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Navigating the Complexities of Climate Justice: The Loss and Damage Fund in Focus

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Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

Climate change has intensified the propensity of frequent and severe weather events and disasters, causing loss and damage to the lives and livelihoods of millions across the globe. However, least responsible for climate change, developing states are more vulnerable to the impacts of climate change. The Loss and Damage Fund established in the Conference of Parties by the member states of the United Nations Framework Convention on Climate Change marks a notable achievement for developing states because it provides support to developing states that require assistance in adjusting to the impacts of climate change and enhancing their ability to withstand challenges. This paper seeks to examine the Loss and Damage Fund within the broader framework of climate justice to explore its prospects and challenges in its appropriation to the needs of vulnerable states. This paper will employ a qualitative research approach to evaluate the

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operationalization of the Loss and Damage Fund and its intricacies in financial and governance mechanisms. This paper examines the governance and financial challenges of the Loss and Damage Fund, focusing on accountability, fund allocation criteria, and equitable access for vulnerable states.

Keywords: *Climate change; The Conference of the Parties (COP); The loss and damage fund; Vulnerable Nations, and the United Nations Framework Convention on Climate Change (UNFCCC).*

1. INTRODUCTION

Climate change significantly impacts the welfare of humankind and the fundamental equilibrium of Earth's ecosystems characterized by increased occurrence and severity of severe weather events, including heat waves, droughts, floods, etc. The evidence shows that climate change has significantly impacted human well-being directly as well as indirectly. Since the 1970s, anthropogenic climate change has been estimated to have caused the loss of approximately 150,000 deaths annually in the past decade (Patz et al., 2005). Climate-induced hazards pose significant challenges for marginalized populations, communities, and nations worldwide. These hazards result in various losses and damages, including economic and non-economic consequences. This range of challenges includes sudden-onset extreme weather events and long-term climatic shifts, which may aggravate over time. Currently, the onus of addressing the adverse repercussions of climate change falls disproportionately on countries directly affected rather than those primarily accountable for instigating climate change. The foundational principles of "common but differentiated responsibilities" and "distributive justice," enshrined within the United Nations Framework Convention on Climate Change (UNFCCC) of 1992, underscore the imperative for equitable global action (Cullet, 2021).

The landmark 27th Conference of the Parties (COP27) climate summit in Sharm el-Sheikh, Egypt, marked a pivotal juncture in international efforts to support vulnerable nations coping with the losses and damages precipitated by climate change. Although there have been notable advancements, there is still an urgent requirement for improved worldwide cooperation to implement these measures properly. Although the creation of the Loss and Damage Fund, suggested during COP27 in Egypt in 2022, has garnered interest, there remains an urgent requirement to enhance consensus on

implementing these measures (Gabbatiss & Dunne, 2023). Unfortunately, there is inconsistency in addressing the pressing needs of countries grappling with climate-induced challenges. Various developed nations, including Austria, Belgium, Canada, Denmark, Ireland, New Zealand, and Scotland, have demonstrated admirable commitment by allocating financial resources to tackle the impacts of human-induced climate change (Alayza et al., 2022). Although the annual increase in financing from 2017 to 2020 has shown a remarkable upward trend, it accounts for only 7% of the total climate finance. An urgent requirement is to enhance the allocation of funds for adaptation efforts in vulnerable nations (Buchner et al., 2021).

This paper examines the various opportunities and challenges of the Loss and Damage Fund to explore its capacity to address the needs of vulnerable nations to mitigate the impacts of climate change. Moreover, this paper evaluates the Loss and Damage Fund *and its intricacies in financial, technical, and governance mechanisms*. This paper is an essential contribution to the scientific community, especially in climate finance and climate justice. It addresses critical governance issues within the Loss and Damage Fund, providing valuable insights into the complexities of accountability and financial mechanisms needed to support vulnerable nations affected by climate change. The analysis of historical versus current responsibilities for emissions, along with the challenges of procedural transparency and equitable fund allocation, makes this work relevant for policymakers and researchers alike. By highlighting gaps in the current financial structure, the manuscript sheds light on essential improvements needed for the Fund to achieve its intended goals effectively, which could inspire further research and inform future climate policy discussions.

2. METHODOLOGY

This study adopts a qualitative research design using the climate justice framework to evaluate

the establishment of the Loss and Damage Fund and its prospects and challenges. The study uses a critical analysis approach to discern the strengths and weaknesses of the Fund across governance, technical, and financial dimensions. Gathering data for this study requires intentionally combining primary and secondary sources.

The study employs both primary and secondary sources in its analysis. The primary data was collected from official documents from the websites of International Organizations concerned with climate change policies and governance, such as the United Nations Framework Convention on Climate Change (UNFCCC) and the Conference of the Parties (COP). These documents include official reports, policy directives, resolutions, and agreements. Secondary data includes rigorous scrutiny of academic literature, research papers, scholarly articles, and reputable academic journals that will supplement the primary data. This holistic approach ensures a comprehensive understanding of climate change dynamics, ramifications, and mitigation strategies.

In order to analyze the collected data, the study adopts the technique of content analysis to delve into the opportunities and challenges associated with the Loss and Damage Fund. This systematic examination of textual data aims to identify recurring themes, patterns, and discrepancies related to the Fund's establishment and operation. Themes and patterns unearthed through content analysis will undergo critical analysis to assess their implications for climate justice, equity, and international cooperation.

3. THE MANIFESTATIONS OF LOSS AND DAMAGE OCCUR IN VULNERABLE NATIONS

Severe meteorological events, such as cyclones, significantly impact residential structures, infrastructure, and agricultural resources, resulting in economic and non-economic losses. The far-reaching consequences transcend material harm, encompassing loss of life, disruptions to livelihoods, and disruptions to societal structures, thus giving rise to profound socio-economic repercussions. Non-economic losses, particularly the degradation of cultural heritage and biodiversity and the detrimental effects on physical and mental well-being,

exacerbate the multifaceted nature of disaster-stricken regions (Morrissey & Oliver-Smith, 2013).

In the Asian context, natural disasters constitute the predominant catalyst for large-scale internal displacements, eclipsing conflicts and violence in their frequency and magnitude. Pakistan, which is grappling with extensive flooding, saw a staggering 8 million people displaced in 2022, marking the most significant disaster-induced displacement globally. The Philippines and China trailed closely, with millions displaced by tropical storm Nalgae and other calamitous events. Moreover, India and Bangladesh also contend with substantial displacement crises attributable to climatic exigencies (McAuliffe & Oucho, 2024). The recurring inundation of flood-prone regions in Assam, India, underscores the persistent vulnerability to hydrological hazards, manifesting in substantial economic losses and human casualties. The perennial onslaught of floods, accompanied by landslides and thunderstorms, exacts a significant toll on lives and livelihoods, with an average of 114 fatalities annually recorded over the past decade. The Brahmaputra and its tributaries precipitate bank erosion, exacerbating the region's vulnerability and losing arable land and vital infrastructure (The Assam State Disaster Management Authority, 2022).

Climate change's detrimental effects on agricultural output further compound the pressing issue of mounting food insecurity in Sub-Saharan Africa. Concerns about the growing number of malnourished people and the severe lack of food in Ethiopia, Kenya, and Somalia make it clear that coordinated efforts are needed to reduce humanitarian crises made worse by weather conditions (World Meteorological Organization, 2020). Pacific Island nations find themselves grappling with profound vulnerabilities to climate-induced calamities, wherein Tonga, the Solomon Islands, and Vanuatu stand out as some of the most susceptible regions on a global scale. Tropical cyclones, volcanic eruptions, and droughts are catalysts for a perpetual cycle of devastation, necessitating large populations' displacement and intensifying socio-economic inequalities. The economic disparity between the increasing expenses of loss and damage and the insufficient financial resources allocated to vulnerable developing nations underscores the pressing need to strengthen international assistance mechanisms (McAuliffe & Oucho, 2024). Tropical Cyclones Winston and Gita are

prime examples of the profound impact inflicted upon vulnerable communities, resulting in extensive devastation of residential structures, infrastructure, and sustenance. The economic implications are significant, hindering access to education and economic prospects, especially for marginalized communities that rely on agriculture and fisheries for their livelihoods. Tonga, a nation heavily dependent on rural livelihoods, experienced significant food security and income generation disruptions. This highlights the urgent need for focused interventions to enhance resilience and reduce the adverse effects of recurring climatic challenges (ESCAP, 2020).

The uneven and disproportionate impact of climate change upon marginalized communities in both the postcolonial Global South and minority groups in the affluent Global North stem from both historical legacies and geographic disparities, ultimately resulting in climate injustices. While hurricanes, floods, and Loss and Damage Fund have long plagued Southern regions, they increasingly encroach upon Northern territories amidst escalating global climate crises. This unequal burden manifests in rising death tolls, losses, displacements, and recovery expenses, particularly affecting frontline communities while rich nations insulate themselves from catastrophic events as they have the capability to address the issues of loss and damage at their level. This phenomenon underscores the stark socio-spatial inequities exacerbated by colonial and racial injustices, which is described as "climate apartheid" (Eliu, 2023). Scholars argue that affluent nations owe a climate debt to their postcolonial counterparts, given the historical exploitation and contemporary ecological imbalances perpetuated by colonial powers (Telang, 2023). Climate change, framed as a form of gradual violence, further marginalizes impoverished communities in the Global South, compounded by systems of racial capitalism, colonialism, and neoliberal globalization—these historical injustices compound vulnerabilities, amplifying the impacts of climate disruptions. As experiences of climate injustices vary within and between communities, a nuanced, context-specific approach to climate justice is imperative. However, international negotiations are hindered by normative disagreements and the reluctance of wealthier nations to take full accountability for their historical and present contributions to global emissions.

4. VOICE FOR LOSS AND DAMAGE FUND: A STEP TOWARDS CLIMATE JUSTICE

Since the Rio Earth Summit 1992, where the UNFCCC was embraced, and the principle of common but differentiated responsibilities and respective capabilities (CBDR + RC) was introduced, equity and justice have been pivotal concerns for Global South nations in climate negotiations (Cullet, 2021). Climate finance, a cornerstone of climate justice, remains a subject of ongoing debate regarding who should provide support, the required financial commitments, governance structures, and the nature of financial assistance. Despite these discussions, funding for adaptation has consistently fallen short of the expectations and needs of developing countries, leading to concerns that financing for Loss and Damage (L&D) will face similar challenges.

Climate justice broadly addresses the unequal impacts of climate change and rectifies resulting injustices fairly and equitably. It was born from civil society organizations and social movements, mostly in the Global South. Its goal is to understand the causes and effects of climate change and promote socially fair solutions (Thiri et al., 2022). The emphasis on justice at the global level highlights how the Global North has contributed disproportionately to climate change while the Global South has been burdened disproportionately with its share of the obligations. A climate justice framework at this level would support fair processes and responses to climate change, even if climate justice is not explicitly stated in the UNFCCC text. It is only briefly discussed in the preamble of the Paris Agreement (Khan et al., 2020). The developed world's historical role would influence it in creating the climate crisis, the continued unequal distribution of the costs and benefits of climate change, recognition of the various experiences and values of impacted communities, participation in decision-making processes, and initiatives to make amends for historical wrongs through restitution and restoration.

We examine a range of standards for justice in climate finance systems as we examine the possibility that the L&D Fund will become a revolutionary force in climate finance that can further climate justice. In light of this, it is imperative to examine the fight for L&D by the global south to thoroughly examine the lessons

discovered and difficulties faced in adaptation financing.

The Loss and Damage Fund has played a crucial role in climate discussions for over thirty years. During the UNFCCC negotiations in 1991, Vanuatu, a member of the Alliance of Small Island States (AOSIS), first suggested the notion of "loss and damage" (Künzel et al., 2017). Under the direction of Vanuatu's ambassador, Robert Van Lierop, AOSIS suggested creating a global insurance pool and Fund based on the polluter pays theory. This plan sought to use the insurance pool's resources to reimburse the most vulnerable small island nations and low-lying coastal developing countries for losses and damages brought on by sea level rise. It was submitted to the Intergovernmental Negotiating Committee, which the UN General Assembly (UNGA) established to negotiate the UNFCCC (Hurley, 2011). Despite the developed world's initial opposition, AOSIS managed to have insurance included in Article 4.8 of the Convention, and the Kyoto Protocol's Article 3.14(l) eventually adopted a language similar to this (Hyvarinen et al., n.d.).

In the Bali Action Plan, a COP resolution included the phrase "loss and damage" for the first time (UNFCCC, 2008, p. 4). It has since been often mentioned in COP resolutions and was prominently included in the 2013 Warsaw International Mechanism on Loss and Damage (WIM) mission. Enhancing action and assistance, especially in finance, technology, and capacity-building, to mitigate loss and damage due to the adverse consequences of climate change is one of WIM's duties, as stated in UNFCCC 2013, paragraph 5(c) (Johansson et al., 2022). Because it addressed rich countries' worries about possible culpability while advancing procedures to address climate consequences for poor nations, the flexibility of the "loss and damage" paradigm allowed for progress in discussions (Vanhala & Hestbaek, 2016). References to "recovery and rehabilitation" in WIM's first two-year work plan approved at COP20 in Lima (Wewerinke-Singh & Salili, 2020) and its five-year rolling work plan adopted at COP23 in Bonn (IISD, 2022) were particular successes for Vanuatu and other developing nations.

The 2015 Paris Agreement further reinforced the loss and damage regime. In order to embed the WIM inside the climate regime, Vanuatu and other developing nations, with backing from the

Pacific Civil Society, pushed for a stand-alone article on loss and damage (Wewerinke-Singh & Doebbler, 2016). Article 8 of the Paris Agreement gave a solid legal basis for WIM, which included directives to improve knowledge, response, and assistance in addressing loss and damage. Nevertheless, a more specific reference to the Convention's funding structure in Article 8 is needed to raise concerns over the Green Climate Fund's (GCF) ability to compensate for loss and damage (Paris Agreement, 2015). The insertion of paragraph 52—which declares that "Article 8 of the Agreement does not involve or provide a basis for any liability and compensation"—was prompted by developed nations' reluctance (UNFCCC, 2015). A compromise shaped by the concerns of developed nations, especially the United States, which initially sought to exclude any basis for liability and compensation from the climate change regime, is reflected in the history and implications of paragraph 52 (Calliari, 2018; Pekkarinen et al., 2019).

Only a tiny portion of the money the G77 + China needed for loss and damage was covered by insurance at the Suva Expert Dialogue at the 48th session of the Subsidiary Bodies (SB48) in 2018. Typically outspoken nations, the Global North was remarkably silent and mostly abstained from the conversation. Australia, the United States, and Japan were required to report on loss and damage later that year under the improved financial transparency framework. The United States, Australia, and the European Union (EU) only consented to a discussion on "arrangements for the funding of activities to avert, minimize, and address loss and damage" to be held during midyear meetings from 2022 to 2024 when the G77 + China proposed a "Glasgow Loss and Damage Facility" at COP26 in 2021 (Rowling, 2021). It ultimately paid off for the G77 + China to push for an agenda item on loss and damage after the first Glasgow Dialogue at SB56 in 2022. Under "matters relating to finance," the draft COP27 agenda included "matters related to funding arrangements to address loss and damage" (Ormond-Skeaping, 2023).

Nonetheless, the US and other Global North nations tried to eliminate it in the days before COP27. Following discussions throughout the night, the parties revised the agenda item to include "matters relating to funding arrangements responding to loss and damage associated with the adverse effects of climate change, including a focus on addressing loss and damage." "The

outcomes of this agenda item are based on cooperation and facilitation and do not involve liability or compensation," as COP27 president Sameh Shoukry cautioned in his introduction, repeating paragraph 51. The Global North parties should have included President Shoukry's verbal caution in the decision language. In the end, parties decided to "establish new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change" and "establish a fund for responding to loss and damage whose mandate includes a focus on addressing loss and damage." The decision to establish them is the closest the UNFCCC has in its thirty-year history to financing loss and damage, even if the precise funding mechanisms (accurate sources of money) have yet to be decided (Falzon et al., 2023).

5. EVALUATION OF GOVERNANCE AND FINANCIAL ASPECTS OF THE LOSS AND DAMAGE FUND

5.1 Governance Aspect of the Loss and Damage Fund

The governance issues related to financing the Loss and Damage Fund revolve around political debates about past obligations, current emissions, and projected payments from countries. Developing nations commonly support the concept of "common but differentiated responsibilities" (CBDR) and Article 9.1 of the Paris Agreement. This article mandates that "Developed country Parties shall provide financial resources to assist developing country Parties concerning both mitigation and adaptation in continuation of their existing obligations under the Convention" (UNFCCC, 2016). It emphasizes that developed countries, particularly those in Annexure I, should be primarily responsible for addressing climate change. The UNFCCC designates industrialized nations as leaders in this effort due to their significant historical and ongoing emissions of greenhouse gases. This perspective aligns with the viewpoints of underdeveloped nations, small island nations, and climate justice organizations within the UNFCCC. Müller (2008) aims to hold major historical polluters accountable for the consequences of climate change. However, affluent nations have consistently resisted acknowledging their responsibility through the loss and damage framework due to concerns about potential future claims for compensation

and climate-related lawsuits based on culpability, which could result in substantial financial burdens (Pekkarinen et al., 2019). The European Union, Small Island Developing States (SIDS), and other industrialized nations have proposed assigning the financial burden of the Fund to emerging economies and major emitters like China, India, and Brazil. Controversies have also arisen regarding potential financial assistance from prosperous countries such as Israel, South Korea, and Singapore, as well as oil-producing nations like Saudi Arabia and the UAE. China and India support the loss and damage system but have openly stated that they will not provide financial contributions to the Fund, citing their historical and developmental needs to justify this decision.

This stalemate between historical emitters and current emitters of greenhouse gases (GHG) has posed a significant challenge in realizing the Loss and Damage Fund to its full potential within the ambit of climate justice. This stalemate of who to be accused of having ignited the fire yields nothing but burns the house of the victim. Those who ignited the fire (historical emitters) and those who added fuel to the fire (current emitters) are responsible and need to be made accountable. Otherwise, this makes the governance mechanism of the Loss and Damage Fund smokier, better to be called based on "foggy justice" rather than true justice.

Another point of contention in the ongoing debate about financial responsibility is the identification of beneficiaries for the loss and damage fund. The resolution outlined in COP27 states that the Fund is intended to assist impoverished nations particularly susceptible to climate change's consequences. However, this statement must be more specific, leading to subjective interpretations and clarity. Some wealthier nations argue for narrowing down the group of beneficiaries to "highly vulnerable countries," thereby excluding certain developing nations from eligibility. The United States suggested that only countries with populations under five million should be eligible. The Alliance of Small Island States (AOSIS) proposed using criteria that consider a nation's capacity to handle and adapt to challenges and its susceptibility to damage. However, these suggestions target affluent developing nations in Asia and the Middle East. Developed nations have expressed a desire to restrict funds for small island developing states (SIDS) and the least developed countries (LDCs) without

adequately discussing the size of the Fund and the contributions they are willing to make. Developing nations argue that the Fund should be impartial and available to all developing countries. Cuba, leading the G77, believes that administrative measures should be implemented to increase access to loans and financial resources for vulnerable developing countries. They argue that fund allocation should be based on the severity of climate-related incidents rather than a country's classification. Developing countries insist that imposing limitations on the qualifying criteria would diminish the Fund's capacity to address a wide range of global needs related to loss and damage. Such limitations could impede the allocation of funds for recent catastrophic events like the floods in Pakistan. Given the widespread poverty, lack of development, and increasing vulnerability to climate change in developing regions, it is essential for the Loss and Damage Fund to prioritize the management of the growing effects of climate change. It should not be exploited as a political instrument that benefits a select few while neglecting a larger population.

5.2 Financial Aspects of the Loss and Damage Fund

In order to analyze the financial mechanism of the Loss and Damage Fund and the challenges on this front, it is necessary to answer the questions arising from it. What is the financial strength of this institution? Are these funds enough to assist vulnerable nations in adjusting to the impacts of climate change? What are the criteria for distributing and allocating funds related to loss and damage? Who controls the funds, and do these funds need a centralized agency or federal agency? These questions will lead to an in-depth understanding of the Loss and Damage Fund's financial mechanism and its challenges.

Although the Loss and Damage Fund marks a notable achievement, the financial pledges at CoP28 signify the potential challenge to the financial strength of the Loss and Damage Fund. The commitment to the Loss and Damage Fund is at just over US \$700 million, which accounts for merely 0.2% of the total amount needed by vulnerable nations to adjust to the impacts of climate change, which is about US \$ 400 billion each year (Lakhani, 2023). This shortage of funds is due to the intricacy of the Loss and Damage Fund's financial mechanism. It does not have an obligatory norm; instead, the funding is

voluntary and not linked to carbon emission levels. It is here the principle of climate justice becomes obscured. To be more explicit, I would like to say that the finance mechanism of the Loss and Damage Fund is based on 'foggy justice' where there is no clarity, transparency, and effectiveness. China, the largest emitter of carbon emissions, has no contribution to the Loss and Damage Fund. Saudi Arabia, Russia, India, etc follow a similar path. Funding not linked to carbon emissions frees affluent nations' responsibility (N Irungu & Nyamu, 2024).

The procedures pertaining to allocating and distributing funds have a pivotal role in supporting vulnerable states. The Loss and Damage Fund has a well-defined procedure for allocating and accessing funds. However, the procedure is cumbersome because of the lengthy process of documentation and approval, which leads to the delay in funds distribution. This makes it challenging for vulnerable states to respond promptly to climate impacts, resulting in loss and damage (Robert & Pelling, 2018). Additionally, the ambiguity in defining the term vulnerability makes it complex to determine who can receive funding from the Loss and Damage Fund (UNCTAD, 2023).

Previous climate finance funds have faced issues regarding board structure and membership, project selection processes, the possibility of earmarking funds, and the overall intent and execution of the funds. Graham and Serdaru (2018) highlight that voting rules—egalitarian or weighted by contribution—and the ability to earmark funds significantly influence donor states' willingness to contribute. This may partly explain why UNFCCC-established funds like the Adaptation Fund and the Green Climate Fund (GCF) remain chronically underfunded compared to other climate finance channels such as bilateral agencies and multilateral development banks. The Adaptation Fund, characterized by egalitarian voting, no earmarks, grant-only delivery, and a board predominantly composed of representatives from developing countries, is often cited as the best existing example of a fund that furthers core tenets of climate justice. Historically, advanced countries, particularly the United States, have combined loss and damage with adaptation strategies, categorizing all climate change impacts as matters of adaptation and mitigation. Despite recognizing loss and damage as distinct elements of climate change,

significant ongoing debates about financial obligations exist.

Schalatek and Bird (2017) propose a normative framework for climate finance, emphasizing the importance of transparency, accountability, and alignment with respective capabilities. They argue that climate funds should adhere to the polluter pays principle and be new and additional, adequate, and predictable. The administration of these funds should prioritize transparency, accountability, and equitable representation. Additionally, fund disbursement should be transparent, locally owned, timely, and aligned with gender equality.

6. CONCLUSION

The governance challenges associated with financing the Loss and Damage Fund reflect deep-seated political debates surrounding historical and current responsibilities for climate change. Developing nations advocate for "common but differentiated responsibilities" (CBDR) and Article 9.1 of the Paris Agreement, which places the primary financial responsibility on developed countries due to their historical and ongoing emissions. This principle aims to hold major historical polluters accountable, aligning with the views of vulnerable nations and climate justice organizations. However, affluent nations have resisted acknowledging their financial obligations, fearing potential legal repercussions and significant financial liabilities. Meanwhile, industrialized nations and emerging economies, such as China and India, are at odds over financial contributions, with some significant emitters refusing to contribute based on their own historical and developmental contexts. This deadlock creates a governance framework that needs to be more effective and obscured, undermining the potential of the Loss and Damage Fund to address climate justice effectively. The metaphor of "foggy justice" aptly describes the situation where both historical and current emitters are responsible. However, the lack of clear accountability and equitable financial contributions makes the governance mechanism of the Fund inadequate and inefficient, failing to deliver genuine climate justice.

The financial and procedural weaknesses of the Loss and Damage Fund highlight significant gaps between its intended purpose and actual effectiveness. With financial pledges at CoP28 amounting to just over \$700 million—merely

0.2% of the estimated \$400 billion needed annually—the Fund's capacity to support vulnerable nations is called into question. The voluntary nature of contributions, which are not tied to carbon emissions, allows significant polluters to evade responsibility, leading to what the author describes as "foggy justice," where a lack of clarity, transparency, and equity obscures the principles of climate justice. Additionally, cumbersome procedures and ambiguous criteria for determining vulnerability hinder the timely and equitable distribution of funds, raising serious concerns about the Fund's ability to provide adequate support to those most affected by climate change.

Müller (2008) highlights that adaptation financing must adhere to specific standards specified in the Bali Action Plan 2007. This entails becoming novel, extra, dependable, suitable, fair, and producing at least \$10 billion in revenue worldwide yearly. Van Drunen et al. (2009) supplement this by putting out standards like practicality, efficacy, and efficiency and taking institutional, political, and ethical problems into account.

These frameworks provide thorough instructions for assessing climate finance programs, guaranteeing efficient funding distribution by international climate objectives. Analysis of Loss and Damage (L&D) finance might benefit from understanding the adaptation finance criteria. However, a different framework is needed because of the particular requirements of L&D financing, which include the need to handle abrupt catastrophes and occurrences with a delayed start and account for differences between solvable risks and permanent losses.

Three main criteria, as well as supplementary sub-criteria, are identified by Robinson et al. for L&D funding. They suggest that L&D finance be flexible enough to respond to particular calamities or events, sustainable in the sense that it will always have money available, and consistent with several financing tenets, including those about equity, viability, predictability, sufficiency, transparency, newness, additionality, direct accessibility, and vulnerability.

DISCLAIMER (ARTIFICIAL INTELLIGENCE)

Author(s) hereby declare that NO generative AI technologies such as Large Language Models

(ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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Annex I

Australia

Austria

Belarus^a

Belgium

Bulgaria^a

Canada

Croatia^a *

Cyprus^{***}

Czech Republic^a *

Denmark

European Economic

Community Estonia^a

Finland

France

Germany

Greece

Hungary^a

Iceland

Ireland

Italy

Japan

Latvia^a

Liechtenstein*

Lithuania^a

Luxembourg

Malta^{**}

Monaco*

Netherlands

New Zealand

Norway

Poland^a

Portugal

Romania^a

Russian

Federation^a

Slovakia^a *

Slovenia^a *

Spain

Sweden

Switzerland

Turkey

Ukraine^a

United Kingdom of Great Britain and Northern

Ireland United States of America

^a Countries that are undergoing the process of transition to a market economy.

* Publisher's note: Countries added to Annex I by an amendment that entered into force on 13 August 1998, pursuant to decision 4/CP.3 adopted at COP 3.

** Publisher's note: Country added to Annex I by an amendment that entered into force on 26 October 2010, pursuant to decision 3/CP.15 adopted at COP 15.

*** Publisher's note: Country added to Annex I by an amendment that entered into force on 9 January 2013, pursuant to decision 10/CP.17 adopted at COP 17.

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