCC), loss and damage refers to the destruction caused by climate change that cannot be mitigated or adapted to, such as the submergence of island nations, or the irreversible decline of agricultural productivity in countries such as Tuvalu and the Marshall Islands. For them, the consequences of inaction are dire. Sea-level rise is fast rendering their territories quasi-uninhabitable, while cyclones and storms devastate local economies on a yearly basis.

For these nations, COP29 represents a crucial opportunity to secure financial resources for adaptation, and also to address the losses already occurring. Yet, the financial support that has been promised is falling tragically short. The $100 billion annual commitment made by developed nations during COP15 in 2009, to help fund climate action, in poorer countries has failed consistently to materialize. The World Bank—which will be hosting the Loss and Damage Fund secretariat, and providing trustee services for the Fund—has highlighted that while international climate finance flows have increased, the gap between what is made available and what is actually needed for developing countries to adapt to climate change remains vast and keeps widening.

It is not only the smallest or poorest countries that are affected. Larger economies in the New South, such as South Africa and Indonesia, also face immense challenges in balancing their development needs with the global push toward decarbonization. These nations are under pressure to transition away from fossil fuels, but the costs of doing may prove prohibitive. In countries such as South Africa, where coal dominates the energy sector and provides employment for large segments of the population, the move to cleaner energy sources will have profound socio-economic implications.

Without significant financial and technological support, these countries cannot afford to build the necessary infrastructure for renewable energy, while managing the economic fallout from transitioning away from carbon-intensive industries. For them, climate finance is essential not just for the environment, but for economic development and social stability.

THE NEW SOUTH'S REALIST DILEMMA

At the core of COP29 lies a profound realist dilemma for the New South. In the context of international relations, realism emphasizes that states act primarily in their own interests, often prioritizing short-term economic and security concerns over broader global ambitions. For many countries in the New South, this framework has become increasingly relevant as they weigh their climate responsibilities against their need for economic sovereignty.

The international community's push for rapid decarbonization places a heavy burden on developing economies, many of which remain heavily reliant on fossil fuels for growth and job creation. While wealthier nations have the financial means to invest in green technologies, and to transition smoothly to renewable energy, developing nations are in a different position. For countries such as Nigeria, where oil accounts for a significant portion of government revenue, or Indonesia, the world's largest thermal coal exporter, an abrupt shift to clean energy would have far-reaching socio-economic consequences.

From a realist perspective, the question becomes: how can developing nations honor their climate commitments while protecting their national interests and ensuring economic stability? The principle of 'common but differentiated responsibilities', long a cornerstone of international climate negotiations—formalized during the 1992 United Nations Earth Summit in Rio de Janeiro, as part of the Rio Declaration on Environment and Development and the UNFCCC—will likely feature heavily in the New South's arguments at COP29. This principle acknowledges that while all nations share the responsibility for combating climate change, the historical responsibility of wealthier nations—which have benefited from decades of industrialization and greenhouse gas emissions—means they should bear a greater share of the financial burden.

Furthermore, many nations in the New South are increasingly advocating for a more pragmatic approach to decarbonization. They argue that the transition to clean energy must allow for economic growth. In many cases, they see natural gas as a transition fuel that can help bridge the gap between fossil fuels and renewable energy. Countries including Egypt, Mozambique, and Qatar, which possess significant natural gas reserves, are positioning themselves to benefit from this more gradual approach to the energy transition. This reflects a broader realist sentiment that economic sovereignty cannot be sacrificed in the pursuit of climate goals.

CLIMATE FINANCE AS A GEOPOLITICAL TOOL

While climate finance is framed as a solution to help vulnerable nations, it has increasingly become a geopolitical tool wielded by powerful countries to expand their influence. China, in particular, has used its Belt and Road Initiative (BRI) to finance infrastructure projects across Africa, Asia, and Latin America, including green-energy projects. According to a 2022 report by the *UN Conference on Trade and Development* (UNCTAD), China is now the largest investor in renewable energy projects in developing countries, positioning itself as a leader in the New South's energy transition.

This investment, however, is far from purely altruistic. Chinese climate finance often comes with strategic conditions, leading to what is now known—and widely denounced—as 'debt diplomacy'. For example, Kenya and Sri Lanka have taken on significant debt to China through the BRI, raising concerns about the long-term sustainability of such investments. Critics argue that growing indebtedness to China gives Beijing outsized political and economic leverage over these nations, complicating their efforts to pursue independent climate strategies.

In response, the United States and European Union have ramped up their climate diplomacy efforts, offering financial support and technological partnerships to counterbalance China's growing influence. The Biden administration, through its *U.S. International Development Finance Corporation* (DFC), has sought to finance green-energy projects in Africa and Southeast Asia as part of its broader climate and geopolitical strategy. Similarly, the European Union's *Global Gateway* initiative aims to invest €300 billion in global infrastructure projects, many of which focus on clean energy, in a bid to rival China's BRI.

This competition for influence has clear realist undertones, as major powers seek to align their climate-finance initiatives with their broader geopolitical goals. For countries in the New South, this creates opportunities to leverage their positions in these geopolitical contests. By playing different powers against each other, many developing nations can extract more favorable terms for climate finance. They are moving from classic geopolitics to more targeted geoeconomics. However, there are also significant risks, as countries may find themselves caught in a new kind of dependency, with climate finance being used as a bargaining chip for political and economic concessions.

THE ROLE OF MULTILATERAL INSTITUTIONS

Multilateral institutions including the World Bank, the International Monetary Fund (IMF), and the United Nations have long played a central role in climate finance. The *World Bank Group's Climate Change Action Plan 2021-2025* focuses on integrating climate into development efforts, helping countries reduce greenhouse gas emissions, while adapting to climate impacts and boosting climate finance to 35% of the World Bank's total commitments by 2025, with a balance between adaptation and mitigation. The plan underscores the need for a coordinated global approach to scaling up climate finance and enhancing resilience in developing countries. According to World Bank data, the institution has committed $83 billion to climate-related projects over the past five years, with a strong focus on supporting adaptation in the most vulnerable regions.

However, despite these efforts, many developing countries have expressed frustration with the bureaucratic hurdles and conditionalities that often accompany multilateral climate finance. The *UNFCCC's Standing Committee on Finance* has repeatedly highlighted the gap between the pledged and actual disbursement of climate funds. In many cases, funds are tied to strict governance or economic reforms, which can be politically unpalatable or unrealistic for struggling governments.

Moreover, the heavy reliance on loans, rather than grants, further exacerbates the debt burdens of many developing countries. As highlighted by *Oxfam's Climate Finance Shadow Report 2020*, nearly 70% of public climate finance provided to developing countries between 2017 and 2018 took the form of loans rather than grants. For nations already grappling with high levels of external debt, taking on additional loans to address climate change creates a vicious cycle of dependency, leaving them with fewer resources to invest in their own sustainable development.

As COP29 approaches, the New South is likely to push even harder for reforms within these multilateral institutions. Many developing countries are calling for a shift toward more direct access to climate finance, reducing the role of intermediaries and allowing governments to allocate funds based on their national priorities. There are also growing calls for climate finance to be delivered as grants rather than loans, particularly for the most vulnerable countries. The establishment of the *Green Climate Fund* (GCF) was seen as a positive step in this direction, but its implementation has been slow, and many developing nations remain skeptical that it will meet their needs.

THE FUTURE OF CLIMATE FINANCE AND AUTONOMY FOR THE NEW SOUTH

As the New South becomes more assertive in its climate demands, there is an increasing push for greater autonomy in how climate finance is allocated and used. Countries seek to reduce their reliance on external donors and instead develop their own regional climate financing mechanisms. In Africa, for instance, the *African Development Bank* (AfDB) has launched the *Africa Climate Change Fund* (ACCF), which aims to provide more tailored financial support for the climate adaptation projects of African nations.

This trend toward regionalism reflects a broader desire within the New South to be more assertive in the global climate finance landscape. Many countries also advocate the creation of new financial instruments that prioritize resilience and adaptation, recognizing that the impacts of climate change are already being felt across their territories. As highlighted in a 2021 World Bank report on *Climate Resilience in Africa*, adaptation will require an estimated $30 billion to $50 billion annually by 2030, yet current funding levels fall far short of this level.

Furthermore, the question of loss and damage will be central to discussions at COP29. Countries in the New South will argue that they should not have to bear the financial costs of climate impacts caused primarily by emissions from wealthier nations. The demand for the concrete implementation of the loss and damage fund is set to resurface, as developing nations push for meaningful financial contributions from the Global North. They view the pledged $100 billion per year not as a ceiling, but as a starting point that must be significantly increased.

CONCLUSION

As the world approaches COP29, the realist stakes for the New South are clear: these nations must secure the financial resources needed to both mitigate and adapt to the impacts of climate change, while navigating the geopolitical complexities of climate finance. For many, the challenge will be how to balance their global climate commitments with the more immediate demands of economic development and national sovereignty.

The competition between major powers including China and the U.S. over climate finance is emblematic of the broader geopolitical contest that is shaping the future of the New South. While this competition presents opportunities for developing countries to extract more favorable terms, it also underscores the risks of dependency and loss of control.

At COP29, the New South will advocate for reforms to climate finance, seeking greater autonomy, greater reliance on grants rather than loans, and direct access to funds. The issue of loss and damage will take center stage as developing nations demand accountability from the Global North for the climate impacts they endure. While the outcome of these demands remains uncertain, it is clear that the New South will no longer be a passive participant in the climate dialogue.

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Ferid Belhaj is the former World Bank Vice President for the Middle East and North Africa. He also served as the Chief of Staff of the President of the World Bank Group and held various positions at the Bank including Director for the Mashreq countries, Director for the Pacific department and Special representative to the United Nations.

ABOUT THE POLICY CENTER FOR THE NEW SOUTH

The Policy Center for the New South (PCNS) is a Moroccan think tank aiming to contribute to the improvement of economic and social public policies that challenge Morocco and the rest of Africa as integral parts of the global South.

The PCNS pleads for an open, accountable and enterprising "new South" that defines its own narratives and mental maps around the Mediterranean and South Atlantic basins, as part of a forward-looking relationship with the rest of the world. Through its analytical endeavours, the think tank aims to support the development of public policies in Africa and to give the floor to experts from the South. This stance is focused on dialogue and partnership, and aims to cultivate African expertise and excellence needed for the accurate analysis of African and global challenges and the suggestion of appropriate solutions. Read more

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