

Submission on the long-term resource mobilization strategy and plan to mobilize financial resources of the Fund for Responding to Loss and Damage (FRLD)

The Loss and Damage Youth Coalition (LDYC) appreciates the opportunity to submit a response to the call made by the seventh board meeting of the FRLD¹ on the “Long-term Resource Mobilization Strategy,” which invites civil society organizations to submit existing good practices and innovative approaches to fill the Fund, at a scale that meets the needs of developing countries.

About Loss and Damage Youth Coalition

Established after COP25, the [Loss and Damage Youth Coalition](#) unites over 1,500 young activists, negotiators, researchers and professionals from the Global South and North to hold leaders accountable for tackling climate loss and damage. We amplify the voices of marginalized communities in international negotiations, share their lived experiences, and produce evidence-based research while mobilizing finance for youth-led action at both community and national levels. Our advocacy drives public awareness and pushes for ambitious policy solutions on loss and damage.

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https://www.frl.org/sites/default/files/FRLD_B.7_11_Compodium%20of%20decisions%20of%20the%20Board%20at%20its%20seventh%20meeting_0.pdf

Background

We recognise the current state of the FRLD, under which the operationalisation of the Barbados Implementation Modalities (BIM) was launched as an initial two-year start-up phase (ending in 2026) with a funding envelope of USD 250 million. Under the BIM, developing countries can request funding between USD 5-20 million per proposal and per country to support action to address climate-induced loss and damage. It is important to note that the access modalities of the BIM are aligned with the Governing Instrument (GI) of the FRLD, ensuring that all developing countries have direct access through their national institutions or, where appropriate, via accredited entities.

Despite this progress, the funding sources for the FRLD remain highly unpredictable, unreliable, and influenced by geopolitical developments. The Fund continues to rely on voluntary pledges, lacking structured, accountable, and binding commitments to turn pledges into actual contributions. This entrenches injustices for developing countries and frontline communities who bear the brunt of economic and non-economic loss and damage due to climate change. The FRLD has received USD 821.05 million² pledges to date, while only USD 585.02 million³ have been turned into actual contributions.

We welcome the Board's effort to explore innovative sources of finance for loss and damage. However, as a global youth organization, we underscore that such efforts must not dilute the legal obligation of developed countries to provide new, adequate, predictable, and grant-based finance to respond to loss and damage, nor should this be a basis for granting a seat to the private sector in the Fund. This obligation must be firmly grounded in the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC).

Furthermore, the landmark advisory opinion (AO) of the International Court of Justice (ICJ) has reaffirmed that Parties have the obligation to contribute to adaptation and mitigation measures, which in turn will reduce occurrences of loss and damage. It also reiterates that States have a duty under international law to prevent significant harm to the environment and the climate system. This duty extends to taking necessary measures to address loss and damage, including through the provision of finance. These obligations are further reinforced by the International Law Commission's (ILC) Articles on State Responsibility, which state that reparations should provide a normative benchmark for the amount of money that needs to be mobilized in terms of the needs of loss and damage finance. The ILC standard of "wiping out all consequences" of the wrongful act implies a mandatory duty

² <https://www.nrdc.org/resources/climate-funds-pledge-tracker#frld>

³ <https://fiftrustee.worldbank.org/en/about/unit/dfi/fiftrustee/fund-detail/frld#1>

for responsible states to provide adequate and predictable resources to repair climate-related harm.

Article 9.1 of the Paris Agreement further affirms that developed countries shall provide financial resources to assist developing country Parties. In addition, Article 2.1(c) states that finance flows should be consistent with a pathway towards low greenhouse gas emissions and climate-resilient development, which implies new, additional, grant-based, and predictable finance for loss and damage. Therefore, a substantial and primary share of the loss and damage finance should come from developed countries.

The Resource Mobilisation Strategy of the FRLD should:

I. Define Loss and Damage Finance

Despite repeated calls from developing countries, no clear definition of climate finance was agreed upon at the NCQG decision at COP29, nor under the Baku to Belem Roadmap to USD 1.3 trillion at COP30. The FRLD should establish a clear definition of finance for responding to loss and damage based on the scope, objective, and purpose under the GI to ensure transparency and accountability. The FRLD needs to be coherent and complementary with existing funding arrangements across the international financial, humanitarian, disaster reduction, and development architecture in a manner that pursues a country-ownership approach.

Defining “finance for responding to loss and damage” should therefore refer to grant finance accessible to developing countries and frontline communities, to take action on addressing loss and damage associated with the adverse effects of climate change. This would support the implementation of actions in response to the economic and non-economic effects of extreme, rapid, and slow-onset climate-induced events. Key elements, namely⁴ grant-based, new, predictable, adequate to support developing countries to take action to respond to loss and damage within their context that respect human-rights, gender-transformative, accessible, and effective, should be included in this definition. Most importantly, the definition should recognize that loss and damage finance is different from finance for adaptation and for mitigation and that the loss and damage finance is a piece within the loss and damage funding arrangements.

⁴ For details on each element for the definition of climate finance, see page 65 and 66 of [Loss and Damage as the Third Pillar of Climate Action](#).

II. Sources of finance for the Fund

The establishment of the FRLD should ensure that it can receive contributions from a wide variety of sources, including innovative sources as appropriate.⁵ This should ensure that new taxes or levies are channeled exclusively as grant-based finance, thereby strengthening the ability of the FRLDs to deliver “new, additional and predictable finance” within each replenishment cycle.

To scale up Loss and Damage Finance to meet the needs of the developing countries, the following innovative, justice-centric approaches could be embedded:

1. Solidarity levy as a key source of funds for the FRLD

Co-chaired by Barbados, Kenya, and France, the Global Solidarity Levy forwarded a proposal at COP30 in Belém on how levies can increase available finance for development and climate action. Proposals such as a maritime shipping levy, an international aviation levy on kerosene, a windfall energy profit levy, taxing fossil fuel companies, an international carbon price floor, and a plastic producers levy, are just a few of the elements that can embody new sources of climate finance and ensure transparency and accountability to close the finance gap for climate action in developing countries.

1.1 Aviation levy

So far, the aviation sector has by and large been excluded from carbon pricing worldwide, even though it contributes around 2.5% of global CO₂ emissions, and projected emissions are forecast to increase significantly.⁶ An aviation levy is a surcharge placed on air tickets and has been applied by France and 11 other countries since 2006 to raise new revenues to support global health development goals. The yearly revenue is estimated at around EUR 180 million in France and EUR 22 million in the other countries that apply this.⁷ Such a levy should be encouraged to be introduced in other countries, and this provides a prospect of new and reliable financing that can be used for Loss and Damage action.

1.2 Shipping levy

Accounting for around 3% of global anthropogenic greenhouse gas (GHG) emissions, shipping GHG emissions could increase up to 130% by 2050 according to long-term economic and energy scenarios relative to 2008 emissions without any additional

⁵ Paragraph 54 of the Governing Instrument of the Fund.
https://unfccc.int/sites/default/files/resource/cp2023_L1_cma2023_L1.pdf

⁶ <https://www.iea.org/energy-system/transport/aviation> &
<https://ourworldindata.org/global-aviation-emissions>

⁷ Wemaëre et al., (2023a)

measures.⁸ A shipping levy is feasible through an amendment to the International Convention for the Prevention of Pollution from Ships (MARPOL) under the IMO, and could be paid at the same time as the ship’s fuel, without passing through countries’ budgets.⁹ Estimates by IDDRI suggest that a levy of \$100/ton CO2 would raise \$80bn for a year, which would be critical to bridge the loss & damage finance gap.¹⁰

2. Taxing extreme wealth

2.1 Wealth tax

Tackling inequality starts with making those at the top pay their fair share. If billionaires paid their fair share in taxes, that money could fund healthcare, education, livable wages, and protection from the climate crisis, including from loss & damage. A 2% tax on extreme wealth over EUR 10 million could raise EUR 24 billion every year.¹¹ The money from taxing the super-rich will scale the finances needed by the developing countries, enlarged by the decades of false promises by the developed countries.

2.2 The global progressive wealth tax

Since 2012, the global wealth concentration has accelerated among individuals linked to polluting industries.¹² A Global Progressive Wealth Levy applied to the net wealth (property, financial assets, and business interests) on high-net-worth individuals (HNWIs) would provide the FRLD with a stable, non-sovereign and predictable revenue stream. This recognizes that the accumulation of such vast capital carries an ecological cost that must be addressed.

Progressive rates could include:

- 2% on net worth surpassing 5 million USD
- 3% on net worth surpassing 50 million USD, and
- 5% on net worth surpassing 1000 million USD

Estimates show that this can raise up to 2.52 trillion USD¹³, and this mechanism goes beyond the simple capacity to pay of HNWI; it recognizes that the period of vast capital accumulation generated unaccounted costs that need to be assessed and remediated.

⁸ [Fourth IMO GHG Study 2020 \(Faber et al., 2021\)](#)

⁹ Page 4, <https://www.iddri.org/sites/default/files/PDF/Publications/Catalogue>

¹⁰ Page 4, <https://www.iddri.org/sites/default/files/PDF/Publications/Catalogue>

¹¹ <https://www.oxfam.org.uk/get-involved/campaign-with-oxfam/tax-the-super-rich>

¹² [Survival of the Richest: How we must tax the super-rich now to fight inequality](#) p.11

¹³ [Taxing Extreme Wealth - What It Would Raise, What It Could Pay For](#) p.2

3. Rechanneling fossil fuel subsidies and taxing polluters

3.1 Ending fossil fuel subsidies

According to the International Monetary Fund, fossil fuel subsidies globally accounted for USD 7 trillion USD in 2022, and could rise to more than USD 8 trillion by 2030.¹⁴ These subsidies are not coherent with the need to phase out fossil fuels, which are the main driver of the climate crisis. Redirecting these subsidies and taxing big oil companies could massively fund our transition to renewable energies, and support vulnerable countries facing loss & damage. The Climate Damages Tax report calculates that taxation on fossil fuels could mobilize “USD 900bn in climate finance by 2030”.¹⁵ Ending fossil fuels subsidies and taxing big oil companies is a necessity to reach both our emission reduction and our climate finance goals.

3.2 Embedding the polluter pays principle

The use of fossil fuels (i.e., coal, oil, and gas) has resulted in a global climate emergency. Fossil fuel companies have profited enormously while benefiting from subsidies and lax tax rules. Studies have revealed that the oil and gas industry has earned USD 2.8 billion a day in pure profit for the last 50 years. Such fossil fuel companies that have polluted the planet must be taxed, aligning with the long-agreed “polluter pays principle” to create a new source of loss and damage finance. Even with a universal rate of USD 5 per ton of CO₂e, a fossil fuel extraction levy could have generated USD 210 billion in 2021. 63% of global carbon emissions can be traced back to the 90 biggest oil, gas, and coal producers, and cement manufacturers, i.e. the “Carbon Majors”.¹⁶ They haven’t paid for the egregious damages they have caused to innocent people and must be held accountable according to their responsibility, while discouraging the use of fossil fuels and phasing them out in the mid-term.

III. Reforms of the financial architecture

1. Reform of the international financial architecture should feed into the FRLD

Developing countries currently devote roughly 20–30% of their GDP to debt service and related interest. This is an unsustainable burden, especially since much of this debt stems from climate vulnerability. The existing global financial framework, notably the Bretton Woods institutions, was conceived in a different era and is ill-equipped to meet today’s

¹⁴ <https://www.imf.org/en/Topics/climate-change/energy-subsidies>

¹⁵ [Taxing-big-fossil-fuel-firms-raise-billions-climate-finance](#)

¹⁶ <https://carbonmajors.org/> & <https://www.boell.de/en/2014/11/25/polluters-pay-carbon-majors-funding-loss-and-damage>

challenges. Urgent reforms are needed, including embedding genuine voice and representation at the heart of global financial institutions, mobilizing loss and damage finance at the scale and speed required, and implementing debt-swap mechanisms, among other measures.

2. Intergenerational equity

Young people and future generations are already experiencing loss and damage in different ways; from disrupted education to forced migration, mental health issues, loss of cultural heritage, and reduced access to natural resources, increasing especially under slow-onset events where impacts are intensifying over time. Intergenerational equity requires that today's decision-makers take accountability and avoid postponing the cost of climate inaction and pass it onto future generations. This principle is rooted in human rights obligations and environmental laws and aligns with the polluter pays principle and the principle of CBDR RC, as those most responsible historically continue to gain economic benefits, while the younger generation keeps facing the escalating disparities of climate risks.

The FRLD Resource Mobilisation Strategy has to ensure that finance is long-term and non-debt-creating without relying on voluntary pledges and replenishment cycles. It requires:

- Involving young people and children in designing the Fund and understanding their experience, without treating them only as beneficiaries and more like rights-holders;
- Prioritise grant-based finance over loans;
- Support participatory approaches for slow-onset events to reduce irreversible losses and damages;
- Access to the Fund for youths and frontline communities.

3. Best Practices from the Loss and Damage Youth Grant Making Council

Following the coalition's first COP demand at COP25, we demanded the establishment of a youth advisory board on action to address loss and damage. A few months later, alongside the [Climate Justice Resilience Fund](#), a Loss & Damage Youth Grant-making Council (LDYGC) was established on the road to COP27 to disburse funds to youth-driven loss & damage action projects in vulnerable communities in developing countries. As of January 2026, the LDYGC has overseen three funding cycles, disbursing a total of USD 550,000 + to 25 youth projects.

Through this process, we identified several barriers for frontline communities to accessing finance for action to address loss and damage:

- Access to information and the communication channels for the existing mechanisms;
- Accessibility of climate finance concerning the application processes and heavy conditionalities;
- Transparency and accountability;
- Administrative burden and requirements for a rigid fund allocation, as well as the reporting process.

Therefore, we demand that the FRLD be accessible for frontline communities and youth groups and ensure funding decisions reflect the priorities of those living on the frontlines of climate change.

IV. Quantum and principles for the replenishment

The total projected economic cost of loss and damage by 2030 alone has been estimated to be USD 400 billion a year in developing countries alone.¹⁷ By 2050, the economic costs of loss and damage in developing countries are estimated to be between USD 1 and 1.8 trillion.¹⁸ Therefore, the Fund should strive to meet these needs in both the medium and longer-term.

The replenishment cycle of the FRLD should be informed by the following principles, at least to guide the filling of the Fund and its disbursement

1. CBDR-RC
2. Equitable climate justice
3. Predictability
4. Human-rights-based
5. Grant-based, non-debt-creating finance
6. Accessibility
7. Transparency
8. Accountability



¹⁷

<https://oxfamlibrary.openrepository.com/bitstream/handle/10546/582427/rr-impacts-low-aggregate-indcs-ambition-251115-en.pdf;jsessionid=C2BF26E9CF0705630671F3821B7C7AE9?sequence=1>

¹⁸ <https://us.boell.org/en/unpacking-finance-loss-and-damage>