

A NEW DAWN FOR CLIMATE JUSTICE: The Loss and Damage Fund

Atul Pal & Shipra Pal**

[Abstract: *The COP27 summit at Sharm-El-Sheikh committed to create a 'Loss and Damage' fund which will compensate the most vulnerable countries for their losses due to climate-related disasters. There was a long debate from the early 1990s after the formation of the United Nations Framework Convention of Climate Change (UNFCCC) for establishing accountability for the rich countries overlooking concerns of vulnerable countries. Similarly, the Least Developed Countries Group has also been rallying for compensation of loss and destruction. This paper discusses the Loss and Damage fund in detail. It traces the development of the idea of such a mechanism and the steps taken that ultimately culminated in the formation of the Loss and Damage Fund. The paper also discusses various provisions of the fund. Accordingly, it also attempts to look into the concerns regarding the contributions for such a fund by countries, the dilemma regarding its set up and the kind of challenges it might face in the future. Vulnerable countries demanding compensation on the account of climate injustice like the floods of Pakistan in the year 2022 have also been analysed. A detailed analysis of pros and cons for better understanding alongside relevant data with a clear picture on what would be ramifications of a positive or negative implication on the future of earth and on attaining the idea of climate justice in accordance to author's views have been presented. As the fund is still in the process of implementation and there is a sense of confusion about the what is going to be its standard of procedure; the paper gives an insight on the debates and discussions amongst the various stakeholders and gives author's analysis on the potential outcomes about how such a colossal step which provides for responsibility sharing would be able to make an impact in the era of extreme environmental and climatic uncertainties.]*

Keywords – *loss, damage, mitigation, adaptation, environment, climate justice*

I

Introduction

The Loss and Damage Fund (**L&D Fund**) was established in the United Nations Climate Change Conference (**UNFCCC**) of 2022, commonly referred to as COP 27, held at Sharm-El-sheikh in Egypt to respond to human cost of climate change. Loss and damage concept originated from Article 8 of Paris Climate Accords of 2015 and refers to the unavoidable risks which arise from the negative consequences of climate change. This includes desertification, prolonged heatwaves, rising sea levels and species extinction. L&D Fund, compensating most vulnerable countries owing to climate-related disasters was deliberated amongst the package of decisions in the

COP27, which was set up against a vehement geopolitical situation; reaffirming its commitment to limit global temperature rise to 1.5 degrees Celsius above pre-industrial levels. A transitional committee¹ has been formed that will make recommendations regarding management, contributions and actual adoption of the fund at the next COP28, scheduled to be held in the United Arab Emirates, this year. The L&D Fund functioning is theoretically similar to the Green Climate Fund (GCF), GCF² was incorporated in COP25 which receives funding from countries worldwide and distributes funds to developing countries for mitigation and adaptation projects. The major difference is that L&D Fund would disburse funds in the aftermath of environmental disasters. Rising at the rate of \$200 billion dollars annually, the L&D Fund is estimated to be nearly \$500 billion.³

II

The Need for L & D Fund – An Overview

The L&D Fund is an important step in compensating the impacts of climate change that cannot be avoided either by mitigation or adaptation. The compensation isn't only restricted to economic losses but also covers loss of livelihoods and biodiversity sites having cultural importance. In short, loss and damage fund is a response owing to climate debt accrued by the rich countries to the poor on the account of climate injustice. Going by the historic data, G20 countries have been the highest emitter of greenhouse gases and the sufferers have been the developing countries. The G20 represents about 75 percent of global greenhouse emissions.⁴ On the contrary, African countries contribute least to climate change but will still end up spending 5 times more on adapting to the climate crisis than on other human development indicators, for ex – health or education. The 2022 Adaptation Gap Report⁵ provides critical information to policymakers around the world. It states that international adaptation finance flows to developing countries are five to ten times below estimated need. The International Federation of Red Cross in one of its reports found that people in need of a humanitarian assistance would almost double by 2050 if adequate step is not taken.⁶ In COP27, it was Group of 77 plus China bloc which proposed a new dedicated new fund to loss and damage. When relented by the

*Lawyer, LL.M from London School of Economics and Political Sciences.

*SDM, Lucknow.

¹United Nations Climate Change, available at: <https://unfccc.int/topics/adaptation-and-resilience/groups-committees/transitional-committee> (last visited Nov. 19, 2023).

²Green Climate Fund, available at: <https://www.greenclimate.fund/> (last visited Nov. 19, 2023).

³ Jacob Koshy, *COP27 Establishes "Loss and Damages" Fund for Climate Reparations*, (Nov. 20, 2022) available at: <https://www.thehindu.com/sci-tech/energy-and-environment/climate-compensation-fund-approved-other-issues-up-in-air/article66159827.ece> (last visited Nov. 19, 2023).

⁴Hannah Ritchie and Max Roser, *Greenhouse Gas Emissions*, available at: <https://ourworldindata.org/greenhouse-gas-emissions> (last visited Nov. 19, 2023).

⁵UNEP, *Adaptation Gap Report 2022*, (Nov. 1, 2022) available at: <https://www.unep.org/resources/adaptation-gap-report-2022> (last visited Nov. 19, 2023).

⁶ Press Release, (Sep. 19, 2019) Available at: <https://www.ifrc.org/press-release/200-million-people-need-us20billion-respond-new-report-estimates-escalating> (Last accessed 19 Nov., 2023).

developed countries, EU which had earlier opposed such a mechanism agreed, though with some terms of its own. The principle of “Common but Differentiated Responsibilities” (CBDR)⁷ was formalized in the Earth Summit of 1992 at Rio De Janeiro. The international law and the concept of CBDR which states different countries have different capabilities and responsibilities to address cross-border environmental issues like climate change. Loss and Damage Fund also inculcates the same undertone stating contributions according to the emissions and ensuring justice to the vulnerable countries which are worst affected.

III

Evolution of the Concept of Funding Loss and Damage

Since the signing of UNFCCC in 1992, there have been a debate regarding assessing the loss and damage due to climate change. Vanuatu was the first country which proposed on behalf of Alliance of Small Island States (AOSIS) to the international community to provide assurance that climate change would not endanger their survival. The provision of loss and damage was then discussed in the Bali Action Plan, COP13 further elaborated in the COP17 and COP18 at Doha and Durban, respectively. It was the Warsaw International Mechanism (WIM)⁸ in 2013 which in its preamble recognised the need to compensate developing countries suffering from climate disasters. WIM went a step ahead and acknowledged that loss and damage in some cases require more than which can be reduced by adaptation. The landmark Paris Agreement of 2015 also talked about loss and damage in detail but however it didn't provide for any fund. The Santiago Network⁹ mandated in the COP25 at Madrid to further the work of the Warsaw International Mechanism for loss and damage. It aimed at providing knowledge, resources needed to address climate risk minimizing and addressing loss and damage to the vulnerable developing countries and connecting them with providers of technical assistance.

The Climate Vulnerable Group¹⁰, a group of over 50 most vulnerable developing countries headed by Prime Minister of Bangladesh, Sheikh Hasina ahead of the COP26 scheduled at Glasgow in 2021 made it clear that they expected the conference to make a progress in the issue of loss and damage pertaining to climate injustice and proposed the Glasgow Facility for Financing Loss and Damage for “Glasgow Climate Emergency Agreement”. These demands were turned down by the United

⁷ Charlotte Epstein, *Common but Differentiated Responsibilities*, available at: <https://www.britannica.com/topic/common-but-differentiated-responsibilities> (Last accessed 19 Nov., 2023).

⁸ United Nations Framework Convention on Climate Change, *Warsaw International Mechanism for Loss and Damage Associate with Climate Change Impacts (WIM)*, available at: <https://unfccc.int/topics/adaptation-and-resilience/workstreams/loss-and-damage/warsaw-international-mechanism#:~:text=The%20COP%20established%20the%20Warsaw,that%20are%20particularly%20vulnerable%20to> (last visited Nov. 19, 2023).

⁹ United Nations Climate Change, *Santiago Network*, available at: <https://unfccc.int/santiago-network> (last visited Nov. 19, 2023).

¹⁰ Climate Vulnerable Forum, available at: <https://thecvf.org/> (last visited Nov. 19, 2023).

States and there wasn't any new funding which was introduced. However, the Santiago Network on loss and damage as mandated in the COP25, and a 3-year task force was established to consider funding arrangements to loss and damage. Alongside, COP26 allowed formal discussions on the topic and the ground work was also laid for the COP27 which finally assented to the demands of the day.

IV

Case Studies – Africa (horn of Africa) and Pakistan

Africa (horn of Africa)

Horn of Africa comprises of Somalia, Kenya and Ethiopia. The devastation caused by a rise in global temperature by 1.2 degrees have wrecked-havoc in this region. According to a study¹¹, due to unusually high temperatures, there has been a higher rate of water evaporation from plants and soils resulting in water shortages, crop losses and death of livestock. This has resulted in severe draughts from the period of 2020-2023 in the region. The climate change has resulted in making the long rains season between March to May, twice as drier and the short rain season between October and December, wetter than usual. The draught situation has been further exacerbated by the presence of the La-Nina climatic phenomenon which brings drier conditions during the "short rains" period. Tens of thousands along-with 8 million farm animals have died in a draught which has been stated as the worst in the past 40 years. An analysis from the World Weather Attribution group¹² stated that the fast pace of burning of fossil fuels around the globe will keep the danger of draughts looming. Ethiopia and Somalia have seen 1.7 million people leaving their homes because of the effects of draughts. Around 43,000 people have been estimated to have been killed, out of which more than half is the population of children below 5 years due famines induced by deadly draughts and a staggering 20 million people in the Horn of Africa are on the crisis levels of food insecurity according to the United Nations High Commissioner for Refugees.¹³

On the issue of emissions, the whole of African continent contributes less than 4%, the countries in question like Kenya and Somalia's emission is 0.3 and 0.03% respectively. For such a miniscule percentage, the price that these countries are paying is very heavy. On the top of it, the deteriorating political situation of the region alongside the economically gruesome Russo-Ukrainian war has further thinned down the resources available to the people. Countries like Sudan, Tunisia,

¹¹ Sven Harmeling, *et al. Climate Loss and Damage in Africa: Massive Cost on the Horizon*, CARE (Nov 10, 2022), available at: <https://careclimatechange.org/climate-loss-and-damage-in-africa-massive-costs-on-the-horizon/> (last visited Nov.19, 2023).

¹² World Weather Attribution, *Human-Induced Climate Change Increased Draught Severity in Horn of Africa*, (Apr. 27, 2022), available at: <https://www.worldweatherattribution.org/human-induced-climate-change-increased-drought-severity-in-southern-horn-of-africa/> (last visited Nov.19, 2023).

¹³ Oxfam International, *Over 20 Million More People Hungry in Africa's "Year of Nutrition"*, (Feb. 17, 2023), available at: <https://www.oxfam.org/en/press-releases/over-20-million-more-people-hungry-africas-year-nutrition> (last visited Nov.19, 2023).

Ethiopia, DR Congo have experienced significant reductions in their per-capita GDP, more than the tune of 5% (Sudan reports losses of over 15%) due to climate change. Africa accounts for 70% of the world's Least Developed Countries (LDCs) where even a miniscule disruption in the day-to-day affairs causes havoc on the lives of the common people. A report states¹⁴ that for the period between 2022 to 2030, African countries need to finance loss and damage would be between 289.2 to 440.5 billion\$. On the top of it, a looming danger of "residual damage" which can potentially double the adaptation costs.

Pakistan

Pakistan reported severe floods between June to October 2022. An estimated 33 million people were affected. Sindh, one of the bigger provinces of Pakistan whose capital is Karachi apparently Pakistan's largest city and only financial hub suffered a damage up-to 70%.¹⁵ The severe floods are a result of a 400% increase in rainfall in the areas of Baluchistan and Sindh. The extremity of climate is not only seen during the floods but also in the heat season where Pakistan saw temperatures hovering around 45 degree Celsius for the month of May. The extreme temperatures resulted warmer air holding more moisture which eventually came down in the form of torrents. This extreme heat also resulted in melting of glaciers in the Himalayas. This pocket of water running downslope resulted in a dangerous phenomenon called glacial lake outbursts flood.

Floods in Pakistan killed around 1700 people and caused 14 billion dollars of damage and 15 billion dollars of economic losses. 2 million houses were washed out or damaged, 1.2 million livestock were killed, 13000 kilometres of roads damaged and around 700000 people had to take shelter in relief camps. The stagnant water increased the risk of water borne diseases. The poverty rate estimating people below the poverty line is expected to increase by 3.7-4% with number pushed to a 9 million in total. According to a 2021 report¹⁶, in a total of 184 countries, Pakistan was on 158 in the list of countries with maximum CO2 emissions and was ranked in the category of least pollutant. Pakistan emissions are 0.6%. A study states¹⁷ that for every ton of pollution, the world generates economic activity of \$2666. Pakistan proposed pollution reductions were 736 million tonnes per year that allowed the world to create worth \$2 trillion of economic activities. Going by current price of

¹⁴ Benjamin Hunter, *Africa Needs a Loss and Damage Fund, But with Real Vision*, (Apr. 6, 2023), available at: <https://www.theafricareport.com/294119/africa-needs-a-loss-and-damage-fund-but-with-real-vision/>(last visited Nov.19, 2023).

¹⁵ Menaal Mushay, *The Loss and Damage: A Cautionary Tale of Pakistan*, (Nov. 21, 2022), available at: <https://www.thenewhumanitarian.org/opinion/2022/11/21/loss-and-damage-Pakistan-floods-women-climate-change>(last visited Nov.19, 2023).

¹⁶ Government of Pakistan, *Updated Nationally Determined Contributions 2021*, available at: <https://unfccc.int/sites/default/files/NDC/2022-06/Pakistan%20Updated%20NDC%202021.pdf>(last visited Nov.19, 2023)..

¹⁷ The Tribune, *World Owes Pakistan \$30b a Year for Polluting*, (Jan. 16, 2023), available at: <https://tribune.com.pk/story/2396064/world-owes-pakistan-30b-a-year-for-polluting>(last visited Nov.19, 2023)..

CO2 per tonnes, the world owes Pakistan \$30 billion. On the contrary, the amount that Pakistan has received is less than \$1 billion.

V

Deliberations at COP27 – Composition and Contributions to the Fund

The two-week long Conference at Sharm-El-Shaikh finally was able to come up with the draft of the Loss and Damage Fund. It was the Group of 77 plus China bloc that proposed a new dedicated fund for loss and damage. For nearly two weeks, EU and US refused demands from the poor countries arguing that the existing funds should be redirected for the purpose. When relented by the developing countries, EU and US finally agreed, though with some terms of its own. The EU contested that the obligation to contribute falls on the list of countries drawn up in 1992.¹⁸ The world has progressed from that times and other big countries which are economically strong and high emitters (like China) should be included in its fold. A 24-member Transitional committee was established for the operationalization and the funding arrangements of the fund. The committee will work on achieving a consensus outcome before the COP28 which is scheduled to be held at Dubai. Financial pledges for loss and damage funding came from multiple countries like Austria, Belgium, Canada, France, Germany and New Zealand amounting to a US\$275 million. Switzerland and Denmark had already made the pledges previously.

Funding remains a source of friction. The developed nations had already failed to deliver US\$100 Billion in annual climate finance by 2020 which has castrated a lot of doubts. EU as said that it will only back a fund if it targets supports for the most vulnerable countries. Other countries have suggested a “mosaic” of funding sources rather than one central fund. The G7 group of rich nations alongside the V20 group of 58 most vulnerable countries have launched the “Global Shield”¹⁹ aimed at financing disaster protection. It has a US\$175 million funding from Germany and about US\$45 million from other countries of the initiative.

VI

Controversies regarding the Fund

Enough had already been discussed about the 1992 criteria given for the norm of defining – developing and developed nations. The nations required to contribute

¹⁸ Adil Najam, *COP27’s “Loss and Damage” Fund for Developing Countries Could be a Breakthrough – or Another Empty Climate Promise*, (Nov. 21, 2022), available at: <https://theconversation.com/cop27s-loss-and-damage-fund-for-developing-countries-could-be-a-breakthrough-or-another-empty-climate-promise-194992>(last visited Nov.19, 2023).

¹⁹ The World Bank, *World Bank Group Launches Global Shield Financing Facility to Help Developing Countries Adapt to Climate Change*, (Nov. 14, 2022),available at:<https://www.worldbank.org/en/news/press-release/2022/11/14/world-bank-group-launches-global-shield-financing-facility-to-help-developing-countries-adapt-to-climate-change>.(last visited Nov.19, 2023).

were the OECD members at that time – Western Europe, North America, Australia, New Zealand and JAPAN. The loss and damage fund also seem to become like geopolitical playground. EU contested that there were countries which have become wealthier and polluting after 1992 and they should also be asked to contribute. A glaring example was EU proposing China to be welcomed in its fold by redrawing the World Bank criteria of 1992. There were voices that wanted to add India in its fold too. Considering the huge populations of these countries into account, average Carbon footprint of Chinese is less than half of an average American. Indians are even less polluting. Personal consumption of Indians and Chinese are much lower than North America's or Europe.²⁰ Another debate was regarding inclusion of countries like UAE, Qatar and Kuwait who have earned substantial profits post 1990 owing to a fossil fuel-based economy. Similarly, countries like Singapore, Israel and South Korea who have been at the forefront of the economic boom post 1990 have also been asked to be included in the donor pool.

The criteria of roping in the funds based on historical emissions which modern taxpayers would be reluctant to accept blame for, is challenging. But even if one takes 1990 as the standard year to count emissions, big countries like India and China stand nowhere in comparison of the west. There are some countries which have avoided the 'developed' criteria but have traditionally been high emitters after 1990 like Singapore, Qatar, Israel and Saudi Arabia. These are the countries which have been repeatedly called out by the world to give substantial contributions towards the facility.

VII

Loss and Damage Fund: India's Perspective

India has been vocal about in terms of larger contributions from developed countries towards energy transition, adaptation to climate change and ensuring there is no further rise in global temperatures. India has openly supported the claims of her neighbours – Bangladesh and Nepal which are classified as Least Developed Countries (LDC) and are categorised as extremely vulnerable. India also backed the claims of Pakistan, a country which she shares traditional animosity with, in demanding proper compensation accruing to the damage caused by climate-crisis induced floods. There are murmurs that India – which is the third largest emitter of the world should be kept out of scope of the fund. According to the Global Climate risk index by Germanwatch²¹, India ranked 7th on the vulnerability to climate change.

²⁰ Joe Lo, *Who Should Pay for Loss and Damage? Spoiler: Not China*, (Nov. 29, 2022), available at: <https://www.climatechangenews.com/2022/11/29/who-should-pay-for-loss-and-damage-spoiler-not-china/> (last visited Nov.19, 2023)..

²¹ Sumit Arora, *India Ranks 7th in Global Climate Risk Index 2021 of Germanwatch*, (Jan. 27, 2021), available at: <https://currentaffairs.adda247.com/india-ranks-7th-in-global-climate-risk-index-2021-of-germanwatch/#:~:text=India%20Ranks%207th%20in%20Global%20Climate%20Risk%20Index%202021%20of%20Germanwatch,Sumit%20Arora%20Published&text=India%20has%20been%20placed%20among,based%20environmental%20think%20tank%20Germanwatch> (last visited Nov.19, 2023).

An ICC-CEEW research puts 27 out of 35 Indian states highly vulnerable to extreme hydro-met disasters and their compounded impacts. India has been clear over the fact she will not give any funds to the loss and damage as she is not a “developed” country according to the globally accepted norms; but will instead seek assistance from the fund on being one of the worst affected due to climate change.

India has been particular on European demand of trying to link methane release from agricultural processes in the country.²² Europe has been demanding an overhaul in mitigation like changing the feed of livestock. India has contested this stand stating that the Indian agriculture has already been severely hit from the climate change and Indian farmers, who happen to face the brunt of this crisis in the form of erratic rainfall patterns with many producing just for subsistence should not be burdened with mitigation responsibilities. Indian government has come up with schemes like – Galvanising Organic Biogas and Organic Manure Programme (Gobar-Dhan), New National Biogas and Organic manure Programme and National Livestock Mission for sustainable agriculture which will take environment into account, but has abstained from any immediate action on the EU concerns. The interesting thing to note is that India has kept agriculture out of its Nationally Determined Contributions (NDC).²³

VIII

Conclusion & Suggestions

The “loss and damage fund” is one of the most landmark decisions of the 21st century in the realm of environmental law and climatic justice. The onus to put responsibilities on the factions which have historically been a part of global emissions and accordingly have made themselves as robust and developed economies. This has come on the back of severe harm to the environment. The effect of imperialism of the 20th century is glaring as the colonisers sit at the top of wealth and emissions and the colonies at the bottom. The harm which has been caused can be corrected and loss and damage seems like one big step towards that. As the Transitional Committee decides to come up with the shape of the Loss and Damage Fund Draft, there is big hope amongst the vulnerable and the poor countries that something concrete would take shape in the COP28 at Dubai. The time has come to owe responsibility and do course-correction by compensating the losses of the countries which have literally done nothing towards the climatic destruction but are bearing the wildest possible brunt of it. Countries like United States really need to cough in with substantial support instead of passing the buck to countries like China

²² Jayashree Nandi, *India Opposes Attempt to Link Action on Emissions to Farming*, (Nov.18, 2022), available at: <https://www.hindustantimes.com/india-news/india-objects-to-attempt-to-link-farming-and-emissions-101668711731429.html>(last visited Nov.19, 2023).

²³Cabinet approves India’s Updated Nationally Determined Contribution to be communicated to the United Nations Framework Convention on Climate Change(Aug.3, 2022),available at: <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1847812>(last visited Nov.19, 2023).

and India, which happen to be large emitters but have fairly small per capita emissions owing to the huge population. If something needs to be done, now is the time.

Suggestions

- The “loss and damage fund” needs more contributions. The deficit according to the reports are glaring. One thing which can be done is to add on to the countries which are categorised as “developed”, with a judicious discretion. Countries like Qatar, Israel, South Korea can be added in its purview on the account of a strong economy and high emissions. Qatar for example has the highest per capita emission for countries after 1990²⁴ and an economy which is as robust as the EU. On the other hand, Saudi Arabia which has been in the top 5 pollutants post 1990, has a mediocre economy. Due diligence should be shown while assessing emissions and demanding contributions.
- China and India have been pressurised to be roped in the donor’s list from the EU at the COP27. The fact of the matter is that the per capita emission should be a more relevant factor in deciding who pays what. A cumulative assessment never shows the correct picture. For including the right countries, the system of historical emissions could be done away with. In any case the exact damage to environment and its assessment has in true sense been demarcated post 1990. A perfect balance of economic strength alongside per capita emission would give a clear picture regarding contributions. The system assessing total emissions from a country and then fixing responsibilities is a flawed one, it should be done away with.
- The EU recently introduced the CBAM- Carbon Border Adjustment Mechanism²⁵ which levies extra duties on products which have been produced without the necessary environmental regulations and increases carbon emissions. This is in form of taxing the imported goods manufactured from such a process. It forces Non-EU countries to adopt stringent environmental regulations and is deemed to be detrimental for goods coming from countries like Russia, China, India and Turkiye which are apparently emitting higher amount of carbon in their production and manufacturing processes. WTO opposes such a “protectionist” mechanism as was visible when sanctioned India for applying the same in 2019. The CBAM is stated to be perfectly compatible with the same. The “developing” countries would eventually be paying more for supplying their goods to EU. What can be visionary and a real game changer is that the proceeds collected

²⁴Mengpinge, Johannes Friedrich, Leandro Vigna, *4 Charts Explain Greenhouse Gas Emissions by Countries and Sectors*, (Feb. 6, 2020), available at: <https://www.wri.org/insights/4-charts-explain-greenhouse-gas-emissions-countries-and-sectors>(last visited Nov.19, 2023).

²⁵*Carbon Border Adjustment Mechanism*, available at: https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en.(last visited Nov.19, 2023).

from such taxation could be contributed towards funds like the GCF and loss And Damage. In any case, the given contributions and attitude of EU has been dismal to say the least in climate dialogues when it comes to responsibilities. The amount EU allocated to loss and damage was US\$60million which only shows a callous behaviour towards a serious issue.

- The contestation for China's contribution into the fund is that her wealth has increased 30 times post 1990 and they are one of the highest emitters of the world. China has refuted saying that it is still qualified as a "developing" country and hence is not required under any obligation to do so. It'll be great if on any moral grounds, China can be made to plug in with some funding, but it'll be a lot better if the United States, a highly developed country with one of the highest per-capita emissions and second highest total emissions around the globe is made to cough in some substantial amount. Any provision for fund, as have been seen in American political sphere is usually blocked by the Republicans with all the flawed logics which keeps America aloof of its "responsibilities". It is high time that US should start pumping more support for environmental causes.
- An interesting advice was rendered by United Nations Secretary General Antonio Guterres.²⁶ He stated that tax obtained from windfall profits from oil and gas companies by the developed economies should be redirected to help the nations affected by climate disaster in recovery and rehabilitation. A windfall profit²⁷ is one which is accrued on the sudden volatility of markets. For ex – the profits earned by oil and gas companies while buying discounted oil from Russia but and benefitting from proceeds of sale in local or international markets, say selling petroleum products in the EU at the market price, the profits incurred on the difference of cheap buying and market price selling is known as windfall profits. Governments around the globe have started taxing the same. A portion of levies received from such taxation could be contributed as an additional source of funding apart from regular contributions towards the "Loss and Damage" fund. As these profits and taxation will be irregular in nature and will depend on market's behaviour, a mechanism like compulsory contribution from countries gaining on the account of fossil fuels fluctuations can be devised. This will increase the money-pool of the fund substantially.

²⁶ Chloe Farand, *UN Chief: Windfall Tax on Oil and Gas can Pay for Loss and Damage*, (Sep. 20, 2022), available at: <https://climatechangenews.com/2022/09/20/un-chief-windfall-tax-on-oil-and-gas-can-pay-for-loss-and-damage/> (last visited Nov.19, 2023).

²⁷ Alexandra Twin, *Windfall Profits, What is it, how it Works, Examples*, (Dec. 19, 2022), available at: <https://www.investopedia.com/terms/w/windfall-profits.asp> (last visited Nov.19, 2023).