

# Opportunity for New and Innovative Source of Finance for Loss & Damage

*Fossil fuel producers (the “Carbon Majors”) should pay for the loss and damage their product is causing on poor communities via an extraction levy paid to the International Mechanism for Loss and Damage to raise at least \$50bn a year.*



# Proposal: Big Coal, Oil and Gas should fund the Loss and Damage Mechanism

We propose that a global fossil fuel extraction levy be established and paid into to the international [Loss and Damage Mechanism](#). This funding would be used to assist the poorest and most vulnerable communities suffering the worst impacts of climate change. This fossil fuel extraction levy needs to be part of a general phase out of fossil fuels.

Climate finance is already inadequate – with a huge gap between what is needed and what is being offered. A new source of finance from a levy on Big Oil, Coal and Gas Producers could unlock some of the objections by rich countries to including loss and damage in a new Paris agreement.

## What is loss and damage?

The adverse effects of climate change that go beyond people's capacity to cope and adapt to climate change impacts.

- Extreme events: weather-related natural hazards
- Slow-onset events: sea-level rise; increasing temperatures; ocean acidification; glacial retreat and related impacts; salinisation; land and forest degradation; loss of biodiversity; desertification

## Costs of loss and damage

Even if strong mitigation and adaptation is taken, the residual cost of climate change may be in the order of [US\\$275 trillion](#) between 2000 and 2200 for all countries. For Africa alone loss and damage is estimated at ~\$100bn per year by 2050 for below 2°C (UNEP Africa Adaptation Gap II).

## Who are the Big Oil, Coal and Gas Producers?

Two-thirds of global carbon emissions can be traced to 90 Big Oil, Coal and Gas Producers (the Carbon Majors report). These 90 entities include Chevron, ExxonMobil, Saudi Aramco, BP, Gazprom and Shell.

## Subsidies and Profits of Big Oil, Coal and Gas Producers

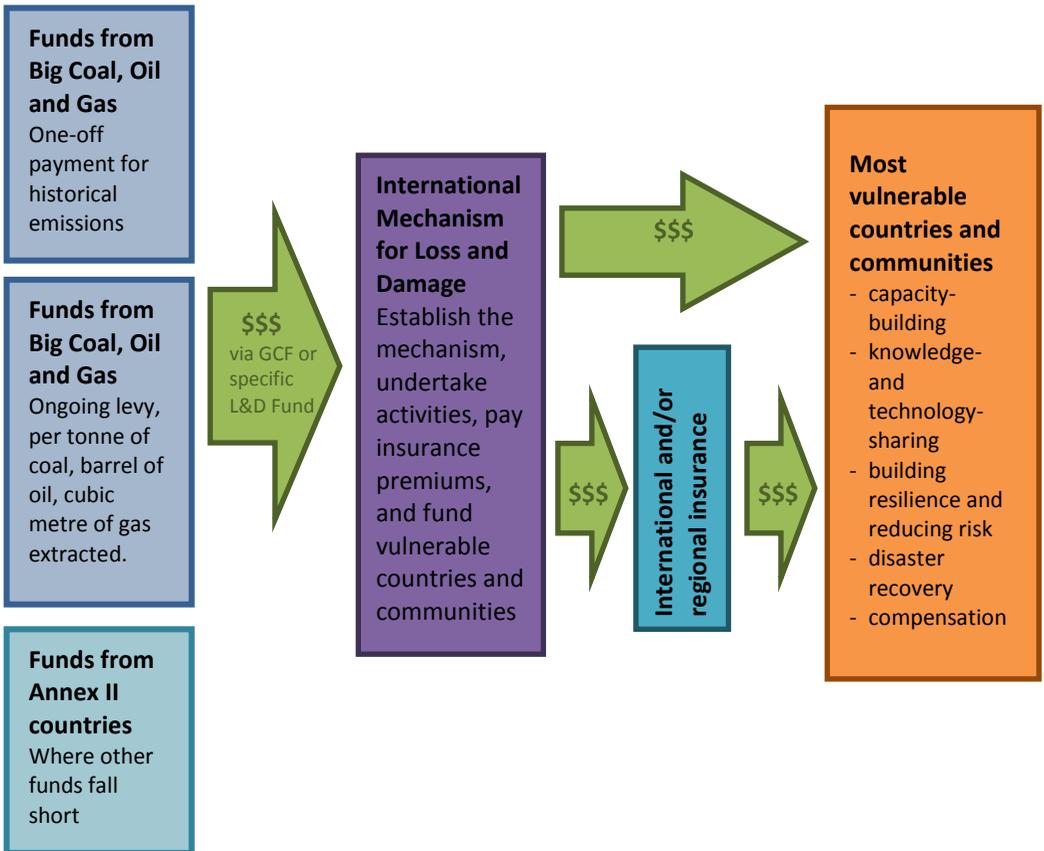
The Big Oil, Coal and Gas Producers receive obscene subsidies and make massive profits from selling fossil fuels knowing their products cause climate change. Taxpayers for Common Sense have calculated that, in the decade to 2012, the top five oil and gas companies alone made more than [US\\$1 trillion in profits](#). A recent study by the IMF has shown the industry is supported by as much as \$5.3 trillion in subsidies.

## Incorporating equity

The levy would be applied globally, but countries at a low level of responsibility and capability should be able to apply to the central coordinating body to temporarily keep the levy for domestic climate change use.

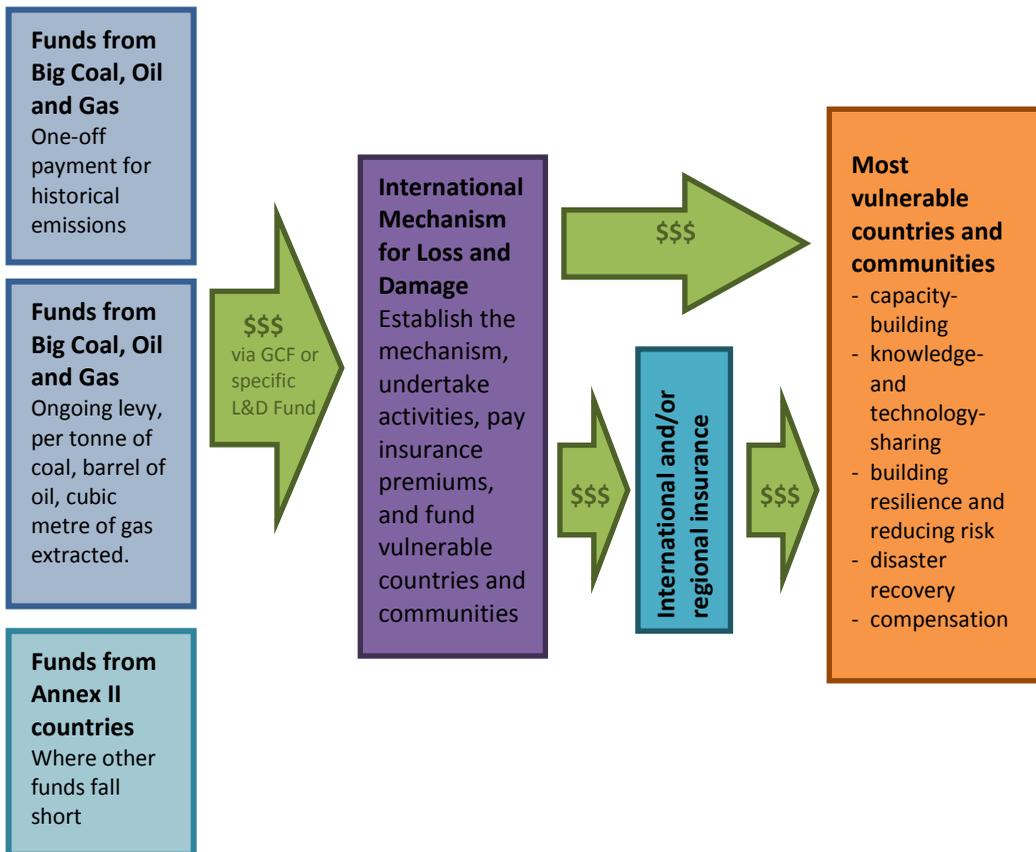
## Based on existing precedents

Existing international law, in particular the polluter pays principle the no harm rule, and the right to compensation is the basis. Our proposal draws from precedents such as the IOPC, the oil spill compensation regime which collects levies from companies that ship oil internationally, used as compensation in the incidence of oil spills.



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## Proposal for how it would work



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If you wish to engage with this idea, please contact us via this short form:  
<http://goo.gl/7Dbdfs>