Could a Climate Damages Tax solve the loss and damage finance conundrum?

Julie-Anne Richards
Climate Damages Tax Coalition
jar@jarclimate.net
@jar_climate
Loss and damage finance: needs

• Loss and damage costs are separate to, and roughly twice, adaptation finance

• Climate Action Network (CAN) estimates international public finance of $50 billion by 2022 and $300 billion by 2030 required

• Yet: we have an adaptation finance gap and a political environment that doesn’t lend itself to increasing ODA-style finance.
Climate change: the problem

• At the heart of the problem of climate change is that the fossil fuel industry have caused the problem (70% of emissions) and not paid for the climate damage their products cause.
• Meanwhile they have make hundreds of billions of profit each year.
• In other fields we expect companies to pay for damage from their product – asbestos, tobacco, oil spills.
• Whilst we phase out fossil fuels (by mid century) we should tax fossil fuels for their damage.
Climate Damages Tax Proposal

• A tax on the extraction of fossil fuel: per barrel of oil, tonne of coal, cubic litre of gas, global rate based on CO2e.

• Starting at $5 per tonne of CO2e in 2021, increasing $5 each year until 2030 to $50 a tonne, $10 annually after that to $250 a tonne by 2050.

• Sliding scale for equity:
  • Extraction from rich countries – 50% of revenue to loss and damage and 50% to fair transition domestically,
  • Extraction in poor countries 100% of CDT available for domestic use.
Potential Climate Damages Tax revenue

Red = fair transition revenue
Blue = loss and damage revenue
Climate Damages Tax Management

- GCF L&D Solidarity Facility
  - Small and micro projects
  - Medium to large projects
  - Emergency funds

- Adaptation Fund (as intermediary)
- Disaster Response Facility

- L&D Impacted Countries
- NGOs and community groups
For more

Launch of new report with all the details on Monday 10 December 2018

https://www.stampoutpoverty.org/cdt/climate-damages-tax/