

‘Loss and Damages’ fund

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About ‘Loss and Damages’ fund:

- It refers to costs the rich and developed countries, who are majorly responsible for industrial emissions that pollute the environment, should pay to poorer nations that have made negligible contribution to pollution but are more vulnerable to extreme climate events.
- The expected monetary compensation from the L&D fund is estimated to be nearly \$500 billion and rising by \$200 billion annually.
- Crucial questions such as who will manage this fund, whether contributions are expected from large developing countries and what the fair share of contributors will be — have been left to a “transitional committee” that will make recommendations for the adoption of the fund at the next Conference of the Parties (COP) of the UN’s Framework Convention for Climate Change, to be held in the UAE in 2023.

What is “loss and damage”?

The phrase refers to costs already being incurred from climate-fuelled weather extremes or impacts, like rising sea levels

■ Climate funding so far has focused on cutting CO2 emissions, while a third of it went towards helping communities adapt to future impacts

■ Loss and damage funding is expected to cover the cost of damage that countries cannot avoid or adapt to

■ A report by 55 vulnerable countries estimated that their combined climate-linked losses in the last two decades totalled



\$525 billion, or 20% of their collective GDP. This could go up to \$580 billion per year by 2030

■ Vulnerable countries and campaigners argue that rich countries that caused the bulk of climate change with their historical greenhouse gas emissions should pay

Source: Reuters

History:

- **UN Framework Convention on Climate Change (UNFCCC):**

- The UN Framework Convention on Climate Change (UNFCCC), the 1994 international agreement that lays down the broad principles of the global effort to fight climate change, acknowledges the differentiated responsibility of nations.
- It makes it clear that rich countries must provide both the finance and the technology to developing nations to help tackle climate change.
- However, the UNFCCC does not mention loss and damage.

- In 2009, developed countries agreed to provide US\$ 100 billion every year from 2020 to help developing nations fight climate change.

- **Warsaw International Mechanism (WIM):**

- The Warsaw International Mechanism (WIM) for Loss and Damages, set up in 2013, was the first formal acknowledgment of the need to compensate developing countries struck by climate disasters.

Source : The Hindu

Source: <https://vajiramandravi.com/current-affairs/loss-and-damages-fund/>

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