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**EDITORIAL ANALYSIS**

# Climate Loss and Damage Fund — Historic Promise, Hollow Delivery

THE HINDU

5 March 2026

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# Climate Loss and Damage Fund — Historic Promise, Hollow Delivery

 The Hindu

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GS2

GS3



The Hindu

MAINS RELEVANCE:

GS Paper 2

GS Paper 3



## INTERVIEW ANGLE

*"The Loss and Damage Fund was hailed as a historic breakthrough at COP27 — two years later, developed nations have pledged less than \$700 million against an estimated need of \$400 billion annually. What structural reforms to the international climate finance architecture would you recommend?"*

## WHY IN NEWS

As the international community reviews progress since COP28 (Dubai, 2023) operationalised the Loss and Damage Fund, climate-vulnerable nations — particularly Small Island Developing States — are warning that pledges of barely \$700 million against an annual need of \$400 billion represent a “tokenistic” response that leaves them without means to recover from climate-induced disasters.

## THE EDITORIAL'S ARGUMENT

**A fund without adequate funding:** The Loss and Damage (L&D) Fund, agreed at COP27 and operationalised at COP28, has received pledges of approximately \$700 million from developed nations — a fraction of 0.175% of the \$400 billion per year UNEP estimates is needed to address unavoidable climate impacts.

**World Bank hosting controversy:** Placing the fund under the World Bank as an interim host (for four years) was strongly opposed by developing nations who wanted a UN-supervised body. World Bank governance structures give voting power proportional to financial contribution — favouring wealthy nations over the most climate-vulnerable.

**Liability deliberately excluded:** Paris Agreement Article 8 on Loss and Damage was crafted to avoid the words “liability” or “compensation” — meaning developed nations face no legal obligation to contribute. The editorial argues this fundamental design flaw cannot be patched without treaty renegotiation.

**Adaptation finance underfunded too:** Even before the L&D debate, developed nations’ promise of \$100 billion per year in climate finance by 2020 (Copenhagen 2009) was not fully delivered. The new NCQG of \$300 billion/year by 2035 (COP29, Baku) continues this pattern of aspirational pledges without enforcement mechanisms.

**India’s constructive but firm position:** India supports the L&D fund and emphasises historical responsibility of developed nations – which account for the bulk of cumulative emissions – while also advocating for direct access modalities so developing nations do not have to route funds through multilateral banks.

**SIDS face existential threat, not just inconvenience:** For Tuvalu, Kiribati, and Maldives, loss and damage is not an abstract policy category – it is land submersion, freshwater salinisation, and forced migration. The gap between their needs and international response reflects a deeper failure of climate justice.

## WHAT IS LOSS AND DAMAGE?

In climate policy, **Loss and Damage (L&D)** refers to the negative impacts of climate change that cannot be prevented through mitigation (reducing emissions) or adapted to. It covers:

Type	Examples
<b>Economic losses</b>	Crop failures, infrastructure destruction, fisheries collapse
<b>Non-economic losses</b>	Loss of cultural heritage, biodiversity, territory, displacement
<b>Slow-onset events</b>	Sea-level rise, glacial retreat, desertification, ocean acidification
<b>Extreme events</b>	Cyclones, floods, droughts, wildfires

## The Three Pillars of Climate Action

Pillar	Meaning	Key Mechanism
<b>Mitigation</b>	Reducing greenhouse gas emissions	NDCs (Nationally Determined Contributions), carbon markets
<b>Adaptation</b>	Adjusting systems to live with climate change	Adaptation Fund, NAPs (National Adaptation Plans)
<b>Loss &amp; Damage</b>	Addressing unavoidable harm beyond adaptation	L&D Fund (newly established)

## TIMELINE OF THE LOSS AND DAMAGE FUND

Event	Outcome
UNFCCC established (1992)	Common but Differentiated Responsibilities (CBDRRC) principle enshrined
Kyoto Protocol (1997)	Binding emission targets for Annex-I (developed) nations only
COP19, Warsaw (2013)	Warsaw International Mechanism (WIM) for L&D established
Paris Agreement (2015)	Article 8: L&D recognised but liability/compensation explicitly excluded
COP26, Glasgow (2021)	Glasgow Dialogue on L&D started; Santiago Network operationalised for technical assistance
COP27, Sharm el-Sheikh (2022)	<b>Historic:</b> Agreement to establish a dedicated L&D fund
COP28, Dubai (2023)	Fund operationalised; World Bank as interim host; initial pledges ~\$700 million
COP29, Baku (2024)	New Collective Quantified Goal (NCQG): \$300 billion/year by 2035 from developed to developing nations

## KEY FRAMEWORKS AND PRINCIPLES

### UNFCCC Principle: CBDRRC

**Common but Differentiated Responsibilities and Respective Capabilities (CBDRRC)** – the foundational equity principle of international climate law:

All nations share responsibility for addressing climate change (common)

But developed nations, as historical emitters, bear greater responsibility (differentiated)

Capability matters – rich nations can do more (respective capabilities)

### Paris Agreement Article 8

Article 8 specifically addresses L&D. Its key provisions:

Recognises importance of averting, minimising, and addressing L&D

Establishes the **Warsaw International Mechanism (WIM)** as the operational body

Critically: COP21 decision accompanying the Agreement states it “does not involve or provide a basis for any liability or compensation” — the developed-nation safeguard that climate justice advocates oppose

## IPCC AR6 (Sixth Assessment Report, 2022)

Confirms that **even under 1.5°C warming scenario**, significant L&D is now unavoidable

Global warming already at ~1.1°C above pre-industrial levels

Extreme heat events 4.8x more frequent; heavy rainfall events 1.3x more intense

Small island states and low-lying coastal areas face existential threats

## INDIA'S POSITION

India's stance on the L&D Fund is shaped by its dual identity as a **large developing nation** and a **significant emitter**:

**Historical responsibility principle:** India emphasises that developed nations, responsible for the bulk of cumulative CO<sub>2</sub> since industrialisation, must provide finance as a matter of obligation, not charity

**Direct access:** India wants developing nations to access funds directly, not via World Bank conditionality and bureaucracy

**Technology transfer:** Alongside finance, India demands technology transfer under Article 10 of Paris Agreement

**India's own vulnerability:** Despite being a mid-level emitter (3rd largest total, but low per capita), India faces severe L&D — Himalayan glacial retreat, cyclone intensification, monsoon variability

**Climate Justice framework:** India has consistently used “climate justice” language to hold developed nations accountable to their CBDRRC obligations

## GREEN CLIMATE FUND (GCF) — LESSONS FOR L&D FUND

The **Green Climate Fund (GCF)**, established at COP16 (Cancun, 2010) to channel \$100 billion/year by 2020, offers cautionary lessons:

Developed nations pledged \$100 billion/year by 2020 (Copenhagen, 2009) — never fully delivered

GCF's governance structure disadvantages recipient nations

Accreditation requirements are onerous for small or developing-country institutions

Adaptation received far less than mitigation through GCF despite needs

**Prelims:** UNFCCC, COP27/28/29 outcomes, Paris Agreement Article 8, CBDRRC, Green Climate Fund, IPCC AR6, Vulnerable 20 (V20), SIDS. **Mains GS-2:** International climate governance; India's position in multilateral forums. **GS-3:** Climate change, loss and damage, climate finance architecture, India's climate commitments. **Essay:** "Climate justice — between aspiration and accountability in international climate negotiations."

## ★ FACTS CORNER — KNOWLEDGEPEDIA

### LOSS AND DAMAGE FUND — CORE DATA:

Agreed in principle: COP27, Sharm el-Sheikh, Egypt (November 2022)

Operationalised: COP28, Dubai, UAE (December 2023)

Interim host: World Bank (4-year arrangement)

Pledges as of early 2026: ~\$700 million

Annual need (UNEP estimate): ~\$400 billion

Gap: ~99.8% of need unfunded

### KEY COP MILESTONES:

COP19 (Warsaw, 2013): Warsaw International Mechanism (WIM) established

COP21 (Paris, 2015): Paris Agreement; Article 8 on L&D; 1.5°C goal

COP26 (Glasgow, 2021): Glasgow Dialogue on L&D; net-zero pledges

COP27 (Sharm el-Sheikh, 2022): L&D Fund agreed

COP28 (Dubai, 2023): Fund operationalised; \$700M pledged

COP29 (Baku, Azerbaijan, 2024): NCQG — \$300 billion/year by 2035

### CLIMATE FINANCE ARCHITECTURE:

Green Climate Fund (GCF): Established COP16 (Cancun, 2010)

\$100 billion/year promise: Copenhagen (2009) — target year 2020, not fully met

Adaptation Fund: Under Kyoto Protocol; serves developing nations

NCQG: New Collective Quantified Goal; agreed COP29 — \$300 billion/year from developed nations by 2035

### VULNERABLE NATIONS:

Vulnerable 20 (V20): Group of 58 climate-vulnerable economies

SIDS (Small Island Developing States): Tuvalu, Kiribati, Maldives, Vanuatu — existential threat

Maldives highest point: ~2.4 m above sea level; sea level rising ~3.6 mm/year globally

### INDIA'S CLIMATE DATA:

India's rank in total emissions: 3rd globally (after China, USA)

Per capita emissions: ~2 tonnes CO<sub>2</sub>/year (global average ~4.7 tonnes)

NDC target: 45% reduction in emissions intensity of GDP by 2030 (vs. 2005); 50% non-fossil electricity capacity by 2030

### OTHER RELEVANT FACTS:

IPCC AR6 (2022): Key finding — 1.5°C scenario still unavoidable for some L&D

Paris Agreement signatories: 196 parties (near-universal)

UNFCCC established: Rio Earth Summit, 1992

India ratified Paris Agreement: October 2, 2016 (Gandhi Jayanti)

Glasgow Climate Pact (2021): First explicit mention of “phase down” of coal (not “phase out”)

Source: The Hindu, Vajiram & Ravi



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