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From Pledges to Practice: The Political Economy of Delayed Climate Finance and Its Consequences for the Global South

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Abstract
The widening gap between climate finance pledges and actual disbursements, focusing on the political and economic forces that hinder delivery. While developed nations committed to mobilising $100 billion annually under the Paris Agreement, the target was met only after delay and largely through loans rather than grants, with adaptation finance falling far short of rising needs. Drawing on panel data from the OECD, UNFCCC and the Green Climate Fund, alongside case studies of the $100 billion pledge and post-COP29 negotiations on the New Collective Quantified Goal, the research finds that domestic fiscal pressures, fossil fuel lobbies, weak enforcement mechanisms and geopolitical rivalries shape funding patterns. Strategic delays, preference for mitigation over adaptation, and reliance on private capital deepen inequalities between the Global North and South. The paper argues that without stronger accountability and grant-based support, trust in global climate governance will continue to erode.

Introduction

Global stability, economic progress, and human well-being are all at risk due to rising temperatures, harsh weather, and ecological changes, which is why climate change must be addressed immediately. The 2015 Paris Agreement established a mechanism of ensuring that global warming is maintained below 2 C and preferably below 1.5 C compared to the condition before industrialization. Here, climate financing is crucial in assisting poor nations in their efforts to achieve low-emission development and increase their ability to withstand the effects of climate change. Western countries have failed to pay these financial promises in spite of numerous promises at UN Climate Conferences (COPs).The Global North and Global South continue to mistrust each other as a result Although the developing countries contribute lower to the historical duty of carbon emission, it is the developing countries that will suffer the most due to the climate change This is an imbalance that stands in the way of coping and minimizing emissions around the world, not mentioning the inequality factor that is brought up. Latest data show that climate finance flows have been at an all-time high and that the amount of money being invested in renewable energy, energy efficiency, and electrification by individuals is increasing.

Nevertheless, these enhancements remain a very weak point in preventing the most drastic consequences and ensuring the containment of warming within the acceptable limits. The amount of annual contributions will need to increase many, many times over to cover the gap, and permit a reasonably balanced transition. The Paris treaty confirmed the historic commitment by the developed countries at COP15 in Copenhagen in 2009. This pledge, which was initially set for 2020 but was subsequently extended to 2025, was to raise $100 billion a year in climate money for developing countries. One of the goals was to support adaptation and mitigation efforts in countries that were at danger (Sarah Bracking, 2021).

Despite many promises, flows didn't reach the $115.9 billion mark until 2022. Even still, money for adaptation was woefully inadequate in comparison to the expanding requirements of the nations most affected.

The existence of a long-term lack of funds on adaptation is highlighted by the UNEP Adaptation Gap Report 2025 and other recent evaluations. The approximated annual needs of the developing countries in the coming 10 years could reach hundreds of billions, although the current flows of the entire world population in adaptation are approximately 26 billion. People are exposed to increasing climatic risks because of this enormous discrepancy. In addition to larger attempts to raise $1.3 trillion yearly from all sources, including private financing, to help poor countries, this establishes a key goal for affluent nations to contribute at least $300 billion annually by 2035 (Skovgaard, 2023).

This paper looks at the political economics of climate finance, focusing on the causes of the unfulfilled global financial commitments in spite of several COP promises. The main study issue is: Why do nations not fulfill their climate financing financial obligations? Examining the structural, behavioral and institutional obstacles that hinder the fulfillment of promises is also a part of this In addition, by examining the ways in which domestic interests, lobbying by the fossil fuel industry, budgetary restraints, and electoral pressures in both the donor and recipient nations have inhibited progress, the paper examines whether national political economy is a barrier to climate funding. The study will attempt to evaluate the gap between the amount committed and the amount actually spent on global climate finance by the rich countries, measure the gaps and determine patterns in allocation bias toward mitigation rather than adaptation, delay, and quality (grants versus loans) through empirical tracking of flows by using the OECD, CPI and UNFCCC data. The second is to examine the impacts of national political economies on implementation and achievement of promises, whether through capture or capacity constraints of the elites amongst the receivers or policy reversals in the home countries. It will consider how the climate finance decisions are manipulated by the potent local players. As compared with the emerging patterns of a probable climate finance curse, the third objective is to assess the mechanisms of governance risks, economic distortions of large inflows and financial volatility of unpredictable flows.

Breaking of commitments undermines confidence in the global climate regulation, stalling the implementation of the Paris Agreement and making the Global South more susceptible, which is why this study is important. It also gives insights in the more efficient processes and contributes to the comprehension of systemic barriers by incorporating political economics lenses. After examining the literature on political economics and the climate finance theories, the thesis goes on to case studies and actual data (the 100 billion commitment and the gaps in the NCQG guidelines after COP29), the discussion of the implications, and conclusions and policy proposals. Already existing studies indicate financial deficiencies, yet few of them give an answer to the question why promises never work at the level of political-economic level.

Methodology

The political economics reasons that govern the ongoing discrepancy between pledged and delivered climate funds are examined in this study using a mixed-methods research methodology. It is a quantitative study incorporating a game-theoretic model and quantitative institutional research, making it possible to conduct an in-depth analysis of both visible financing trends and institutional, political, and strategic processes that determine the outcome of climate finance The quantitative aspect relies on panel data provided by various international organizations, such as the World Bank governance indicators, the UNFCCC biannual evaluation reports, OECD climate financing statistics, and the Green Climate Fund project database. The data is inclusive of donor countries, recipient countries and international climate finance organizations and it extends across several years.

The rate of donor fulfillment, the ratio of real money recorded in the form of climate funding to pledged funds, is the main dependent variable of interest, other aspects such as the amount of money deposited, value of the pledged contributions, institutional alignment (e.g. EU membership), fund type, domestic political and fiscal restrictions, governance quality and indicators of uncertainty at project level are of importance as explanatory variables. Control factors will encompass such things as the GDP per capita, the reliance on fossil fuels, past aid policies and institutional abilities. The Hausman tests are employed in determining the most appropriate specification of the panel data estimate models, including the Random Effects and Fixed Effects models. In robustness testing, alternate and lagged independent variables are applied to measure fulfillment and lagged independent variables, respectively, to facilitate delaying distribution dynamics.

The paper creates a non-cooperative game-theoretic bargaining model to reflect discussions between donor and recipient nations over climate financing projects in order to supplement the econometric analysis. The creation of both public and private benefits and the high level of uncertainty around project results are two characteristics of climate financing that are incorporated into the model. These attributes create the risk of the strategic slacking and agency problems that increase the duration of discussions and fulfill financial obligations incompletely. The theoretical implications of the model help to understand trends in the timeframes of project approvals and processes of payment. Semi-structured elite interviews and methodical document analysis make up the study's qualitative component Climate finance policymakers, international climate fund officials, development finance practitioners, and climate negotiators involved in global climate governance are interviewed.

These interviews examine how national political constraints, institutional conflicts, strategic pledging behavior and decision-making procedures affect the disbursement of climate funds. Significant policy documents, including donor budget statements, climate finance strategy reports, and Nationally Determined Contributions, are examined simultaneously to determine the role of political institutions, governance structures and strategy in influencing climate finance commitments and articulating financial requirements. Using a comparative case study technique, the paper examines a small number of donor countries, recipient countries, and international climate finance institutions This is because the instances chosen to indicate a difference in fulfillment rates, the quality of governance, and climate vulnerability can be thoroughly analyzed in the processes of the political economy in various contexts of institutions. Throughout the inquiry, triangulation between quantitative data, theoretical predictions, and qualitative evidence is used to increase the validity and reliability of the findings. It is ethically right to guarantee informed consent, anonymity, and secrecy for each interviewee.

Theoretical Framework

Political Economy of Climate finance theory examines the impact of economic interests, institutional structures and power dynamics on the distribution, management and utilisation of climate funds. It focuses attention on variations in financing flows, the role of donor countries and donor organizations and the effects of the political and economic environment of recipient countries on project outcomes. Studies have indicated that funding is often a geopolitical agenda, as opposed to mere environmental needs, especially where a Chinese overseas renewable investment is involved, where the conditions of the recipient country and home policy objectives are incompatible. The political economics approach to climate change offers an in-depth framework of analysing why bold international commitments on climate action, climatic financing in particular, have remained unimplemented in many cases despite repeated commitments. This perspective considers climate change as a complicated mixture of power relations, economic interests, institution, and distributional struggles in the national and international scale, rather than as a technical problem or an environmental issue such as a market failure caused by carbon externalities.

Climate finance is supposed to assist in reducing emissions and climate resilience especially in developing nations. Though developed countries had promised in the Paris agreement to contribute 100 billion dollars in a year, the level of funding is not satisfactory and is poorly designed today. In this chapter, the author discusses climate finance as a subject of climate justice, emphasizing the main principles, actors, and financial sources to take responsibility and act effectively and fairly (Sayegh, 2018).

This approach emphasizes the influence of politics in the climate finance process; whereby big commitments of the developed nations tend to go unfulfilled. The lack of effective enforcement systems, the incentive system that promotes symbolic commitments, and the imbalance of power among the richer countries enables the same countries to ensure that their interests are met before countries that are vulnerable to climatic changes can enjoy the benefits of the system, despite contributing little to the global emissions. This paradigm underlines the role of the vested interest and institutional constraints as a delaying factor to climate action, especially within the impact of carbon-intensive industries. It also covers the reasons why adaptation finance does not enjoy much support compared to mitigation because the latter is usually in the interest of donors. Critical views also believe that such imbalances are due to the growth-based economic economies, which are incompatible with fair climate change. The presence of this approach to political economy clarifies why there is a repetition of gap between the climate finance promise and its actual delivery, as it unveils the power relation, donor interests, and mistrust between the North and the South. Unfulfilled promises are more indicators of underlying structural forces weakening collective action than technical breakdowns and so this framework would be highly appropriate to the analysis of such cases as the 100 billion promise and climate finance programs (Bhandary, 2022).

The Strategic Delay Theory

The strategic delay Theory provides one of the most effective and analytically accurate explanations of the systemic delays and under-delivery that has typified the global climate finance. This theory is based on the notion of a game-theoretic political economy and reimagines climate finance negotiations as strategic interactions between donors and recipients on an uncertain, non-enforcement, and misaligned incentive basis. Instead of seeing delays as accidental or merely a management matter, Strategic Delay Theory holds that major players deliberately delay payments or promise fulfillment in cases where the costs of action in the present are high and benefits are perceived lesser. Bare (2025) reveals that climate finance projects are especially susceptible to strategic procrastination due to the fact that they produce both social advantages, including a reduction in global emissions, and individual or national ones, including business gains or profits, foreign policy, or internal political goodwill. This twofold benefit arrangement provides motivation to donors to delay, re-negotiate or water down commitments to achieve maximum benefit and a minimum risk exposure (Zhang, 1997).

One of the main characteristics of Strategic Delay Theory is the importance of uncertainty in determining donor behavior. The climate finance projects are usually long-term projects, with complex implementation environments, and uncertain results pertaining to the political stability, institutional capacity, and climate effects. In that case, donors encounter considerable informational asymmetries and are not able to ex ante evaluate the effectiveness of projects. Strategic Delay Theory is a theory that forecasts that during high levels of uncertainty, rational actors are interested in delaying a decision, obtaining extra protection, or making more stringent conditional terms instead of investing in the decision in advance. This forecast is verified by empirical data that reveals that projects with more complexities, misalignment of preferences, or design tradeoffs have longer approval and disbursement timeframes (Bare, 2025). These trends do not only mean that delay is simply a form of bureaucratic ineffectiveness but a way to deal with uncertainty and risk. The theory also states how disbursements are always significantly behind the pledges in climate finance. Although promises are commonly undertaken in the big international arenas and produce instant reputational rewards they translate into political, financial, and institutional expenses that come to pass over time. Strategic Delay Theory emphasizes the time lag between promise and fulfillment as how donors can leverage delays as a way at maintaining flexibility based on shifting domestic political situations, fiscal constraints or geopolitical priorities. Preference misalignment between the donors and the recipients also increases this dynamic as the divergence in the project design, co benefit, or standards of implementation results in lengthy negotiations and constant re-writing.

Consequently, the delivery of climate finance ends up being gradual, inorganized as well as much slower than it was initially promised. The strong influence of Strategic Delay Theory consists in its power to form a linkage between formal theoretical modeling and the observed institutional behavior within the climate finance systems. Being a more modern and developing approach in climate finance studies, it does offer predictions that can be tested and empirically checked with project-level evidence, including approval times and payment frequency. The theory takes a step forward to explain the causes of delay as well as incentive structure by directly relating strategic behavior to uncertainty and identifies another causal factor in explaining why climate finance commitments are consistently or partially delayed. By thus doing so, Strategic Delay Theory offers a complement to Political Economy Theory of Climate Finance by the way that it mimics the micro-level processes by which power, uncertainty, and institutional discretion are converted into delayed negotiations, delayed disbursements, and existent under-deliveries of global climate finance.

Literature Review

Climate finance has, in short, become integral to the political economy and economic geography of climate change. As finance has been positioned as the solution to climate change, different actors have engaged with climate finance to take competing positions on what the future of climate change and capitalism might look like. The different tools of climate finance that have emerged both reflect struggles over climate change and are actively shaping climate transition pathways. The politics of climate change is now being fought on the terrain of climate finance (Webber, 2024). With the ultimate goal of contributing to the field of climate change so that people at the community level benefit from the various programs designed for climate impacts, this project breaks down disciplinary silos by bringing together development scholars and practitioners with those who work in climate finance and policy. International development experts have been creating initiatives and providing funding to people in most need for around 70 years. For those who are now responsible for providing climate funding, there is a plethora of information to be discovered by looking at the international development sector. Both development strategies and finance have been the subject of decades of independent research, analysis, and examination by the academic, policy, and practitioner communities (Corrine Cash, 2022).

Though not at the pace and scale necessary to bridge the USD 5.93 trillion annual global climate investment deficit, there are encouraging advancements in climate financing worldwide. Development of the capital market, mobilization of domestic resources, and economic expansion have been crucial factors in enabling nations to build up their financial resources for climate action. Fossil fuel use must peak as soon as feasible and then quickly decline with no new fossil fuel extraction projects going forward, even though growing climate investment is essential (Baysa Naran, 2024). This study creates a theory of strategic delay based on two issues that are prevalent in development finance but particularly severe in climate aid: projects provide both public and private benefits, and results are extremely unpredictable. Describe in a game-theoretic model how these characteristics interact to make negotiations more difficult and dealmaking more difficult. In order to assess the concept, I examine new data on project timeframes at the Green Climate Fund to demonstrate how finance patterns follow the theory's observable implications: projects go more slowly when there is ambiguity, preference misalignment, or project design compromise.

Elite interviews show the potential for learning and shed more light on the institutional and political conflicts at play (Bare, 2025). Achieving a just and efficient global climate system requires mobilizing climate financing for poor nations. Developed nations still have a lot of latitude when it comes to their national contributions. We examine the potential effects of varying levels of international coordination on the equity of the global financing effort and provide quantitative scenarios for the number of contributing countries as well as the metrics used to allocate the collective effort among funding-contributing nations. We discover that while reflecting reasonable disagreements over what constitutes a fair share, an intermediate level of coordination -- combining nationally determined financing pledges with a strong international review mechanism -- may lessen distortions in relative efforts and shortfalls in overall funding (Jonathan Pickering, 2015). The Paris Agreement revolves on Nationally Determined Contributions (NDCs), which serve as venues for expressing climate financial demands as well as commitments of climate ambition. However, little is known about how developing nations measure these demands and what influences them.

Through the use of expert interviews and an inductive research approach, we are able to discover both local and international variables that affect how nations estimate their financing requirements in their NDCs. The specificity of estimates of climate finance demands is influenced by political institutions and officials' strategic views of NDCs as investment plans or instruments for negotiations. In many nations, stakeholder participation and limited technical competence are significant obstacles (Abdulrasheed Isah, 2025). In the context of international climate funding, this paper examines important factors affecting donor fulfillment rates (DFR). The study uses panel data analysis to investigate how donor fulfillment is affected by promised and deposited contributions, EU membership, and fund type. The primary findings were interpreted using the Random Effects model, which was verified by a Hausman test. Higher promised amounts are substantially linked to poorer fulfillment rates, according to the data, but real deposited monies have a positive and considerable impact on DFR.

While fund type has no discernible impact on the RE model, EU membership regularly increases donor satisfaction, indicating that institutional alignment is important. The results point to the need for more practical pledge procedures, more robust oversight and accountability systems, and institutional structures that encourage financial commitment fulfilment (Nor, 2025). The role of domestic public and private sources as well as the areas where foreign public and private investment is most successful should be taken into account when articulating financial requirements. For instance, de-risking strategies are essential for reducing capital costs and mobilizing a variety of funding sources. Through capacity building and technical assistance that can promote the development of favorable governance structures and investment frameworks, climate financing can also play a role in creating conditions that are conducive to transformation and investment (Markus Hagemann, 2023). While civil society actors have argued for the preservation of movement concepts and achieved minor representational victories, powerful nations, corporations, and banks have favored a deeper implementation of neoliberal environmental governance.

Meanwhile, they have been exposed to a deeper practice of advanced liberal governance. As of now, the process has yielded "non-outcomes" that fall short of expectations that the GCF will significantly scale up and transform global climate financing. However, it seems that civil society involvement is unintentionally highlighting the "overflows," constraints, and inconsistencies present in sophisticated liberal government (Bracking, 2014).

Political Economy Constraints to Policy Implementation

In this section, we consider the principal political and economic factors contributing to the failure of the international climate finance commitments such as new collective quantified goal (COP29 New Collective Quantified Goal) and the US annual commitment of 100 billion dollars (100 billion Annually: International Climate Finance). Still, as of 2023, according to recent data in the Global Landscape report of Climate Policy Initiative, climate funding amounted to 1.9 trillion and is supposed to exceed 2 trillion in 2024, this remains a long way off the 8.6 trillion that would be required annually between 2024 and 2050 to limit global warming to 1.5 degrees Celsius. Political tensions in the donor countries, the persistence of power inequity between the Global North and the South, institutional constraints, the growing importance of the interests of the private sector and lack of attention to equity and justice are the reasons why the gap occurs. The section explains the way in which these problems are interrelated and augment risks to poorer countries as a result of climate change. More than seventy percent of the world public climate finance is offered by the United States, United Kingdom, Germany, and Japan. Nevertheless, they tend to deliver long-term commitments whenever they are under the pressure of politics back at home.

Delay in climate finance promises has been brought about by slow economies, more debt, and tight budgets. Withdrawal of the United States of America diminished the global climate funds by approximately 11 billion US dollars annually. The populist movements may also lead to a decrease in the willingness of the people to offer foreign aid particularly at a time when prices are going up or when there is a problem with energy. The budget rules are also strict in the European Union which has restricted their giving capacity. Approximately, 115.9 billion US dollars have been collected in 2022, primarily in the form of loans, which were frequently not timely. Due to this reason, the promise of climate finance made at international conferences are not usually fulfilled, and even the money allocated to assist the developing nations to adapt to the climate change is way below the expectation. The global distribution of wealth and unfair power between poor and rich nations makes funding of climate less effective. The industrialized nations that have caused the greater carbon emissions worldwide have made the climate commitments not compulsory enough and voluntary, and in most cases, attach their finances to their objectives.

The withdrawal of such large donors as the United States reduces the budget and makes individuals less likely to trust the international organizations, and thus payments by initiatives such as the Green Climate

Fund are slowed down. Weaker areas also struggle to access money, and there is significantly less support to the nature-based solutions compared to the required one. Due to this, the new funding targets are perceived to be insufficient and relying on private financing, in most cases, benefits richer nations leaving those countries at the greatest risk of facing a larger gap of what they require to adjust to. It is difficult to provide assistance because of the way climate finance agencies such as the Green Climate Fund and large development banks are established. They tend to lend rather than grant and rely on self-reporting of what they do rather than good checks.

Although the Green Climate Fund was willing to allocate approximately 19.3 billion US dollars by 2025, it did not give even half the money out since the approval procedures are complex and particularly, they are not easy to the poorest states. The figures also indicate that the majority of climate finance is provided in form of loans, which does not decrease but only increases the debt, and old aid is frequently referred to as climate finance rather than new help. Due to this, despite increased amount of money being invested in climate finance across the globe, there is a lack of sufficient funds towards adaptation and a significant disparity exists. The activities of private firms dealing with climate finance may be characterized by the need to make profits rather than be fair, and this does not necessarily imply that the money is given where it is most needed. Although the growth of private investment has increased significantly to approximately six hundred and thirty billion US dollars in recent years, majority of these funds have been used in projects reducing emission in middle-income countries, whereas poor countries obtain very little assistance to adapt to climate change.

This form of financing relies heavily on the use of loans and mixed funds and this makes it more costly and makes it difficult to have vulnerable communities access its services. Simultaneously, even more money continues to be spent on activities that destroy nature rather than save it. Due to this reason, large international finance objectives are overly dependent on the amount of private money that fails to filter to the citizens who require it most and therefore the disparity in funds allocated to adaptation is even greater. It is not fair to make climate finance promises and not keep them because the developing countries suffer the most (Rai, 2015).

Most of the aid given to countries that make the majority of the pollution is in the form of loans with strings attached and this contributes to the debt of countries that did little to cause climate change. The monies intended to assist nations to cope with the climate change are nowhere near what is required and this creates a big gap that leaves the poorest nations and those that are on small islands in the worst position. Diffusion and inaccessibility of climate funds complicate the process of assisting the vulnerable population and direct aid between countries is decreasing. Money run by the multinational worsens the situation as it focuses more on monetary gains than justice. Although the world continues to invest more in climate projects, the gap between the required amount and the available one remains large, and inequality remains consistent (Bracking, Performativity in the Green Economy: how far does climate finance create a fictive economy?, 2015)

Empirical Analysis of Climate Finance Commitments

In the politics of international environmental regulation, non-delivery of the promise in global climate finance is a turning point. The current inequality between the promised and delivered monies, even though multiple promises were made at the UN climate conferences, identifies the structural problems in the system, including the conflicts between geopolitics, and inconsistency in budgetary goals in the donor nations, and structural obstacles in recipient nations. Recent empirical evidence, like the global Landscape of Climate Finance 2025 report published by the Climate Policy Initiative (CPI) estimates that in the year 2023 there would be USD 1.9 trillion flowing globally, and average flows of USD 8.6 trillion would be necessary between 2024 and 2050 to ensure global warming is kept to 1.5degC. These deficits in the budget further aggravate the disparity between rich and poor countries and hamper the process of adaptation and mitigation (Zan, 2024).

Case Study 1: The Billion Dollar Pledge and Its Failures

The annual climate finance commitment of 100 billion dollars that had been first made in 2009 and later renewed until 2025 has become a noticeable case of unpunished promises in global climate regulation. Despite these rises overtime, delivery has remained poor because of changing priorities of donors, political limitations within the domestic countries, and insufficient accountability in the international systems. It has been demonstrated that the targets of climate finance were achieved only after being delayed, and were dependent on the public funds, with very few private funds. Adaptation financing is much less than mitigation aid even though international pledges are to rebalance funding. This means that the least developed countries still get a low portion of the resources, which shows that there are rifts in the distribution of climate funds. These challenges are exemplified in the case of the Green Climate Fund, which is a key conduit of multilateral climate finance but is facing chronic problems of donor replenishment. Other key donors such as the United States have either cut or pulled out their contributions citing domestic politics reasons. Such reversals make planning of climate funds weak and not effective in recipient countries. The current expansion of climate finance in the world is largely owed to the increase in the trend of the private investment into renewable energy, whereas the flow towards the majority of the developing and emerging economies is much less than what fair transfers need to be. Meanwhile, the popular favor of fossil fuel industries tends to be larger than committed climate funding. This is an imbalance that mirrors the priorities by donors, which are not aimed at long-term international climate goals, but short-term economic and political goals. Much of the climate finance by the public is in the form of loans, contributing to the debt burdens of the recipient states as opposed to being concessional (Long, 2021)

Case Study 2: Post-COP29 NCQG Debates and Emerging Gaps

In 2024, the New Collective Quantified Goal (NCQG) was adopted, which sought to substitute the pledge of $100 billion with a more ambitious climate finance framework, incorporating the input of the private sector. It was criticized though by the developing countries like the G77+China on the basis that it over relied on non-public funds and did not have enough grant-based support by the rich countries. Vulnerable countries have struggled to access climatic finance since COP29, and the debate on fairness and magnitude usually ignores them. The support of adaptation is still inadequate, and it is far below the threshold required to achieve resilience. According to reports by UNEP, there are an ongoing disparity in financing requirement and real international transfers, which poses a threat to livelihood and economic stability. The Just Energy Transition Partnership (JETP) in South Africa assisted by both donors and the United States, EU countries and the United Kingdom are seeking to roll out of coal to cleaner energy sources and help the local people. Funding has however been stalled and in most cases given in form of loans and this has contributed to the national debt and expansion of renewable energy has been sluggish in reaching the planned targets due to domestic political opposition.

The JETP and others like it are run into difficulties by the fact that they are dependent on private funding which focuses on mitigation rather than essential adaptation packages and also because loans are provided instead of grants, so that only a few recipients can get them. The geopolitical changes, such as the withdrawal of the United States of America as a signatory sign and the Green Climate Fund board, have also diminished the predictability of support and weakened the trust of multilateral procedures. Finance of global climate has increased yet capital allocated to developing and emerging economies is way less than that required to make a transition that is just. Donor fatigue and warring interests have not been surmounted by voluntary frameworks such as the NCQG and mobilization of the private sector. Power imbalances, poor accountability, and donor-led priorities tend to undermine trust and collective climate action because ambitious promises made rarely work in practice (Stadelmann, 2011).

Theory and Practice Implications

The empirical data used in this paper exposes a systemic failure that has system origins in the dynamics of political economy that are seen in the continued failure to fulfill the promise of meeting global climate financing. Voids- The fact that the 100 billion goals had been achieved only in 2022 and was two years behind schedule, and adaptation finance was far behind its financial requirements, compared to the 310 billion needed by 2035, is indicative of how geopolitical tensions, domestic fiscal constraints, and unequal power structures continue to create inequities despite the promise of the 100 billion goal and the NCQG. These inequalities, as they relate climate action to poverty reduction (SDG 1) and inequality (SDG 10), not only invalidate the objectives of the Paris Agreement, but they also enhance vulnerabilities of poor countries.

The Politics of Climate Finance Theoretical Contributions

This study highlights how global governance's collective action and power dynamics contribute to persistent failures to fund climate change. It expounds on the ideas of international political economy to demonstrate how dominant powers, such as the United States tend to give short-term domestic interests a precedence over international commitment, which negatively affect multilateral provision of public goods. Voluntary schemes such as the New Collective Quantified Goal (NCQG) provide developed countries with leeway which tends to take the form of loans instead of granting them. These trends are indicative of the regime theory, in that international regimes under the UNFCCC are actually weak in enforcement and in the means through which free-riding can be prevented. This discussion indicates that climate finance can strengthen inequalities between the North and the South, even where such principles as Common but Differentiated Responsibilities are applied. Vast dependency on conditional funding and the private investment emphasizes on commercially viable mitigation rather than the essential adaptation, which further increases the economic dependencies of the developing countries, especially the least developed countries.

The case of South Africa and it’s Just Energy Transition Partnership (JETP) can be used as a good example of issues in the recipient side, as delayed funding, loans, and internal opposition to the movement of fossil fuels delayed the transition. In a broader sense, the global climate financing is moving towards more market solutions and private mobilization and almost neglects equity and urgency of adaptation in poorer countries (Choe, 2026).

Policy Recommendations for Fulfilling Commitments

The identification of gaps in climate finance needs reforms based on the Paris Agreement and the Sustainable Development Goals (SDGs). The policies must also target the past liabilities, enhance accountability, and use financing strategies that do not expose recipient nations to vulnerabilities. Accountability in the UNFCCC should be strengthened to make sure that the accountability of the commitment under the New Collective Quantified Goal (NCQG) is achieved. Some strategies such as open reporting, new and additional support definitions, and penalizing underperformance can be compliant with SDG 13 and Paris Agreement and priorities should be shifted in financing the real climate projects at the expense of subsidies in fossil fuels. The Multilateral development banks need to be reformed to offer more concessional and grant-like financing and to enhance the influence of the developing countries in governance. Such institutions would be more responsive to the needs of the recipients, decrease donor influence and encourage equity in the distribution of resources. Innovative instruments can increase climate assistance and lower the hazards of debt, such as blended finance to draw in private funding, debt-for-climate swaps to channel payments to domestic climate endeavors, and solidarity levies on high-carbon endeavors. These strategies raise predictable financial resources and give emphasis to adaptation and resilience in the susceptible nations.

Based on the experience with such initiatives as the Green Climate Fund, it is necessary to increase direct access of the least developed countries, simplify approvals, and secure a stable funding source against changing donor policies. Social objectives, such as SDG 5 and health resilience, should also be included in climate finance, and the Baku-to-Belem Roadmap encourages non-debt instruments, incentives of the private sector, and coordinated activities of the stakeholders.

Problems and Future Prospects

Nevertheless, the restrictions still exist. Since the research is based on aggregate data, such as reports by the OECD and CPI, it might not pay enough attention to the political barriers to the goal and can forget about more detailed injustices, such as gendered consequences or subnational inconsistency. One of them is geopolitical unpredictability, which undermines multilateral confidence and increases the debt in EMDEs (with an exception of China), which received only $208 billion worldwide in 2023 and required 1.3 trillion by 2030. As an illustration, some of the examples include expected ODA reductions to 145 billion by 2026 due to policy fluctuations in the United States. Institutional capacity and limitations on accountability further undermine fulfillment as they are reflected in skewed flows in the private and greenwashing. To determine how well debt-for-climate swaps works in LDCs, future studies should consider the equity objectives of creative financing through case-studies. Improvements in governance may be informed by longitudinal assessments of GCF dynamics after 2026, in the context of U.S. exit. The new threats would be considered by investigating how AI can be used to trace flows or how geopolitical events would influence the SDGs. Finally, it is necessary to seal these loopholes by adopting multidisciplinary approaches to ensure that climate financing enhances sustainability and equity in a segregated society.

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