

Topic 1: Operationalizing the Loss and Damage Fund for Climate Reparations to Vulnerable Countries

I. Background information

Climate change has caused serious harm to many countries around the world. Despite efforts to reduce emissions or prepare for disasters, some damage is unavoidable. This includes destroyed infrastructure, loss of land due to sea-level rise or damage to culture and biodiversity. These impacts are referred to as **Loss and Damage**.

The issue was first raised in 1991, when the **Alliance of Small Island States (AOSIS)** warned that rising sea levels could threaten their existence. Over time, the issue gained attention within the **United Nations Framework Convention on Climate Change (UNFCCC)**, as climate disasters became more frequent and severe. Developing countries, especially **Least Developed Countries (LDCs)** and **Small Island Developing States (SIDS)**, are the most affected by these impacts, despite contributing the least to global greenhouse gas emissions.

To address this inequality, countries decided at **COP27 in 2022** to create **the Loss and Damage Fund**. This fund aims to provide financial support to countries that suffer serious climate impacts, particularly developing and climate-vulnerable nations. At **COP28 in 2023**, the Fund was formally agreed upon in principle, with initial pledges and temporary governance arrangements. However, many important details remain unresolved.

II. Current Situation

Currently, The Loss and Damage Fund is temporarily being managed by the World Bank. This has raised concerns among some countries about how easy it will be to access the money and whether support will come as grants or loans. Although several developed countries have pledged money to the Fund, the total amount is only a few hundred million dollars. This is far below the real needs. Climate-related losses in climate-vulnerable countries already reach hundreds of billions of dollars each year, and these costs are expected to increase year by year. Another major challenge is deciding who should receive funding. While the most vulnerable countries are widely recognized as priorities, many other countries also face serious climate impacts. There is also debate over whether the Fund should cover only economic losses, such as damaged buildings, or also non-economic losses, such as cultural heritage, ecosystems, and forced displacement.

III. Some Useful Sources:

<https://globalwitness.org/en/campaigns/fossil-fuels/how-does-the-loss-and-damage-fund-work-for-climate-justice/>

<https://www.lossanddamagecollaboration.org>

https://unfccc.int/sites/default/files/resource/loss_and_damage_online_guide.pdf

<https://www.wri.org/insights/loss-damage-climate-change>