

# **WE CAN PAY FOR IT**

Measures for rich countries to raise public funds for the new climate finance goal and other domestic and international public interest priorities

There is no shortage of public money available for rich countries to pay their fair share on fair terms for climate action at home and abroad.<sup>1</sup> They can mobilize over **USD 5.3 trillion per year** for the new climate finance target (the NCQG due at COP29), international development needs, ensuring fair fossil fuel phase out in their NDCs, and other public goods, as shown in the table below. Governments enacting these policy reforms would create a double impact towards a more equitable and climate-safe world by also shifting funds away from the fossil fuel sector and other harmful economic activities.

This total is far from exhaustive, as rich countries have further monetary and fiscal policy levers that are severely constrained by the current global financial architecture.<sup>2</sup> We saw these in action with the \$16 trillion mobilized as public COVID stimulus in 2020.<sup>3</sup>

Because of their outsized control in global financial architecture reform, rich countries also hold the key for many Global South countries to pursue these new, fair, redistributive, polluter-pays measures to raise new public funds. If these are all unlocked,

the table shows a total of **\$10.3 trillion per year** could be made available globally for public goods.

The urgency and extent of growing economic inequality, unfair sovereign debt crises, climate disasters, and fossil fuel profits has created significant momentum towards many of these measures in international and domestic policy spheres. Finance has been in the spotlight in most major international political fora in the past few years in recognition that our current financial architecture is a major driver of these overlapping crises.

However, the pace and ambition of policy reform under consideration is not yet ambitious enough to unlock the scale of public funds presented here. Further public pressure, deeper multilateral cooperation among governments championing these asks, and linking the fair finance and climate action agendas at the global level can help unlock further ambition. This will benefit *all of us*, unlocking trillions in public funding to build an equitable future where everyone can meet their needs.

**Available measures for countries to raise public funds for the new climate finance goal (NCQG) as well as other domestic and international public interest priorities (USD).**

MEASURE	ANNUAL AMOUNT (GLOBAL NORTH / ANNEX II COUNTRIES)	ANNUAL AMOUNT (GLOBAL)
<b>Stop Funding Fossils.</b> <sup>4</sup> Equitably end public finance, direct subsidies, and state-owned company investments in fossil fuels.	\$270 billion	\$846 billion
<b>Make Polluters Pay.</b> Climate Damages Tax on fossil fuel extraction. <sup>5</sup>	\$160 billion	\$618 billion
<b>Taxes on aviation<sup>6</sup> and maritime shipping.</b> <sup>7</sup>	\$81 billion - frequent flyer levy \$100 billion - IMO Maritime Levy	\$150 billion - frequent flyer levy \$100 billion - IMO Maritime Levy

MEASURE	ANNUAL AMOUNT (GLOBAL NORTH / ANNEX II COUNTRIES)	ANNUAL AMOUNT (GLOBAL)
<b>Savings from avoidable highway and road expansion.</b> <sup>8</sup>	\$185 billion	\$395 billion
<b>Minimum corporate tax rate of 25%.</b> <sup>9</sup>	\$395 billion	\$479 billion
<b>Increase wealth taxes</b> on multi-millionaires and billionaires. <sup>10</sup>	\$2.56 trillion	\$5.64 trillion
<b>Cracking down on tax evasion.</b>	\$363 billion <sup>11</sup>	\$483 billion <sup>12</sup>
<b>Financial Transaction Tax.</b>	\$240 billion <sup>13</sup>	\$327 billion <sup>14</sup>
<b>Tax on annual sales of big technology, arms, and luxury fashion companies.</b> <sup>15</sup>	\$112 billion	\$112 billion
<b>Redistributing 20% of public military spending.</b> <sup>16</sup>	\$260 billion	\$454 billion
<b>New issuances and redistribution of Special Drawing Rights,</b> or a new multilateral non-dollar currency. <sup>17</sup>	\$500 billion	\$500 billion
<b>Cancel debt payments in low and lower middle income countries.</b> For external public and publicly guaranteed debt. <sup>18</sup>	\$109 billion	\$142 billion
<b>TOTAL</b>	<b>\$5.3 trillion</b>	<b>\$10.3 trillion</b>

## Endnotes:

- 1 This analysis is an update of similar previous compilations. See: Ben Tippet, Transnational Institute, <https://longreads.tni.org/paying-for-just-transition>; “150+ Economists and experts call on Paris Summit leaders to redirect trillions from fossils, debt and the 1%,” Oil Change International, 2023, <https://priceofoil.org/2023/06/19/open-letter-global-north-governments-can-redirect-trillions-in-fossil-debt-and-super-rich-harms-to-fix-global-crises-the-paris-summit-must-be-about-building-the-roadmap-to-do-so/>.
- 2 CHAPTER 4: The role of central banks in supporting green structural transformation in the least developed countries [https://unctad.org/system/files/official-document/ldc2023\\_ch4\\_en.pdf](https://unctad.org/system/files/official-document/ldc2023_ch4_en.pdf).
- 3 IMF, “Database of Fiscal Policy Responses to COVID-19,” IMF, 2022, <https://www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-COVID-19>.
- 4 (2020-2022 average). Using data from: <https://www.energypolicytracker.org/burning-billions-record-fossil-fuels-support-2022/>; and Oil Change International Public Finance for Energy Database, [energyfinance.org](https://energyfinance.org).
- 5 Based on a Climate Damages Tax that is introduced in 2024 at a low initial rate of \$5 per tonne of CO<sub>2</sub>e increasing by \$5 per tonne each year. Using the projected averages for 2024-2030, with OECD countries as a proxy for Annex II countries. p. 27 [https://www.greenpeace.org.uk/wp-content/uploads/2024/07/CDT\\_guide\\_2024\\_FINAL\\_1.pdf](https://www.greenpeace.org.uk/wp-content/uploads/2024/07/CDT_guide_2024_FINAL_1.pdf).
- 6 <https://caneurope.org/content/uploads/2023/10/Public-sources-climate-finance-loss-and-damage.pdf>; (High income countries as proxy for Annex II). Zheng and Rutherford (2022) Aviation Climate Finance Using a Global Frequent Flyer Levy. ICCT: <https://theicct.org/wp-content/uploads/2022/09/global-aviation-frequent-flying-levy-sep22.pdf>.
- 7 [https://lloydlist.maritimeintelligence.informa.com/LL1136097/Marshall-Islands-demands-\\$100-tax-on-shipping-emissions](https://lloydlist.maritimeintelligence.informa.com/LL1136097/Marshall-Islands-demands-$100-tax-on-shipping-emissions)
- 8 Savings under IEA’s ‘high rail’ scenario compared to their base case. Global total is adjusted from USD 2015 [PPP] to 2024. The Future of Rail, Opportunities For Energy and the Environment, IEA, 2019, p. 116. [https://iea.blob.core.windows.net/assets/fb7dc9e4-d5ff-4a22-ac07-ef3ca73ac680/The\\_Future\\_of\\_Rail.pdf](https://iea.blob.core.windows.net/assets/fb7dc9e4-d5ff-4a22-ac07-ef3ca73ac680/The_Future_of_Rail.pdf).
- 9 World Inequality Report, Chapter 8, scenario with 25% minimum and no carveouts, <https://wir2022.wid.world/insights/>.
- 10 1% wealth tax on wealth over \$1 million, rising progressively to 7% over 100 million, and 15% over \$1 billion. World Inequality Report Scenario 3, applied to 2023 GNI for Annex II countries using Table 7.3 and World Inequality Database indicators, [https://wir2022.wid.world/www-site/uploads/2023/03/D\\_FINAL\\_WIL\\_RIM\\_RAPPORT\\_2303.pdf](https://wir2022.wid.world/www-site/uploads/2023/03/D_FINAL_WIL_RIM_RAPPORT_2303.pdf); This also roughly matches the USD 2.2 trillion total pursuing an 4% raise in Tax to GDP ratios through wealth taxes in Annex II countries in FINDING THE FINANCE, ActionAid Australia, 2024, p 7, <https://actionaid.org/sites/default/files/publications/Finding%20the%20Finance%20Report%20-%20FINAL.pdf>.
- 11 World Inequality Report Scenario 3, applied to 2023 GNI for Annex II countries. Through a 4% raise in Tax to GDP ratios through wealth taxes — FINDING THE FINANCE, ActionAid Australia, 2024, p 7, <https://actionaid.org/sites/default/files/publications/Finding%20the%20Finance%20Report%20-%20FINAL.pdf>.
- 12 TJN, GATJ and PSI (2021) ‘The State of Tax Justice 2021’, Tax Justice Network, Global Alliance for Tax Justice, and Public Services International, November 2021 [https://taxjustice.net/wp-content/uploads/2021/11/State\\_of\\_Tax\\_Justice\\_Report\\_2021\\_ENGLISH.pdf](https://taxjustice.net/wp-content/uploads/2021/11/State_of_Tax_Justice_Report_2021_ENGLISH.pdf).
- 13 Developing countries suggest rich nations tax arms, fashion and tech firms for climate <https://www.climatechangenews.com/2024/06/06/developing-countries-suggest-rich-nations-tax-arms-fashion-and-tech-firms-for-climate/>.
- 14 A Global Financial Transaction Tax. Theory, Practice and Potential Revenues <https://www.econstor.eu/bitstream/10419/207155/1/166860552X.pdf>.
- 15 Developing countries suggest rich nations tax arms, fashion and tech firms for climate, <https://www.climatechangenews.com/2024/06/06/developing-countries-suggest-rich-nations-tax-arms-fashion-and-tech-firms-for-climate/>.
- 16 (2021-2023 average) [SIPRI Military Expenditure Database](https://www.sipri.org/databases/military-expenditure)
- 17 Matching the Bridgetown Initiative 1.0 Proposal: <https://www.foreign.gov.bb/public-diplomacy/speech-by-the-honourable-mia-amor-mottley-prime-minister-of-barbados-on-climate-change-cop26/>; See also: The Case for Annual Special Drawing Right Allocations, Atl Econ J. 2023; 51(1): 65-70, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9910239/>; and more background on non-dollar currency issuance proposal. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4152448](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4152448).
- 18 G7 and Annex II-led multilateral lenders only. For Annex II figure, this is the annual average of 2021-2024 debt payments in the 82 low and lower middle income countries based on the ratio of debt held by G7 governments, G7 private lenders, bonds governed by G7 law and to multilateral institutions where Annex II countries have a voting majority. [https://debtjustice.org.uk/wp-content/uploads/2022/05/G7-responsibility-for-debt-payments\\_Briefing\\_05.22-1.pdf](https://debtjustice.org.uk/wp-content/uploads/2022/05/G7-responsibility-for-debt-payments_Briefing_05.22-1.pdf).

This resource was written by Bronwen Tucker from Oil Change International (OCI). Please reach out to [bronwen@priceofoil.org](mailto:bronwen@priceofoil.org) for any questions or comments.

**Oil Change International** is a research, communications, and advocacy organization focused on exposing the true costs of fossil fuels and facilitating the coming transition towards clean energy.