



Towards a Just transition: Changing paradigm for fairness and success

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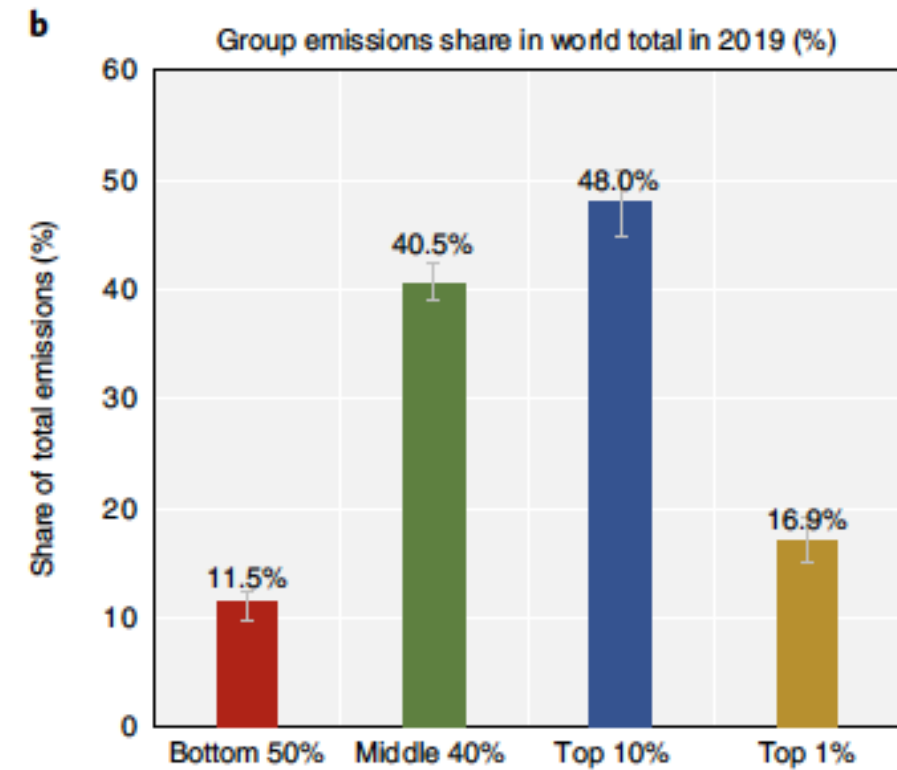
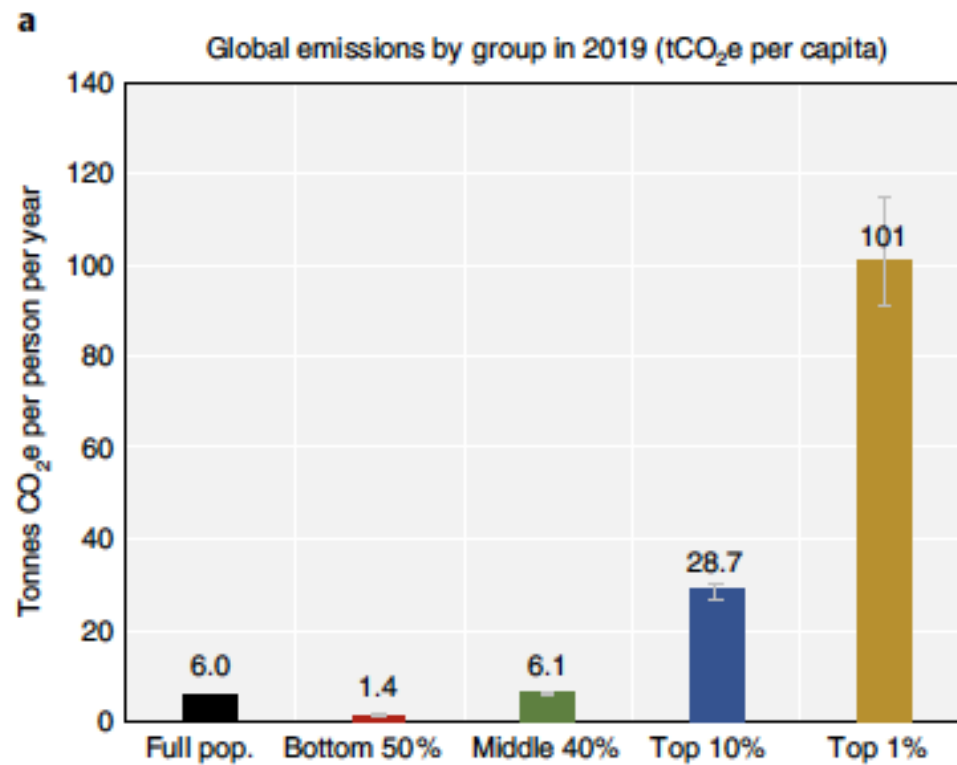
Presidential Climate Transition

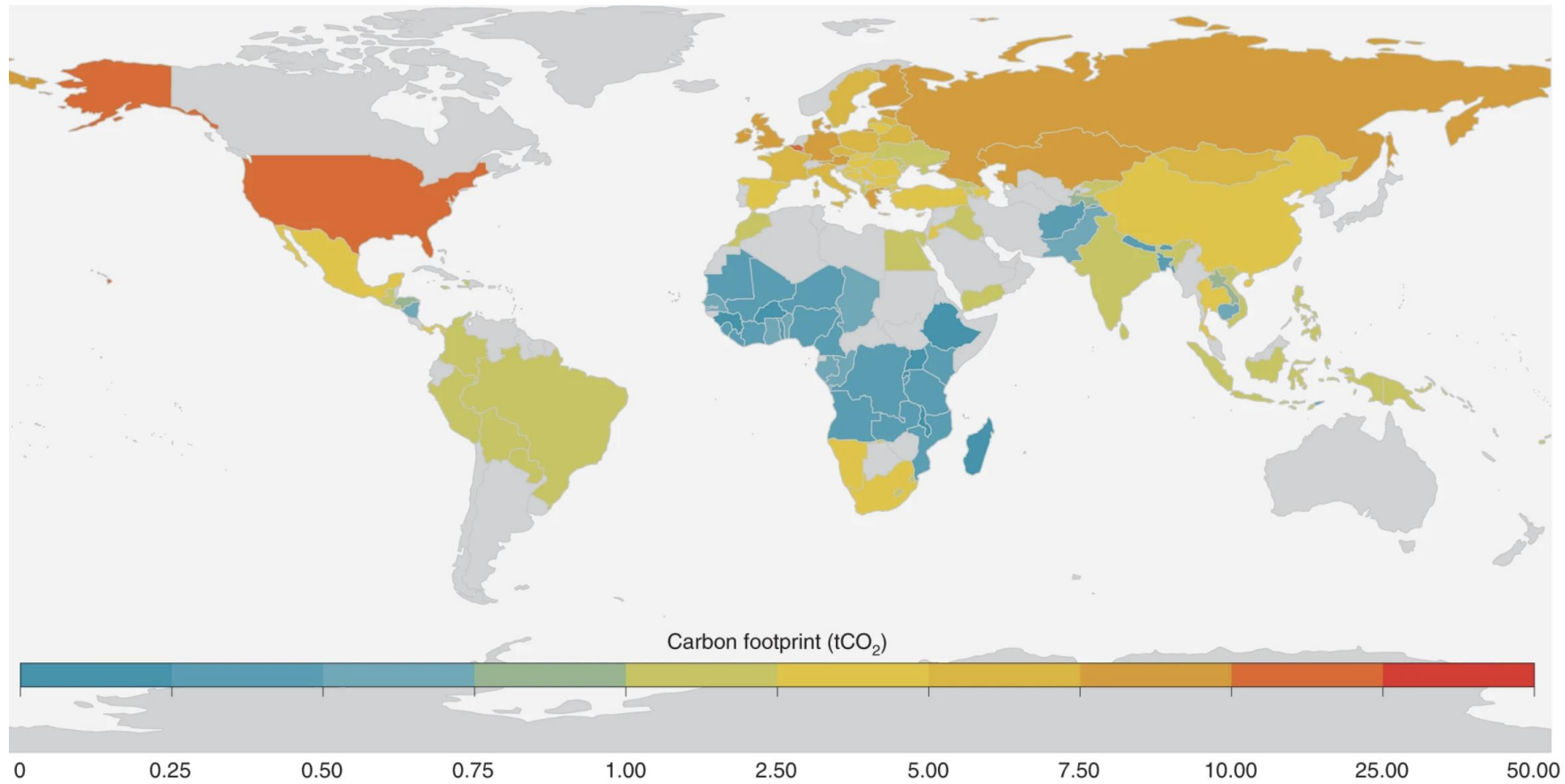


1. The emissions responsible for climate change are still mainly due to **the current behavior** of rich citizen, most but not all of which are in rich countries



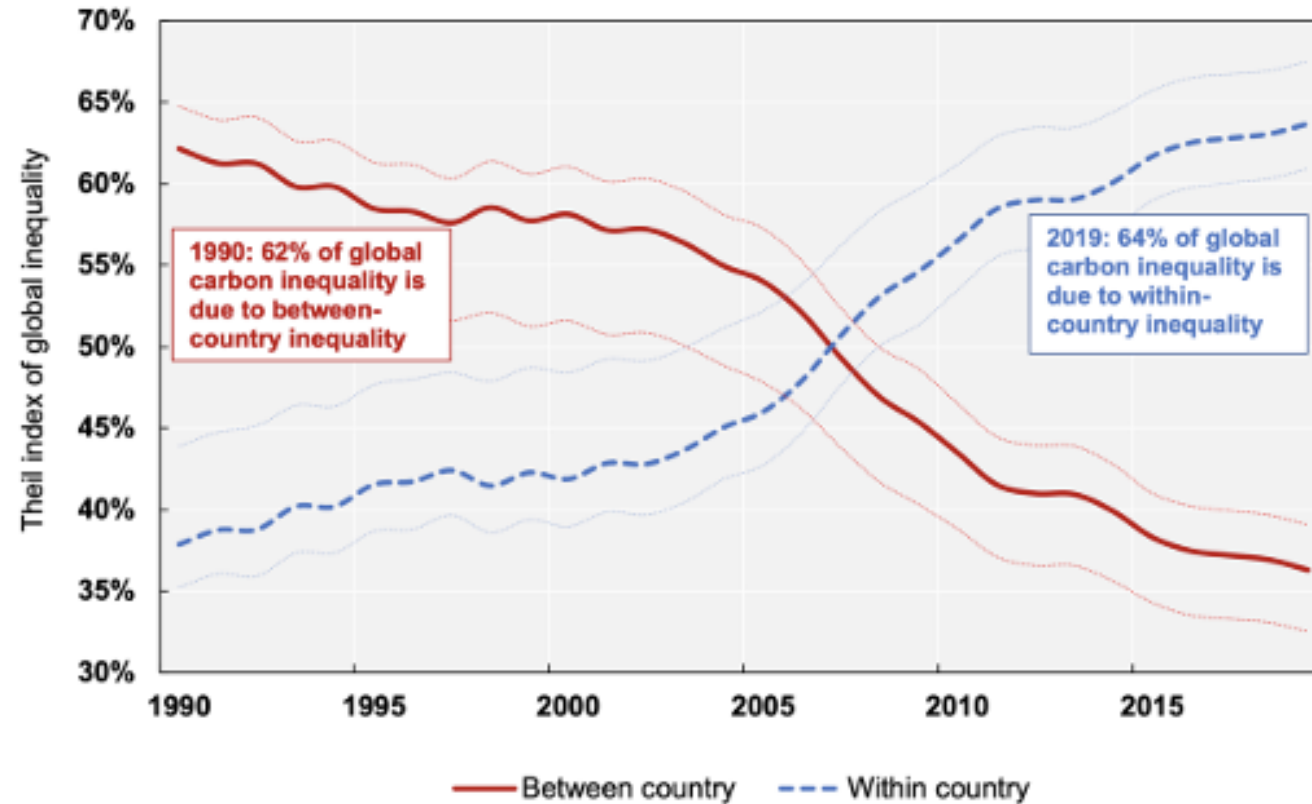
Chancel: The 10-50 rule: 10% of the highest polluters worldwide are responsible for almost 50% of global emission.



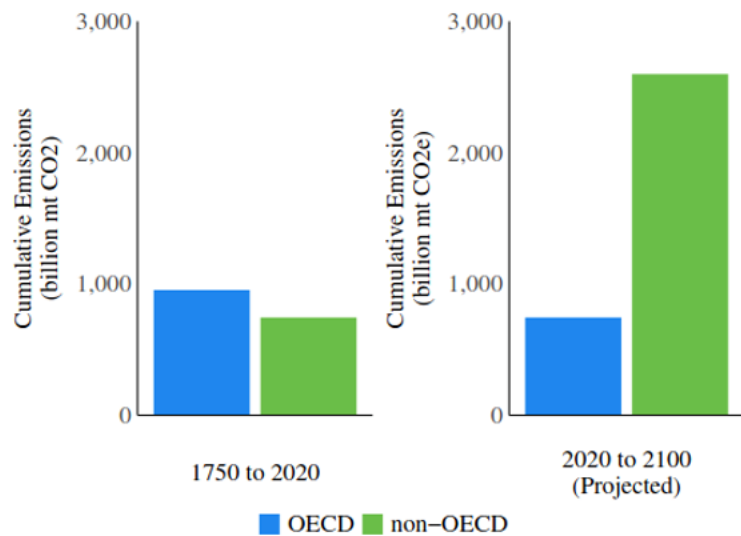


Source : Bruckner

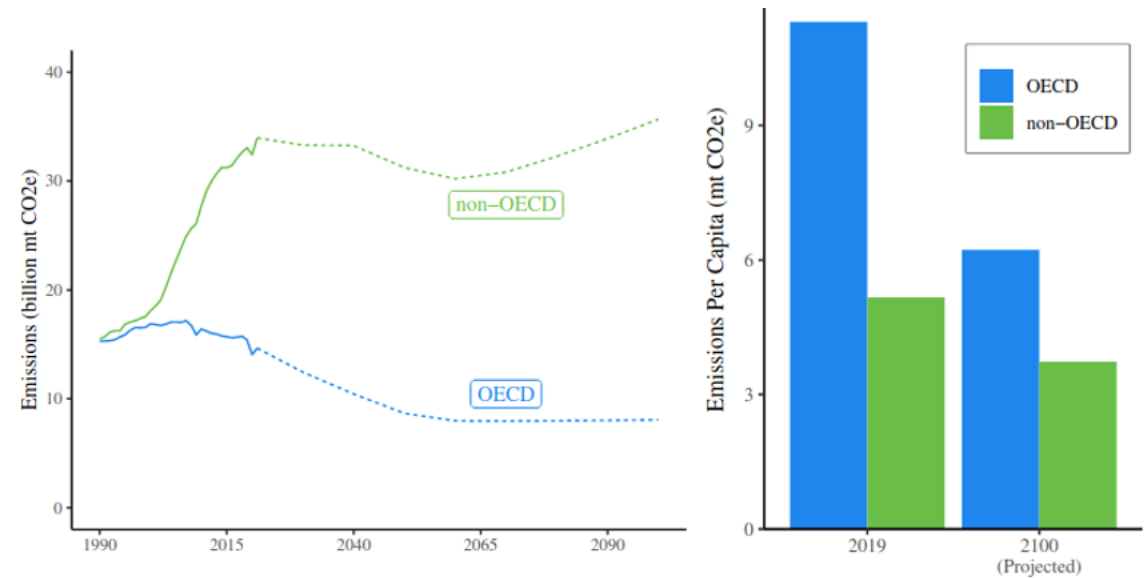
High polluters mainly live in rich countries



But within country inequality is increasingly important



(a) Historical and Projected Cumulative Emissions



(b) Emissions Trajectories

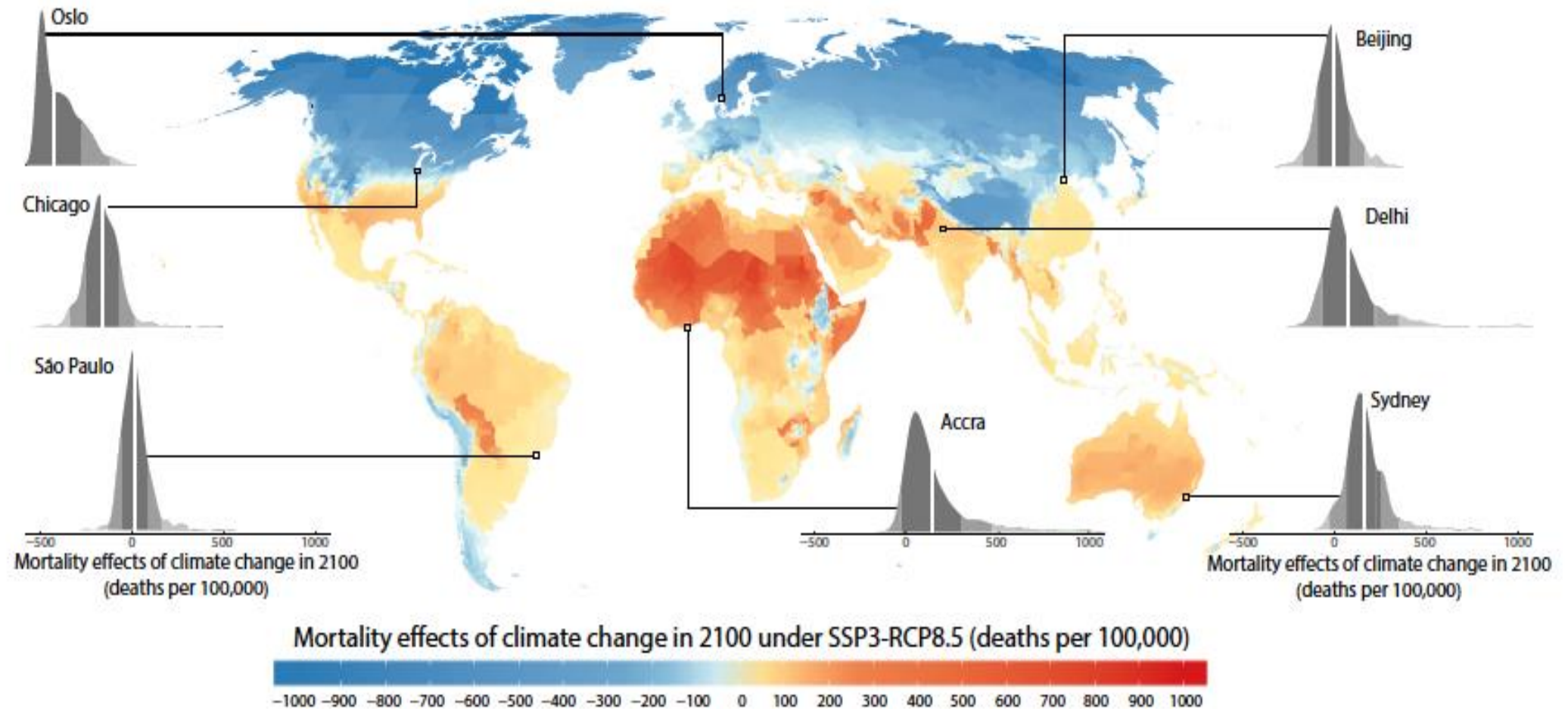
Figure 1: Past, Present, and Future Carbon Dioxide Emissions



Moving forward, Low and Middle income countries will play key role

2. The Costs of Climate change are primarily be felt in the poorer part of the world





Mortality impact by 2100 (Carleton et al)

Country (1)	Emissions in 2022 (Mt CO2e) (2)	World (3)	Non-OECD (4)	OECD (5)	India (6)	Pakistan (7)	Burkina Faso (8)	Niger (9)	Afghanistan (10)	Bangladesh (11)
World	53,306	6,320	6,151	169	385	705	915	785	392	276
Non-OECD	38,324	4,543	4,422	121	277	507	658	564	282	198
OECD	14,983	1,776	1,729	47	108	198	257	221	110	78
U.S. + E.U.	9,409	1,115	1,086	30	68	124	162	139	69	49

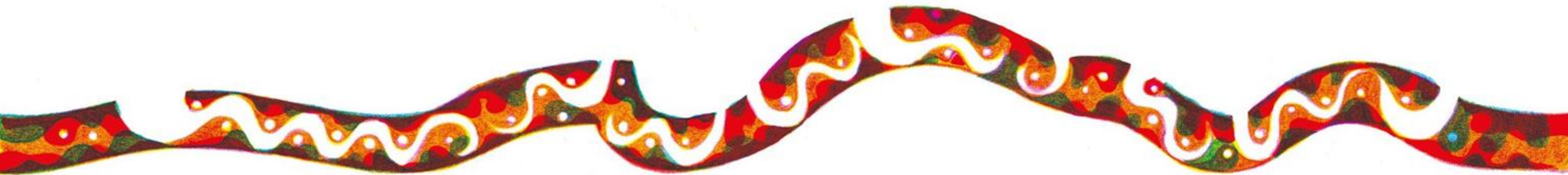


**Valuing the Mortality Costs of current emissions:
US+EU emissions inflict 1 trillion dollars per year in mortality damages**

3. The deal: Developing countries are eligible for damages, as long as they put in place a carbon tax (or other carbon pricing system), graduated by income level



- Countries in Annex 1 only are eligible (common but differentiated responsibilities)
- But they are eligible if they put a carbon tax, Flavor of Climate club with Carrot, not stick.
- Graduated by income level
 - Differentiation within developing countries: India is not Niger.



Graduated carbon tax

3. Financing: Solidarity levies



US 'under no circumstances' will pay climate reparations, Kerry says

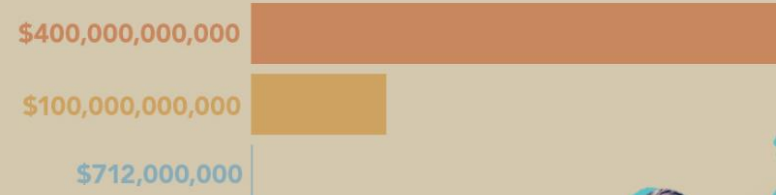
Reuters

July 13, 2023 1:15 PM EDT · Updated 4 months ago



Financing: Rich countries don't want liability




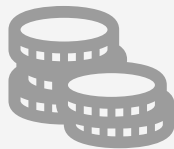

Scale of **loss and damage needs** *vs*
developing countries' demands *vs*
what has been pledged at COP 28



- Current loss and damage needs (per annum)
- Developing countries' demand (per annum)
- Pledges to the Loss and Damage Fund at COP28



But voluntary pledges have not worked

				
USD 4-150 billion	USD 100/ ton CO ₂ eq, base year 2026; approx. USD 60 billion	USD 5/ tonCO ₂ , base year 2021, approx. USD 210 billion	2% on wealth potential to raise USD 250 billion per year.	0.1% financial-transactions tax could raise up to <u>USD 418 billion</u>



Solution: International Taxation Mechanisms

**Pillar 2, multilateral (no
carve out)**

Base: 205 billions euros
Add 3%: 318 billion euros
Add 6%: 491 billions euros

Pillar 2, EU only

Base 98 billion euros
Add 5%: 184 billion

**Increasing the minimum tax rate on corporation would
raise 291 billion dollar a year**

Option 1: increase the minimum tax on corporation to 21%

Table 5.3

Revenue potential of a minimum tax of 2% on the wealth on billionaires in 2023 (billions of US\$)

Region	Number of billionaires	Total wealth (\$B)	Average wealth (\$B)	Personal tax currently paid	Tax paid with 2% wealth tax (\$B)	Revenue of 2% minimum wealth tax (\$B)
Europe	499	2,418	4.8	6.0	48.4	42.3
North America	835	4,822	5.8	24.1	96.4	72.3
East Asia	838	3,446	4.1	8.6	68.9	60.3
South & South-East Asia	260	991	3.8	2.5	19.8	17.3
Latin America	105	419	4.0	1.0	8.4	7.3
Sub-Saharan Africa	11	52	4.7	0.1	1.0	0.9
Middle-East & North Africa	75	182	2.4	0.5	3.6	3.2
Russia & Central Asia	133	586	4.4	1.5	11.7	10.3
Total	2,756	12,916	4.7	44	258	214

Source: EU tax observatory, report of 10-/23/2023



Option 2: An international wealth tax of 2% on the 3,000 richest people in the world would raise 214 billions a year

Twitter Min. Finance - "Brazil will work tirelessly to tax the richest and combat hunger"
<https://x.com/MinFazenda/status/1781312817028595907>



Brazil's presidency of the G20 is historical. Bringing together finance ministers unprecedented and significant. Climate change, the impact of global warming financing, which is to be the taxation of the super-rich. There are 3000 people a socio-environmental issue. Simultaneously addressing poverty and hunger



Already pushed by Brazil in the G20

4. How to spend it



- One extreme version: it goes to poor countries, as compensations, as a function of how much money they have, no question asked
 - Legitimate questions on whether that will help the poor citizens
- Other extreme: the World Bank (or the UN, or whoever), gets it and administers it at a fund. It starts making grants or loans
 - This is what is currently being proposed for the L&R funds, and it is not popular with poor countries.



How to spend it-Governance

- Damages: Social protection & reconstruction
 - Automatic transfers to households
 - UBI in very poor countries
 - triggered by climate events in richer countries
 - Automatic transfers to communities to support adaptation
 - Automatic transfers to poorest countries for re-insurance for climate disaster



Our proposal: Three pillars of adaptation

Why we need to do this...



Our moral responsibility

Without true partnership, poor countries will stop cooperate with the rest of the world

Without adaptation, no mitigation



Why is this necessary?