

## *“Operationalizing the Loss and Damage Fund with Equity and Efficacy”*

Loss and damage refer to the adverse impacts of climate change that arise due to the failure of adequate ‘mitigation’ (the reduction of greenhouse gas emissions) or due to the lack of sufficient ‘adaptation’ (the building of resilience to adjust against current and future climatic impacts). These losses and damages range from economic (infrastructure, livelihoods, and property), and non-economic (loss of life and biodiversity, ecosystems, cultural and traditional heritage, and traditional knowledge and lifestyles among communities). These losses and damages may arise from extreme weather events, that have become more severe and prevalent due to climate change, as well as from slow-onset events such as glacier melting, rising temperatures, and sea-level rise

At the 27th Conference of the Parties (COP27) of the United Nations Framework Convention on Climate Change (UNFCCC), the participating states agreed on the broad modalities for the establishment of a historic Loss and Damage Fund. This development showcases the increasing need of the world to focus on loss and damage, reflecting the reality that climate change had substantial adverse impacts on ecosystems, economies, infrastructure, livelihoods, human health, and well-being around the world, especially in the global south and the vulnerable countries. The proposed aim of such a Loss and Damage fund is to ensure that developing countries have financial assistance as they contend with the negative impacts of climate change, either through sudden extreme events or through long-term damages through desertification and sea level rise. The loss and damage fund is the result of a years-long process by the developing countries to set up a mechanism to rebuild and further develop resilience in their physical and social infrastructure.

However, while such an establishment is historic, there are several challenges that need to be overcome for the Loss and Damage fund to be functional and effective. Looming over the proposed establishment of the Loss and Damage fund is the existing narrative around the wealthy nations' failure and shortcomings to meet the 2009 pledge to provide US\$100 billion per year from 2020 in climate finance to poorer nations. The establishment of the Loss and Damage fund raises key questions on the implications from the diversion of resources and funds to establish a separate financing mechanism, with its attendant funding burdens, on the existing climate finance architecture. Alongside the financial challenges, there remain political and diplomatic hurdles in the debate around the beneficiaries and the donors to such a fund, alongside the scientific challenges in estimating the needs of loss and damage finance across extreme events. Furthermore, the finance, political and scientific considerations need to be incorporated in order to build a financing mechanism, with inclusive governance structures and non-challenging reporting requirements, that can disburse urgent climate finance and aid in an effective and timely manner.

This event seeks to explore the various challenges involved in the establishment and operationalization of the loss and damage fund, from three different perspectives, the political, financial, and scientific challenges that would need to be addressed for an effective loss and damage fund. Beyond highlighting these challenges, the event would aim to discuss solutions and a potential roadmap for the operationalization of the loss and damage fund in an inclusive and equitable manner that can aid developing countries in addressing the emerging and increasing adverse impacts of climate change.

Click here to download “Operationalization of the Loss and Damage Fund: Challenges and Opportunities”, the discussion paper developed by TERI.

