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Q Number :- 1

"Loss AND DAMAGE FUND"

Background :-

"Loss and Damage Fund" is the programme build to help the climate effected countries in Conference of Parties -21 by United Nation Framework for Convention for Climate Change (UNFCCC). Conference of parties or COP held annually by UNFCCC to analyse the efforts ^{against} ~~for~~ climate change efforts. Interestingly from COP4 - COP14, no discussion on climate finance but in COP-15 at Paris, first time a target of \$100bn was discussed given by developed countries. But unfortunately, not a single year this target was achieved. Highest accumulation of funds for climate was in 2021, which was \$89bn, in 2020 it was \$78bn annually. In 2021, COP21 occur in which 55+ countries demand for the "Loss and Damage Fund".

"Loss and Damage Fund"

INTRODUCTION:-

"Loss and Damage Fund", a climate financing programme developed at COP21, to finance the climate affected areas in world. There are three general aspects in loss and damage fund. One is that how much fund should be allocated to countries. Its criteria depends upon the effects caused by climate change and economic condition of that countries. Second is through which channels this fund should be allocated. Third main aspect is that to which areas this fund will be given as compared to others.

As burning of fossil fuels by world major emitters e.g. China 32/35%, US 15%, India 9% and UK 9%, this burning increase CO₂ level in environment resulting in increase in global warming which result into many global disasters. One of the big disaster is found as glacier melts and sea level increases, for example

floods in China, Italy. In 2018, researchers stated that floods will be routine onward.

Therefore world observe highest level of flood e.g. In Russia (2021, 22, 23), Pakistan (2022)

These disasters damage the economy of developing countries, now to facilitate this economic loss, Loss and Damage Funds (LDF) provide a sizeable funds to these developing countries.

As per UN, the developing countries loss around \$500bn in past 20 years due to climate change. In this report UN stated that, developing countries need \$387bn per year

while \$880bn till 2030. Developing countries need this funds ~~at~~ ~~this~~ necessarily

because already stagnant economy hit by disasters like floods, wild fires glacier melting, make them unable to

overcome these challenges of loss and damage, causes basically by the

developed world industrialisation.

Role of Islamabad and LDF

Pakistan is most vulnerable country in world for climate change. As per climate risk index, In 2022 Pakistan was 8th most vulnerable state to climate change but in 2023 Pakistan became 5th most vulnerable state to climate change. On the other hand, Pakistan face a severe flood in 2022 which cover all-over Pakistan except Malakand district. As per World Bank, Pakistan loss around \$ 30bn in flood in 2022. Similarly in COP21, UN Sec general stated that Pakistan is badly affected by a flood not by his own mistake but by our mistake. Therefore, on these arguments, Pakistan build a strong stance to receive a sizeble amount in loss and damage fund. Pakistan should play active role in "New Quantified Climate Goal" (NQG), a new initiative for climate finance which may active in COP29. Hence being one of most vulnerable country to climate change, Pakistan has major role in loss and damage fund.

Beneficiaries to Pakistan:-

Pakistan loses their agriculture (standing crops, live stocks and stored grains), Public infrastructure, and many more. All this setbacks result into big loss to Pakistan economy. Now to reform economy at ~~best~~ original position, Pakistan need foreign fund, which is best provided by Loss and Damage Fund.

Pakistan's Foreign Minister at COP27 stated that the fund given to Pakistan should not be considered as aid but it is our right.

Therefore, if Pakistan play their active and effective role, there would be more beneficiaries to Pakistan to handle losses and damages by climate change.

Q Number:- 2

Hamas - Israel war

Background:-

Hamas is the military organization of Iran, which rule over Palestine since 2007. While Israel occupied the Palestine since 1948. Hamas called it an illegal occupation and create resistance many time in history as in 2014, 2022 and 2023. Israel consider Hamas a terrorist organisation back by Iran.

Historical and Surprising attack of Hamas :-

Hamas attack on Israel on Oct 7, 2023, which was one of unprecedented attack on Israel since 1973.

In 1973, Egypt troop crossed border and war between Israel and Egypt occur, Muslim called it Ramadan war, while Israeli called it Yom-Kippur.

The attack of Hamas was surprising because, ~~Israel~~ ^{Hamas} released around 5000 missile out of 2000-3000 missed by Iron dome, a big failure to Israel defense system. Second Hamas fighters use parachutes of unique type and in only 2 hours more than 2000 fighter enter into Israel. Third, Israel was hit by Hamas at three different places. Hamas hit the military centres as well as civil areas. Hamas captured more than 200 Israel including army troops, civilians and foreigners.

Pre-planned like 9/11 for ground entry to Gaza :-

Behind this tragic war, there are a few arguments which support that it was pre planned by Israel to invade to Gaza and attain land control. ~~after~~ ^{gain}

- ① First of all the imports of Palestine ~~passed~~ passes only from

Israeli land and scrutinized very well.
If this type of imports occur then how
 Hamas prepare their arms and parachute etc.

② MosAD and CIA, world strongest agencies

and they regularly investigate the Gaza.

Then how few months preparation of
 Hamas became hidden from MosAD and CIA.

③ Hamas fired missile for five hours

but there is no response from the

world powerful military like Israel. Why?

④ Israel gain sympathy of US and

West after Hamas killed many civilians

and missile firing.

⑤ Now the ground reality proved that,

in this more than one month, Israel

occupy most land of Gaza and clearly

order that, Clear north of Gaza &

move to south.

Hence it is ~~not~~ ~~of~~ like one

of the pre planned attack by

Israel, a way to invade Gaza.

Global and Regional Impacts

This conflict is present in the Middle East which is one of the most important area of the world.

1)

Iran-Saudia Reapproachment

Iran - Saudia Reapproachment by China become beneficial from this conflict because Iran is the clear opponent of Israel and this conflict will distant the KSA and Israel, as they were read for diplomatic relation by US.

2)

US-Middle East Relation

Most of countries of Middle East stay away their relation from US because US support Israel unconditionally. Visit of Biden ~~and Clinton~~ to Jordan and Clinton to KSA was cancelled because of this conflict.

3) Social Voices against Israel:

This conflict result in the rising of voices at social level against Israel brutalities. Israel war crimes create violence mostly in every state and both muslim and nonmuslim.

4) Hypocrisy by US and West.

Two different sides of US and west became visible to world. As Russia invasion in Ukraine was critices and resisted by US and west. While on other hand war crimes like attack on hospital, children in Ghaza by Israel were never just a condemn by US or West. Because Israel is the watchdog of US in Middle east for Suez Canal.

Q Number: 3 :-

BALANCE OF PAYMENT CRISES

In world, most countries faced two main problems, one is Budget deficit and balance of payment crises. Pakistan is facing both problems. In FY 2022 expenditure of Pakistan was \$8.4bn and saving was \$4.3bn while in FY 2023 expenditure of Pakistan became \$8.8bn and saving low down to \$4.1bn.

Balance of payment crises arise due to following factors.

1) Decrease in Remittances

Remittances causes inflow of dollar to country, But in 2021-22 remittances were \$35bn while in 2022-23 it became \$27bn in banks and \$4bn in Roshan digital account.

2) Trade Deficit

Pakistan Import a lot of hydrocarbon, comprises 50% of total trade (\$23bn)

In 2022, trade deficit was \$44bn

In 2023, trade deficit became \$45bn (SBP)

3)

Interest on loan repayment

Loan repayment is one of the major drawback to ~~foreign~~ balance of payment crisis. While paying interest on loans cause more imbalance in economy.

In 2021, Out of \$ 7.3 bn expenditure,

\$ 3.8 bn was a loan

In 2022, out of \$ 8.4 bn expenditure

\$ 4.4 bn was a loan

4)

Dollar Outflow

Dollar outflow from country result in dollar reserve fluctuation. In 2019 Pakistan has \$ 23 bn reserve but now these are less than \$ 9 bn. (SBP)

Balance of Payment Crisis

AND IMF

In order to fix the balance of payment crises, Pakistan took loans from IMF which is short term solution.

IMF conditions effect the rules and regulation of Pakistan economy. Therefore BOP and IMF cannot be separated from

each other.

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Role of IMF in fiscal policy:

Pakistan has import base economy which is always in balance of payment crises. To overcome such crises, Pakistan took loans from IMF in order to fix the crises at that time. But unfortunately we don't make any reforms in our institutions to make our economy free from loans. The example of Sri Lanka default is in our front, how ~~to~~ Sri Lanka ~~take~~ take loan from IMF and move out from crises. While Pakistan taking loan for short time benefits but there is permanent solution to be taken from IMF bailout packages.

Role of IMF in monetary Policy ::

IMF loans are always ^{bind} with strict conditionalities specially in monetary policies. These are the policies authorized by central banks and state institutions but by taking loan IMF imposed conditions for more revenue by increasing taxation which result into inflation. So IMF has the indirect/direct role in monetary policy of our country. As recently IMF stated to Pakistan about SIFC to make it transparent.

Role of IMF in foreign policy

Foreign policy of any country decide their trade, imports, exports. As IMF is mostly back by US, so mostly IMF demand the foreign policy of Pakistan which is flexible in favour of United States globally. IMF has great doubts on CPEC projects of Pakistan with china. By giving bailout package, IMF tilt Pakistan globally towards the United States.

□ Number 4:- BRICS expansion

- ① BRICS expansion is generally the rise of South globally to curtail the power of North mainly US. The new countries are the rival of Middle east, partners of US, their invasion in BRICS is the alarming sign for US.
- ② Second, invasion of KSA and Iran both, reveals the success of China role in normalization of relation between Saudi and Iran.
- ③ BRICS already have Russia and South Africa and has world largest energy reservoir. After inclusion of 6 more Gulf countries, which has a world largest reservoir of oil.