



Loss and Damage Fund

For Prelims: [Loss and Damage' \(L&D\) fund](#), [Conference of the Parties 27, Climate Change](#)

For Mains: Environmental Pollution & Degradation

[Source: TH](#)

Why in News?

In light of the escalating climate crisis, the '[Loss and Damage' \(L&D\) fund](#) and adaptation have recently come into focus.

What is the Loss and Damage Fund?

▪ About:

- The 'Loss and Damage' (L&D) fund is a financial mechanism designed to **address the irreversible consequences of climate change** that cannot be avoided or mitigated through adaptation efforts.
 - [Adaptation](#) is the proactive response to **climate change**, the art of survival using which communities and countries make deliberate choices to **prepare for and cope with climate-related challenges**.
- This fund recognizes and aims to compensate for the real losses incurred by **communities, countries, and ecosystems** due to the impacts of climate change.
 - These losses extend beyond monetary value and cut to the core of human rights, well-being, and environmental sustainability.

▪ Genesis and Evolution of the L&D Fund:

- **Historical Accountability and Inception:**
 - Over 30 years, there has been a persistent call for affluent nations to acknowledge their role in historic pollution, which has elevated the world's average **surface temperature by more than 1 degree Celsius**.
 - This historic pollution is currently causing significant damage worldwide, especially in the poorest nations.
- **COP 19 (2013):**
 - The formal agreement at the [19th Conference of the Parties \(COP 19\)](#) to the [United Nations Framework Convention on Climate Change \(UNFCCC\)](#) in Warsaw, Poland, in 2013, led to the **establishment** of the L&D fund.
 - This fund was specifically created to provide financial and technical assistance to **economically developing nations** that were incurring Loss and Damage due to climate change.
- **Subsequent Developments and Challenges:**
 - **COP 25:**
 - Following COP 19, the Santiago Network for L&D was established at COP 25. However, at this point, countries did not commit any funds to support the initiative.

- **COP 26:**
 - [2021 COP26 climate summit in Glasgow](#), aimed to continue discussions over the next three years regarding the **operationalization of the fund**.
- **COP 27 (November 2022):**
 - After intense negotiations at COP 27, representatives of the UNFCCC's member states agreed to set up the L&D fund. Additionally, a **Transitional Committee (TC)** was established to figure out how the new funding mechanisms under the fund would operate.
 - The TC was tasked with preparing recommendations for countries to consider, deliberate on, and potentially adopt by [COP 28](#).
- **Stalemate at TC4 and TC5:**
 - **TC4 Meeting:**
 - The fourth meeting of the TC4 concluded with no clear consensus on operationalizing the L&D fund.
 - The key points of contention included the hosting of the fund at the [World Bank](#), the **foundational principle of common but differentiated responsibilities (CBDR)**, issues related to [climate reparations](#), and the eligibility of all developing nations for the funds.
 - **TC5 Meeting:**
 - Recommendations from TC5 have been drafted and forwarded to COP 28.

What are the Challenges Regarding the Loss and Damage Fund?

- **Developed Nations' Reluctance:**
 - Developed nations, particularly the US, have remained **non-committal about being primary donors to the fund**. Their support is voluntary, raising concerns about the commitment to the fund's objectives.
 - The unwillingness of wealthy nations to fulfill their intended commitments undermines faith in global climate negotiations and hampers the cooperative spirit necessary to address climate change.
- **Uncertainty Surrounding the Fund:**
 - There is currently **no indication of the size of the L&D fund**, and any attempt to specify the fund's size was quashed under pressure from the U.K. and Australia.
 - The current draft merely urges and invites developed nations to provide money, without a clear commitment or framework.
- **Diplomatic Breakdown and Global Consequences:**
 - Developing nations express discontent, perceiving that their concerns and needs are **not adequately addressed by the international community**.
 - This complicates the path to climate action and raises doubts about addressing other global issues effectively.
 - Beyond immediate diplomatic and trust-related repercussions, the watering down of the L&D fund has far-reaching implications. It threatens climate justice and exacerbates the suffering of **vulnerable communities in developing nations**, who have **contributed minimally to global emissions** but bear the brunt of climate change.
- **Security Implications of Climate-Change-Induced Instability:**
 - Climate-change-induced instability can have security implications as conflicts and tensions emerge in vulnerable nations.
 - These conflicts threaten to spill across borders, creating security challenges.
 - Beyond the immediate consequences, the absence of support for vulnerable communities **can lead to an increase in humanitarian crises**, including food shortages, people displacement, and conflicts.
 - This forces communities to cope independently with a worsening climate and its consequences.

Way Forward

- **Global Commitment: Urge developed nations to actively contribute as primary donors to the L&D fund, ensuring a strong financial commitment.**
- **Transparency and Structure:** Advocate for transparent discussions to define the fund's size,

operational guidelines, and allocation mechanisms, providing clarity and accountability.

- **Inclusive Diplomacy:** Foster **open diplomatic dialogues that address the concerns** of developing nations, promoting collaboration for effective climate action and global issue resolution.
- **Security Mitigation:** Proactively address security implications of climate-induced instability, implementing measures to tackle humanitarian crises and supporting vulnerable communities.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Mains

Q. Explain the purpose of the Green Grid Initiative launched at World Leaders Summit of the COP26 UN Climate Change Conference in Glasgow in November, 2021. When was this idea first floated in the International Solar Alliance (ISA)? **(2021)**

Q. Describe the major outcomes of the 26th session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC). What are the commitments made by India in this conference? **(2021)**

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