

Question:

Elaborate the idea of "Loss and Damages Fund" established at Sharm el Sheikh climate conference Egypt. What role Islamabad played in it and how would it benefit Pakistan?

Answer

The establishment of a Loss and Damage Fund was the main highlight of the United Nations Climate Conference (COP27) held in Egypt after the culmination of decades of pressure from climate vulnerable developing countries. Creating a specific fund for loss and damage marks an important point of progress, with the issue added to the official agenda and adopted for the first time. The hard-won deal is a turning point in acknowledging the

vast inequalities of the climate crisis. Pakistan played a pivotal role in the establishment of 'loss and damaged' fund, first by having it place on the agenda then pushing for a consensus agreement.

What is Loss and Damage Fund?

Loss and damaged refers to the costs of recovering from climate impacts such as extreme storms, rising sea levels, severe droughts and powerful wildfires that destroy lives, infrastructure, and economic sectors. As these impacts intensify, many countries are financially overwhelmed and are advocating for global financing mechanisms grounded in the concept of fairness.

Broad Campus of Loss and Damage

Loss and damage falls into two broad camps, according to the World Resources Institute.

First category: The first involves economic activities and infrastructure that you can put a clear price tag on. For example, if a flood wipes out agriculture production in a region, then the affected country would calculate the loss in revenue to farmers and the resulting supply chain disruption and come up with a clear figure.

Second category: The second camp involves harder-to-calculate harms, such as loss of life, culture and community continuity. Calculating these losses may hinge on providing indefinite social safety nets, paying for relocations.

Role of Islamabad

Pakistan played a pivotal role in the establishment of the 'Loss and Damage' fund, first by having it placed on the agenda of COP27, and then pushing for a consensus agreement. Environmental activists across the world are appreciating the role of Pakistan as chair of the Group of 77. An official said, "As a vice chair of COP27, Pakistan made hectic efforts for a 'Loss and Damage' financial mechanism that would force rich countries to financially help affected countries deal with the impact of climate change."

Ms Sherry Rehman, Climate Change minister of Pakistan hailed the historic loss and damage deal and said that "this is not accepting charity, this is a down payment on investment in our futures, and in climate justice"

How would the fund benefit Pakistan?

Pakistan is among the most vulnerable countries to climate change. Since the year 2000, climate change has been causing Pakistan a loss of \$2 billion every year. According to a report by the International Monetary Fund (IMF) on public investment in Pakistan, four million people are affected by climate change every year. It further said that the 2022 flash floods of Pakistan impacted 30 million people and killed approx 2,000 people. The fund would help the affected countries deal with the impact of climate change.

① Immediate Relief and Recovery

The loss and damage Fund can provide immediate financial assistance

to underdeveloped countries like Pakistan in the aftermath of climate-related disasters. This includes funds for emergency response efforts, rescue operations, and initial recovery measures to address the immediate needs of affected communities.

② Rebuilding Infrastructure:

The fund can be utilized to support the reconstruction of vital infrastructure such as roads, bridges, schools and hospitals, helping restore functionality to the affected area.

③ Agriculture Support

The fund can be directed toward supporting farmers by providing financial aid, seeds and tools to help them recover and rebuild their livelihoods after climate

related losses

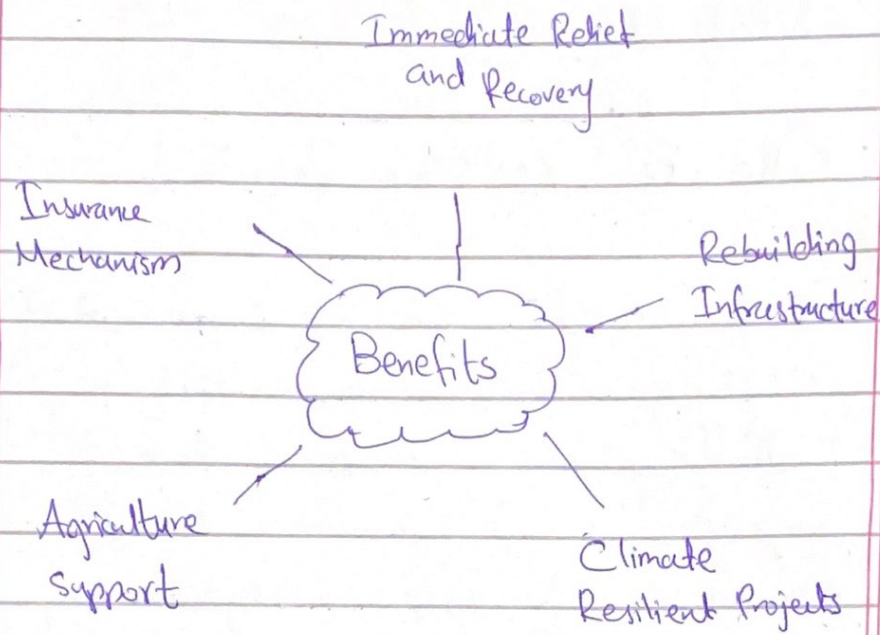
④ Climate Resilience Projects

Allocating funds for long term climate resilience projects is crucial for Underdeveloped countries. These projects involve building climate resilient infrastructure, implementing sustainable agricultural practices and promoting community-based adaptation strategies to reduce vulnerability to future climate related risk

⑤ Insurance Mechanism

The fund can contribute to the establishment of insurance mechanism tailored for affected rural areas.

This involves developing insurance schemes that offer financial safety net for individuals, businesses and communities.



The severe impacts of climate change are becoming more frequent, more intense causing more damage and loss of life. Therefore, greater resources are required to respond and rebuild. UN Secretary General, Antonio Guterres at COP27 said that the fund is the most important step towards justice for poor countries that have done little to cause the climate crisis but are suffering its worst impacts. While the historic decision was to establish the "Loss and Damage"

fund was welcomed by vulnerable nations, this is the only first step and its success will depend on how quickly this fund gets off the ground. The fund will serve as a critical resource for developing countries like Pakistan, offering financial support for immediate relief, long-term recovery, and sustainable adaptation measures in the face of climate-related challenges.