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Supporting Renewable and Climate Friendly Economies in Developing Countries

Economic and Social Council

Table of Contents

Introduction

The current effects of climate change are becoming more difficult to deal with and more severe for human health and biodiversity. However, developing countries are usually the ones that are most affected by climate-related challenges such as extreme weather, rising sea levels, food insecurity, and economic instability. Simultaneously, these countries usually have fewer resources to respond well with in these situations. Because of limited funding, there is weak infrastructure and restricted access to modern technology, making it harder for these countries to move toward sustainable economic models. By supporting renewable and climate-friendly development in developing countries, there can be crucial development in both environmental protection and long-term economic stability.

Renewable energy and a sustainable economy also gives developing countries the chance to grow economically while reducing the harmful emissions they exert. By expanding renewable energy, they can improve their access to electricity, create more jobs, and reduce dependence on imported fossil fuels. However, without strong international support, many developing countries can risk continuing to rely on carbon-intensive industries because they seem to be cheaper and easier in the short term. This creates a difficult balance between looking at the immediate development needs and investing in long-term sustainability.

The consequences of not being able to support climate-friendly economies in developing countries goes far beyond national borders. Climate change is a global problem, and the emissions that are produced in one region can affect the whole world. Environmental degradation and economic instability can also increase pressures on people wanting to migrate and global insecurity. That is why addressing this issue is not only an environmental responsibility, but also a key aspect in promoting global economic stability and cooperation.

Definition of key terms

Climate-Friendly Economy

An economy that promotes human health, while trying to reduce the environmental risks and carbon emissions produced in the nation. It primarily focuses on investments in solar or wind energy and green infrastructure.

Developing Countries

Nations that have lower living standards, less industrialised economies and (sometimes) a less privileged population in matters of employment and education. They also often have limited access to high-quality healthcare and a lack of basic necessities.

Energy Transition

The important shift from using fossil fuels (coal, oil, gas) to using renewable and sustainable energy sources such as solar and wind power.

Renewable Energy

An energy source that comes from natural sources that renew or replenish faster than they are used. These are sources of energy such as solar power from sunlight, hydropower from the wind or tidal energy from water.

Technology Transfer

In habitual terms, this refers to moving technologies in order to reduce emissions and cope with different changes in the climate. This involves implementing different hardware such as solar panels and wind turbines in order to benefit the environment.

General Overview

Developing countries are very important in the global fight against climate change, even though in the past they have contributed far less to global greenhouse gas emissions than developed countries. Many of these countries have fast population growth, urbanisation and industrial expansion. This increases their need for energy. Usually these necessary demands are being met through fossil fuels like coal, oil and gas, as these energy sources are often cheaper and easier to use. However, this increases the emissions and reinforces long-term environmental and economic vulnerability. Despite this, developing nations tend to be more vulnerable to the effects caused by climate change. This is because disasters that come along with climate change like droughts, floods, tropical storms and heatwaves tend to affect economies and nations that depend on agricultural products and natural resources the most. This results in a weak economy and makes the level of poverty rise and makes the development process slower; therefore, a green economy helps in both the protection of economic stability and social wellbeing.

Although the concept of a climate-friendly economy includes many elements such as sustainable agriculture, low-carbon industries, green infrastructure and efficient resource use, this research report places special emphasis on renewable energy as a central component. Renewable energy is one of the most effective ways to reduce greenhouse gas emissions, support economic development and improve energy access while protecting the environment. By focusing on renewable energy within the broader framework of climate-friendly economies, the report highlights the most impactful pathway for developing countries to pursue both long-term economic growth and environmental sustainability.

Renewable energy sources present numerous opportunities for the growth of developing countries. This is particularly the case due to the geographical nature of many developing nations, which give strong opportunities for developing solar energy, wind energy, hydro energy and geothermal energy. Expanding the renewable energy sector also presents the opportunity to increase access to power for millions of people in developing countries who currently lack reliable electricity. This can bring various benefits to the affected countries and offers an important opportunity to support long-term development as well.

Despite these few benefits, various barriers stand in the way of the pace at which the transition to renewable and climate-friendly economies can be made. Financial barriers remain very high: most renewable energy projects are capital-intensive; their initial investment costs are often beyond the reaches of most developing countries without external support. In addition, there is limited technical expertise, weak infrastructure and unstable political conditions to potentially discourage foreign investment. There are also concerns that rapid energy transitions may reduce economic growth or lead to job losses in traditional energy industries.

In addition to environmental and economic benefits, developing renewable energy in these countries can also create jobs and stimulate local economies. The construction and

maintenance of solar, wind and hydro energy systems requires skilled workers in various areas, providing employment opportunities for many people. Expanding these energy sources can also support small businesses and encourage innovation, further contributing to economic growth and development in these nations.

International cooperation plays an important role in supporting the energy transition in countries with emerging economies. International organisations, financial institutions and developed countries are expected to provide financing, technology and capacity-building programs that contribute to hardening local skills and institutions. Such support will then reduce financial risks while increasing the long-term sustainability of renewable energy projects. Yet, there are continuous debates about responsibility, equity and the effectiveness of existing support mechanisms, especially on whether existing commitments are adequate and accessible easily. Sharing economic development imperatives with environmental responsibility remains at the core of this challenge, as developing countries aim at economic growth coupled with the pursuit of global climate goals.

Major parties involved

Developed Countries

Nations that are industrialised with an advanced economy, high income and employment rates, less poverty, modern technology, and an overall high-quality of life, education and healthcare.

Developing Countries

These countries play a major role in supporting renewable and climate friendly economies as they are major adapters of green technology. Even though many of these nations face financial challenges, they still lead to growth by using technologies that bypass fossil-fuel infrastructure and focus on implementing policy driven green-transitions.

United Nations Framework Convention on Climate Change (UNFCCC)

The primary global treaty and UN body that is responsible for and working on combating climate change by trying to stabilise greenhouse gas (GHG) levels. It provides a framework for all nations to work with and it sets an overall structure for global climate action.

World Bank and Other Regional Banks

These institutions often provide the funding that is needed to ensure that countries use renewable energy and these banks all offer expertise and guidance in climate-related projects in developing countries.

Private Sector and Investors

Private companies and investors contribute to the innovation, collaboration and distribution of capital, which plays a major role in the renewable energy development.

Timeline of events

1992 May 9th The United Nations Framework Convention on Climate Change is adopted for the first time at the Earth Summit in Rio de Janeiro.

2015 December 12th The Paris Agreement is adopted in Paris, France, and is seen as an international treaty which aims to limit global warming and climate change.

2021 November 13th The COP 26 summit is held in Glasgow, Scotland and has an addition to the Paris Agreement, and has an urgent call issued to double the finance that is being used on preventing global warming.

2024 November 20th The COP 29 summit is held in Baku, Azerbaijan, bringing the world leaders together to negotiate climate action and focus heavily on a new finance and funding goal.

Relevant UN treaties and events

UNFCCC; United Nations Framework Convention on Climate Change: International treaty establishing a global framework for combating climate change, encouraging countries to stabilise greenhouse gas emissions, 9 May 1992.

FCCC/CP/2015/L.9/Rev.1; Paris Agreement: Legally binding treaty under the UNFCCC aiming to limit global warming to below 2°C, including commitments to provide financial and technical support to developing countries, 12 December 2015.

COP3/KP; Kyoto Protocol: Adoption of legally binding emission reduction targets for developed countries under the UNFCCC, introducing the principle of common but differentiated responsibilities, 11 December 1997.

SDG 7 & SDG 13; Sustainable Development Goals: Include affordable and clean energy (SDG 7) and climate action (SDG 13), linking renewable energy to sustainable development, 25 September 2015.

COP 26, Glasgow; International climate summit: UNFCCC summit calling for increased climate finance and stronger global action to support renewable energy and climate-friendly development, 13 November 2021.

Previous attempts to solve the issue

The Green Climate Fund (GCF)

The world's largest fund that focuses on helping developing countries combat climate change and they have been focused on providing concessional funding and offering technical help to developing nations.

Nationally Determined Contributions (NDCs)

These are national climate action plans under the Paris Agreement and they outline every country's own goals that they have set to reduce greenhouse gas emissions and adapt to the climate change impacts.

International Renewable Energy Agency (IRENA)

An intergovernmental organisation that is seen as the hub for cooperation and the sharing of knowledge to help other countries sustainably use solar, wind, and other renewable energy sources. Working from Abu Dhabi, UAE, they aim to ensure that all nations receive the necessary tools, data, and advice to quicken the renewable energy adoption process.

Bank Development Programmes

Many development banks have launched projects that focus on financing programmes that are designed to reduce the investment risks while also attracting private capital funding for renewable energy projects.

Possible solutions

Existing mechanisms to support renewable and climate-friendly economies in developing countries, such as the Green Climate Fund, Nationally Determined Contributions (NDCs), IRENA and development bank programmes, have made progress but remain insufficient. Funding is often limited, delayed or difficult to access due to complex procedures, while technology transfer and capacity-building efforts are uneven. Political instability, weak infrastructure and limited technical expertise further slow implementation, and many international commitments remain inconsistent or unfulfilled. As a result, additional and better-coordinated solutions are required to support a full transition to climate-friendly economies.

Expanding Accessible Climate Finance

Improving the availability and accessibility of climate finance to developing countries. For example, financial aid, concessional lending and risk sharing from developed countries and international financial institutions can assist in making it feasible for more developing countries to implement their renewable energy programs without burdening their country budgets. There might be a need to simplify procedures for accessing such climate finance.

Strengthening Technology Transfer and Capacity Building

The promotion of technology transfer from developed to developing countries meaning systems and materials connected with renewable energy will be shared, as well as technical knowledge and relevant data through international cooperation. Capacity-building efforts, such as the education and training of engineers, technicians and policymakers, can enable developing countries to operate and manage renewable energy systems independently. This approach can support long-term sustainability while reducing reliance on external assistance.

Promoting Public-Private Partners

A Public-Private Partnership will prove immensely useful for the expansion and support of the development of renewable energy resources in developing countries. This partnership will enable the government to attract investment and companies for the development of the resource using tax incentives or guarantees. This will allow the utilisation of additional resources such as innovation and expertise in the development area and will also help enhance the efficiency and effectiveness of the investments that are made. The respective regulatory bodies will ensure that the investments are utilised for the fulfillment of priorities and standards set by them for sustainable development and environmental protection.