

# Beyond aid part 4: climate issues are development issues

by Nicola Nixon, Mandakini D. Surie and Ojashwi K C

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Delegate at FfD4 in Seville used fan to cope with Spain's most intense heatwave in decades

Photo Credit: [UNDESA Image Gallery](#)

*This is the fourth article in the four-part [Beyond aid: new directions in development finance series](#) on key debates at the Fourth International Conference on Financing for Development (FfD4), which was held in Seville, Spain in June 2025.*

The climate crisis loomed large over discussions at FfD4 — as Spain experienced its most intense heatwave in 64 years. “Blistering heat and empty chairs” was how [Reuters described scenes at the venue](#), where thousands of delegates crowded into small, stuffy rooms to discuss the globe’s most pressing development financing challenges.

While the heat dominated headlines in Europe, parts of South and Southeast Asia experienced record monsoon rainfall and flooding; one more indication — if one was needed — that the global costs of climate change are rising steeply. Indeed, the *Global Assessment Report on Disaster Risk Reduction 2025* estimates that while direct disaster costs are approximately US\$202 billion annually, [the real costs exceed US\\$2.3 trillion](#), with the burden disproportionately shouldered by developing countries. In this, the fourth article in our series of readouts from FfD4, we look at some of the agendas that the countries of the Asia-Pacific region were prosecuting and what they may mean for the future of climate and development finance.

On the second day of the conference, as one of the four co-facilitators of FfD4 (alongside Mexico, Norway and Zambia), Nepal’s messaging highlighted the gravity of the situation in [a plenary statement](#) on behalf of Least Developed Countries (LDCs). The statement stressed the fact that climate injustice strikes hardest in these places: “Debt is mounting, unsustainably. And tragically, we spend more on debt repayments than on healthcare or education. ... This is not only a fiscal crisis — it is a human one. ... We spend more on [climate] recovery than we receive for prevention.”

Least Developed Countries are the UN-designated group of states with the lowest levels of income, human development and resilience to economic and

environmental shocks. Today, there are 45 countries on the UN's LDC list, concentrated mainly in Africa and the Indo-Pacific.

The lived reality of many LDCs, including Nepal, is that they spend **twice as much servicing debt** as they receive in climate finance. According to **research by the International Institute for Environment and Development**, in 2022 58 countries spent US\$59 billion repaying debts compared with US\$28 billion they received in climate finance, of which just over half was provided as loans rather than grants.

Discussions highlighted how vulnerable countries are squeezed from all sides. Small Island Developing States (SIDS) have seen climate finance and **ODA fall significantly in recent years**, even as sea-level rise threatens their survival. Developing countries face mounting debt with an estimated 3.4 billion people living in countries that **spend more on interest payments** than on health or education.

The **Pacific Islands Forum** — speaking on behalf of SIDS — underscored that “climate change remains the single greatest threat to our region’s resilience, security and prosperity”. They welcomed the US\$1.3 trillion global climate finance goal, to be achieved by 2035, but insisted it must be delivered in “predictable, accessible and adequate” forms, vital for adaptation in the climate-vulnerable Pacific region.

In several high-profile side events, governments, UN agencies, think-tanks and civil society partners sought to connect climate with broader systemic challenges. A consortium of NGOs and debt-justice networks highlighted the interlinkages between climate crises and debt vulnerabilities, calling for debt relief as a pathway to resilience. At a high-level event co-hosted by the Brazilian government, **Club de Madrid** and Global Citizen, leaders such as COP30 President-designate Brazil's André Corrêa do Lago and France's Laurence Tubiana linked FfD4 to the upcoming UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) this November, urging reform of global climate finance. These gatherings reinforced that climate finance must be predictable, grant-based and equitable, linking development and environmental goals.

That link is crucial in Asia and the Pacific. The Philippines, for instance, has an external debt of US\$289 billion, with debt servicing locked into the budget by law. Meanwhile, Pakistan, responsible for less than 1% of emissions, is **paying billions in foreign debt** despite the impact of multiple climate disasters.

To its credit, unlike its predecessor, known as the Addis Ababa Agenda for Action, the **Compromiso de Sevilla** explicitly links climate and development finance and stresses their importance for achieving development goals. It acknowledges global

setbacks in tackling climate change, biodiversity loss and desertification, and calls for greater ambition under the UNFCCC and the Paris Agreement, especially with respect to support for developing nations. While it supports innovative finance tools like debt-for-climate swaps and green bonds, **critics note it lacks binding targets**, enforcement mechanisms or specific climate-finance objectives, and does not sufficiently address the interactions between finance, debt and development.

As countries gear up for COP30 in Belem, Brazil, in November, discussions on climate and development finance will be paramount. It may be too soon to pick up the “pragmatic realist” threads from this gathering in COP30, but the host of COP31 in 2026 will have an opportunity to shape an agenda that welcomes the drive and passion of the side-events from Seville into the main events in 2026. It is clear that the future of development finance will lie in a mix of public, private and blended mechanisms but, as illustrated in discussions at and after FfD4, there must be a commitment to climate justice and to easing, not deepening, the debt burdens of vulnerable countries.

*This is the fourth article in the four-part **Beyond aid: new directions in development finance series**.*

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### Author/s:

#### **Nicola Nixon**

Nicola Nixon is Senior Director, Governance, at The Asia Foundation, based in Hanoi. She is a visiting fellow of the School of Regulation and Global Governance at The Australian National University.

#### **Mandakini D. Surie**

Mandakini D. Surie is an international development practitioner and consultant with program design, development, aid and grant management experience in South Asia. She has previously worked with DFAT, The Asia Foundation, UNDP and the Commonwealth Human Rights Initiative.

#### **Ojashwi K C**

Ojashwi works as Program Officer at the Asia Foundation, supporting governance programs across Asia and the Pacific and is based in Nepal.

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