

# Don't applaud the climate summit's loss and damage fund deal just yet

December 7 2023, by Shannon Gibson

## How annual carbon emissions have grown over time

Europe and North America dominated annual carbon dioxide emissions for most of 200 years. Today, Asia is the largest source. Fossil fuel and cement emissions in metric tons.

■ EU-27  
 ■ Europe (excl. EU-27)  
 ■ U.S.  
 ■ North America (excl. U.S.)  
 ■ South America  
 ■ Africa  
■ India  
 ■ China  
 ■ Asia (excl. China, India)  
 ■ Oceania

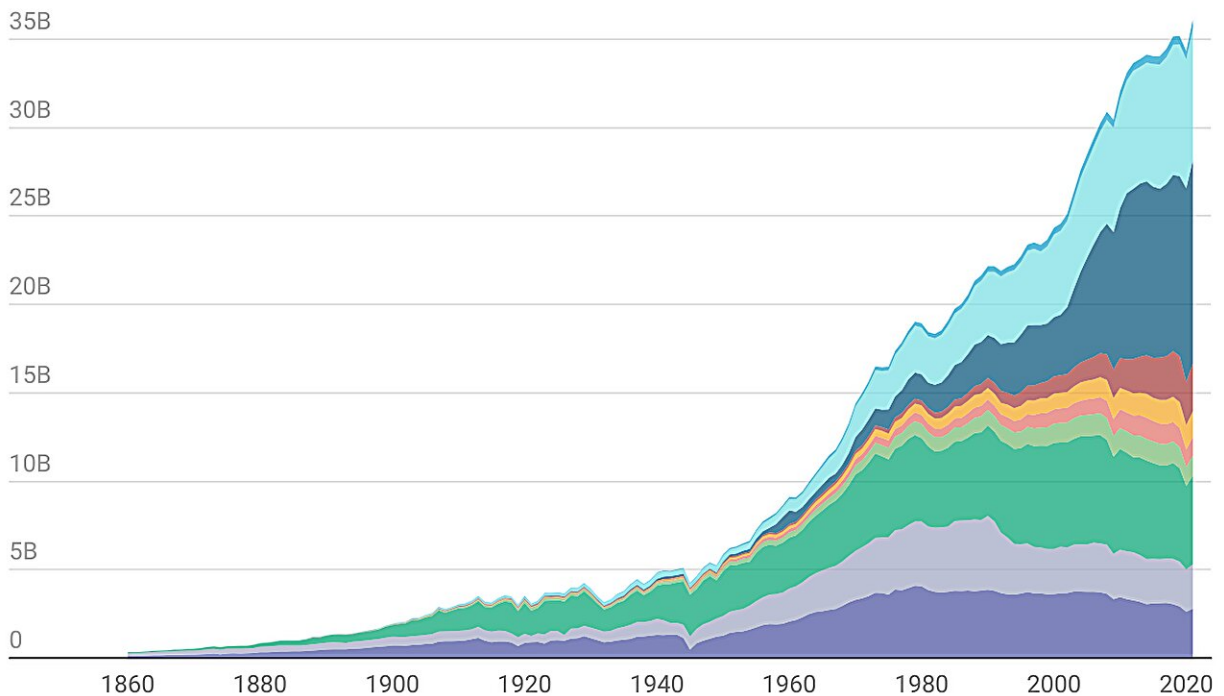


Chart: The Conversation/CC-BY-ND • Source: Our World in Data, Global Carbon Project • Created with Datawrapper

Credit: The Conversation

Shortly after the opening ceremony of the [2023 United Nations climate negotiations](#) in Dubai, delegates of nations around the world rose in a standing ovation to celebrate a long-awaited agreement to launch a loss and damage fund to help vulnerable countries recover from climate-related disasters.

But the applause might not yet be warranted. The deal itself leaves much undecided and has been met with criticism by climate justice advocates and front-line communities.

I teach [global environmental politics and climate justice](#) and have been attending and observing these negotiations for over a decade to follow the demands for just climate solutions, including loss and damage compensation for countries that have done the least to cause climate change.

## **A brief history of loss and damage**

"[Breakthrough](#)" was the term often used to describe the decision at 2022's COP27 climate conference to finally construct a loss and damage fund. Many countries rejoiced at this "[long-delayed](#)" agreement—it came 31 years after Vanuatu, a small archipelago in the Pacific, [first proposed compensation](#) for loss and damage for climate-caused sea level rise in earlier negotiations.

The agreement was only a framework, however. Most of the details were left to a transitional committee that met throughout 2023 to forward recommendations on this new fund to COP28. A [United Nations report outlined at the committee's second meeting](#) found that funding from wealthy nations to help [poorer countries](#) adapt to the ravages of climate change grew by 65% from 2019 to 2020, to \$US49 billion. That's still far below the [\\$160 billion to \\$340 billion](#) the U.N. estimates will be needed annually by 2030.

As the [meetings went on](#), developing nations, long wary of traditional financial institutions' [use of interest-bearing loans](#), which have left many low-income countries mired in debt, proposed that the fund be independent. Developed nations, however, insisted the fund be hosted under the World Bank and [held up the recommendations](#) until [right before COP28](#).

## Devil is in the details

While any deal on funding for climate disaster damages was sure to be portrayed as a historic win, further investigation suggests that it should be welcomed with hesitation and scrutiny.

First, the fund contains no specifics on scale, financial targets or how it will be funded. Instead, the decision merely "invites" developed nations to "take the lead" in providing finance and support and encourages commitments from other parties. It also fails to detail which countries will be eligible to receive funding and vaguely states it would be for "economic and non-economic loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events."

So far, pledges have been underwhelming.

Calculations of [early commitments total just over US\\$650 million](#), with Germany and the United Arab Emirates pledging \$100 million and the U.K. committing \$75 million. The United States, one of the largest climate change contributors, pledged only \$17.5 million in comparison. It's a [shockingly low starting point](#).

Also, any notion that this fund represents liability or compensation by developed countries—a major concern for countries with long histories of carbon pollution—was removed entirely. It in fact notes that loss and

damage response is based on cooperation instead.

In a rare win for the [developing world](#), funds were made available—even at subnational and community levels—to all nations, though with yet-undetermined performance indicators.

Additional concern has been raised about the fund's interim host—the World Bank. In fact, deciding on a host institution was one of the sticking points that nearly derailed earlier talks.

On one side, the United States and other [developed nations insisted](#) the fund be hosted by the World Bank, which has [always been led by an American](#) and has [historically spread pro-Western policies](#). Developing countries, however, resisted the World Bank's involvement based on their [historical experiences](#) with its lending and structural adjustment programs and noting the bank's role for years in financing oil and gas exploration as cornerstones of development efforts.

Following a stalemate and [U.S. attempts to block a consensus](#), a compromise was reached to host the fund under the World Bank for four years, with guardrails to ensure its independence and impact. After this window, the host structure will be reviewed, leading to either a fully independent fund or continuation under the World Bank.

The concern for critics with this route is that the compromise [risks ending up as a permanent hosting situation](#).

And there are more issues, such as the fund board's composition, which only allows for national representatives, not civil society representatives such as from Indigenous groups, as developing countries requested. The scope of funding that will be allowed is also still up in the air. In the fund's vague state, it opens the door for countries, as part of their loss and damage funding commitments, to count private loans, conditional

import credits and even funding from the fossil fuel industry at the [same time the industry continues to fuel climate damage](#).

## What happens next, starting in 2024

To date, the international climate community does not have a solid track record when it comes to climate finance promises. Each successive fund—from the [Green Climate Fund](#) that supports green projects in the developing world to the [Adaptation Fund](#) that builds climate resilience for the most vulnerable nations—has been woefully undersourced from inception.

In 2021, the entire climate finance ecosystem, from national commitments to private investment, totaled [\\$850 billion](#). Experts indicate that [this sum needs to be closer to \\$4.3 trillion](#).

That target represents 20% year-over-year growth until the end of this decade—a significant ramp up from recent years.

From 2011 to 2020, total [climate](#) finance [grew at just 7% annually](#). If this trend continues, not only will developing and most vulnerable countries lose faith in this process, but the very need for loss and damage funding will only grow.

The new fund board is mandated to hold its first meeting by Jan. 31, 2024. While this early start time is laudable, droughts will continue killing crops, and storms will continue flooding homes while the new fund engages in another series of meetings to determine who will qualify, how they can apply and how and when funds will actually be dispersed.

This article is republished from [The Conversation](#) under a Creative Commons license. Read the [original article](#).

## Provided by The Conversation

Citation: Don't applaud the climate summit's loss and damage fund deal just yet (2023, December 7) retrieved 28 April 2024 from <https://phys.org/news/2023-12-dont-climate-summit-loss-fund.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.