Mismatch Between Climate Crisis and Sustainable Management
A Critical Global Outlook

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Abstract

The growing climate emergency has revealed a dangerous mismatch between the environment and frameworks of sustainable development. Although global bodies and national governments are increasingly engaged with climate threats, their policy responses are fractured, under-resourced and frequently disconnected from sustainable development objectives. Using data from the World Bank and International Monetary Fund (IMF), this article examines the economic, social and governance implications of this mismatch. Climate change is not just an environmental but a macroeconomic challenge to growth, inflation, poverty and fiscal stability. Research indicates that climate shocks negatively impact GDP, drive inflation and widen inequality, especially in emerging markets (International Monetary Fund, 2024; World Bank, 2024). Despite increasing climate-finance pledges, institutional complacency, short-term political agendas, and inaccurate economic analysis undermine action. Moreover, fossil-fuel-led economic growth undermines sustainability goals. This article contends sustainable management must advance from rhetorical claims to systemic change, and embed climate risks in economic and financial planning, risk management, and governance. Lacking economic incentives and global equity, the climate crisis will only increase the gap between climate reality and responses, jeopardising planetary health and human development.

Keywords: *Climate Crisis, Sustainable Management, Economic Growth, IMF, World Bank, Climate Finance*

Introduction

Climate change is a major challenge to current development paradigms. Increasing global temperatures, extreme weather and environmental degradation are increasingly interfering with economic activity and social processes. According to the World Bank, climate change is already stalling development and has negative effects on productivity, health and education (World Bank, 2024). Likewise, the International Monetary Fund warns that climate change will affect long-term growth and macroeconomic stability (International Monetary Fund, 2024). Yet, this awareness is not matched by adequate sustainable management of the crisis. This is reflected in fragmented policies, inadequate funding and poor coordination. The tension between growth and sustainability adds to the crisis (Tol, 2022).

Climate Crisis as an Economic Disruptor

Climate change has now become a serious macroeconomic risk rather than an environmental challenge. Historical evidence indicates that climate shocks affect GDP, fiscal pressures and economic stability (International Monetary Fund, 2024). Long-term studies indicate that unabated climate change could substantially reduce global incomes (Tol, 2022).

Climate change is also a source of inflation, due to supply side shocks, especially in food and energy markets (Qi, 2025). In developing countries like India, climate variability has been associated with short-term economic shocks and long-term economic effects (SenGupta, 2025). Furthermore, climate change is expected to drive 62-98 million people into extreme poverty by 2030, with disproportionate impacts on developing countries (Dang, 2025; World Bank, 2024). This underscores the regressive impacts of climate change and its global inequality implications.

The Delusion of Sustainable Management.

Despite the fact that sustainable management has nowadays become the main topic in the policy-making sphere, the application of this concept is quite superficial. A lot of sustainability practices are based in making small changes as opposed to structural changes (Tol, 2022).

The dependence on conventional economic frameworks that downplay climate risk and do not take into account extreme events and tipping point is a critical concern. This causes systematic underestimation of possible damages and ineffective policy reactions (International Monetary Fund, 2024). Moreover, sustainability policies are normally incompatible with the existing economic systems. Ongoing subsidies of fossil fuels and consumption-driven development models are incompatible with climate pledges, revealing the mismatch between the discourse of policy and practice (World Bank, 2024).

Funding Gap and Institutional Constraints.

Climate finance is still insufficient in comparison with the needs of the globe. Funding has been on the rise but is not enough to address mitigation and adaptation needs especially in developing nations (World Bank, 2024).The amount of global climate finance flows has increased to about 125 billion during the past years, but adoption finance is still underfunded relative to mitigation (International Monetary Fund, 2024). Even the commitments undertaken by the World Bank regarding climate-related matters are not large enough to achieve transformative change (World Bank, 2024).

Moreover, almost 700 million citizens remain in abject poverty, which presents conflicting priorities to developing nations (World Bank, 2024). This usually causes governments to adopt short-term oriented economic growth as compared to long-term oriented sustainability.

Fragmentation of Governance and Policy.

The climate governance on a global level is disorganized and decentralized. Even though there are international structures, their application varies greatly between countries (International Monetary Fund, 2024).

Some of the tools, like the Climate Policy Assessment Tool (CPAT), are designed to include climate factors in economic policy, but they are still underutilized and unevenly implemented (Black et al., 2023). Effective policy implementation is further stifled by constraints of political economy such as short electoral cycles and vested interests. This makes climate policies become either delayed, watered down, or unevenly implemented, making their overall implementation less effective (World Bank, 2024).

Inequality and Climate Justice in the World.

Climate change has a disproportionate impact on vulnerable and low-income populations. The Sub-Saharan Africa is one of the regions that produce the least emissions but experience the greatest risks of climatic changes (World Bank, 2024).

Climate change is a contributor to inequality because it impacts livelihoods, agricultural productivity, and adaptation costs. The cost and financial ability to respond is greater and less in the developing countries (Dang, 2025). This begs the important questions of climate justice. Current international systems do not tend to provide equal allocation of financial and technical resources, which strengthens structural inequalities (International Monetary Fund, 2024).

Closing the Climate Sustainability Gap

The solution to the mismatch lies in a change in the nature of reforms, where incremental changes need to be replaced with systemic changes. Risks associated with climate should be incorporated into the macroeconomic framework, such as fiscal and monetary policies (International Monetary Fund, 2024). Investments in carbon-intensive sectors must be minimized and green innovation encouraged by making financial systems permeated by sustainability objectives (World Bank, 2024). It is also necessary to strengthen cooperation on a global scale and to provide equal distribution of resources.It has been shown that climate investments have the potential to create jobs, boost resilience, and enable sustainable development, which means that economic growth and sustainability do not necessarily contradict each other (World Bank, 2024).

Conclusion

The lack of correspondence between the climate crisis and sustainable management is a sign of more fundamental structural contradictions of the global economic system. Although there is more awareness, policy responses are insufficient and fail to match the magnitude of the challenge. Sustainable management will be a mere ritual without combining the issue of climate to the

economic governance, bridging the financial gap, and promoting equity in the global sphere. This gap has to be closed by a transformative action that can guarantee long-term sustainability (International Monetary Fund, 2024; World Bank, 2024).

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