



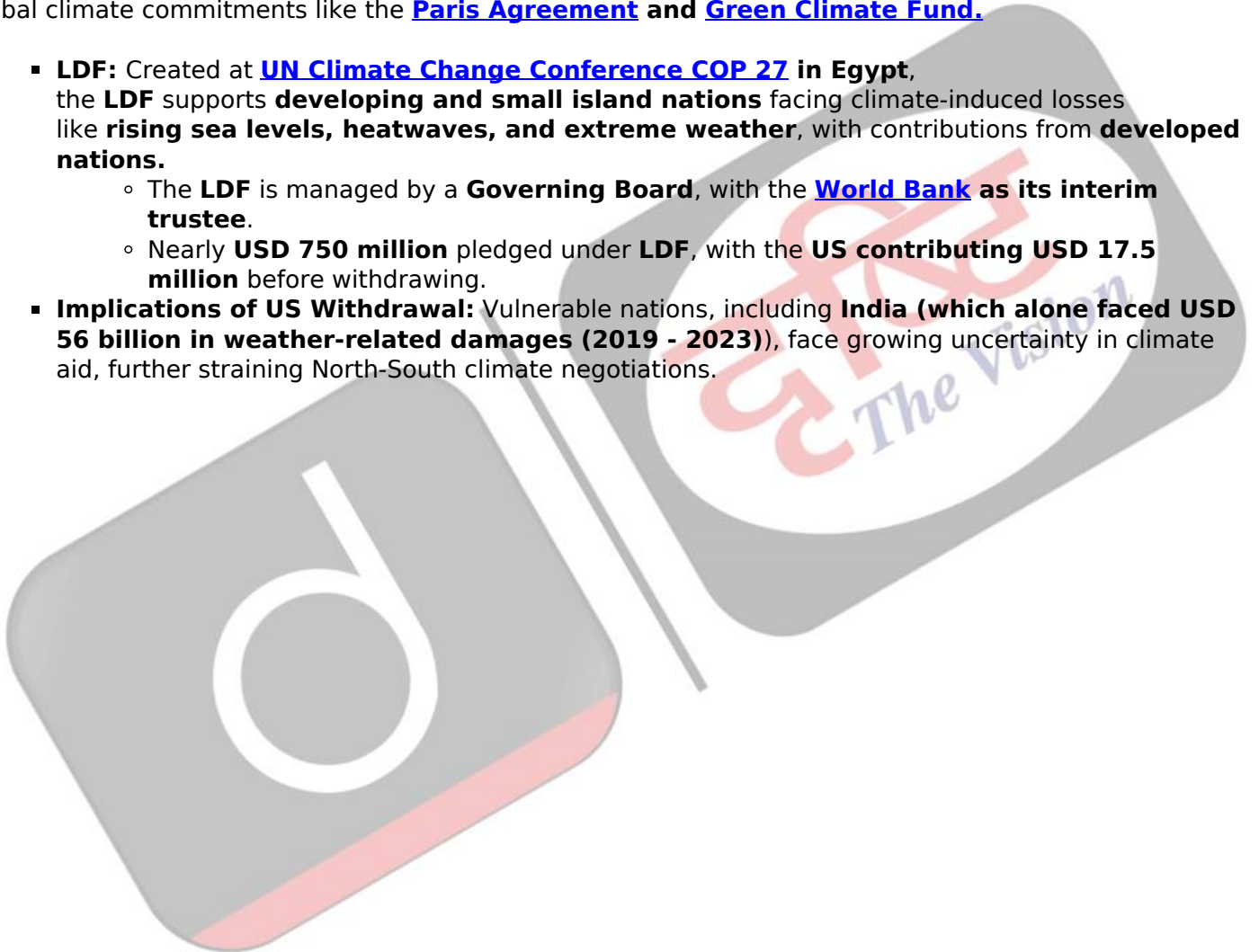
US Withdrawal from Loss and Damage Fund

[Source: IE](#)

The US has withdrawn from the [Loss and Damage Fund \(LDF\)](#), furthering its disengagement from global climate commitments like the [Paris Agreement](#) and [Green Climate Fund](#).

- **LDF:** Created at [UN Climate Change Conference COP 27 in Egypt](#), the **LDF** supports **developing and small island nations** facing climate-induced losses like **rising sea levels, heatwaves, and extreme weather**, with contributions from **developed nations**.
 - The **LDF** is managed by a **Governing Board**, with the [World Bank](#) as its interim trustee.
 - Nearly **USD 750 million** pledged under **LDF**, with the **US contributing USD 17.5 million** before withdrawing.
- **Implications of US Withdrawal:** Vulnerable nations, including **India (which alone faced USD 56 billion in weather-related damages (2019 - 2023))**, face growing uncertainty in climate aid, further straining North-South climate negotiations.

//



CLIMATE FINANCE

Climate finance refers to local, national or transnational financing—drawn from public/ private/alternative sources of financing—to support mitigation and adaptation actions against climate change.

PRINCIPLES OF CLIMATE FINANCE

- ↳ Polluter Pays
- ↳ Common but Differentiated Responsibility and Respective Capability (CBDR-RC)

Multilateral Climate Funds Coordinated by UNFCCC

- ↳ **Global Environment Facility (GEF):** Operating entity of financial mechanism (1994)
- ↳ **Kyoto Protocol (2001):**
 - ↳ **Adaptation Fund (AF):** Gives developing countries full ownership of adaptation projects
 - ↳ **Clean Development Mechanism (CDM):** To carry out emission-reduction projects in developing nations
- ↳ **Green Climate Fund (GCF):** estd. - 2010 (COP 16)
 - ↳ Funds under it - **Least Developed Countries Fund (LDCF)** and **Special Climate Change Fund (SCCF)**
- ↳ **Long-Term Climate Finance:**
 - ↳ **Cancun Agreements (2010):** Mobilize and provide scaled-up funds in short and long term
 - ↳ **Paris Agreement (2015):** Developed nations agreed to establish new collective goal of at least \$100 billion/year by 2025
- ↳ **Loss and Damage Fund (2023) (COP27 & COP28):** Financial assistance to nations most vulnerable and impacted by effects of climate change

Climate Investment Funds (CIFs) under World Bank

- ↳ Clean Technology Fund
- ↳ Strategic Climate Fund

INDIA'S INITIATIVES REGARDING CLIMATE FINANCE

Fund	Objective
<ul style="list-style-type: none">■ National Adaptation Fund for Climate Change (NAFCC) (2015)■ National Clean Energy Fund (2010-11)■ National Adaptation Fund (2014)■ Intended Nationally Determined Contributions (INDCs) (2015)■ Climate Change Finance Unit (2011)	<ul style="list-style-type: none">■ For vulnerable Indian states■ Advancing clean energy (started with initial carbon tax on industrial coal use)■ Bridging gap between required and available funds■ Nationally binding targets adopted under UNFCCC■ Leads on global climate finance issues

Challenges to Climate Finance

- ↳ Gap between national needs and climate finance under NDCs
- ↳ Least Developed Countries receive much less approved funding in per-capita terms from the multilateral climate funds
- ↳ Slow rate of approvals
- ↳ Failure in securing viability-gap funding



Drishti IAS

Read more: [Loss and Damage Fund](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/us-withdrawal-from-loss-and-damage-fund>