

CLIMATE JUSTICE WITHOUT BORDERS

How **Cap and Share** can end fossil fuel extraction and raise trillions for climate finance



Cap

- On the maximum amount of fossil fuel that can be extracted, lowered each year until it reaches zero
- Set by international agreement and informed by climate experts depending on the world's remaining carbon budget
- Legally binding with penalties for companies or countries exceeding it
- Fossil fuel companies would apply for permits to extract fossil fuel within cap limits



Charge

- Fossil fuel companies pay a charge for every tonne of CO₂ equivalent they extract
- Our models includes a cap at 2022 extraction rates and a charge of \$135 per tonne, increasing every year by 16%
- This delivers just under \$5 trillion in its first year of operation (Figure 1)



Fund

- A democratically-operated Global Commons Fund (GCF) with money raised from the charge
- The GCF would invest in a green, just transition and build sustainable, intergenerational wealth
- At least \$1 trillion annually to climate grants for mitigation, adaptation and loss and damage for developing countries and MAPA¹ communities



Share

- Dividends from the GCF are paid to all citizens of the world as a Universal Basic Income
- This could eliminate global poverty by 2050 and help individuals deal with the costs of the climate crisis, including energy price rises

Figure 1: Potential scenario for raising and distributing the carbon charge

IMPACT OF CAP AND SHARE	Year 1	Year 15
Carbon extraction cap (gigatonnes)	36.3	7.5
Carbon charge per tonne ²	\$135	\$1,317
Amount raised	\$4.9 trillion	\$9.8 trillion
Climate grants distributed	\$1 trillion	\$1 trillion
Amount retained in Global Commons Fund (GCF)	\$0.2 trillion	\$23.6 trillion
Monthly universal payment, per person	\$31	\$51

Cap and Share makes it easier³ to **end extraction, reduce emissions, end dependency on fossil fuels** and keep us on a **pathway to 1.5°** with **no offsets, credits, trading, geoengineering or other false solutions.**

¹ MAPA: Most Affected Areas and Populations. Cap and Share would also compensate countries which do not produce oil but face the biggest impacts from the climate crisis.
² As fossil fuel extraction decreases, the charge per tonne rises, raising even more funds for global distribution and climate justice.

³ It's easy to apply: just 100 companies account for nearly three quarters of all fossil fuel extraction.

Cap and Share redistributes wealth to countries and people in the Global South and would act as reparation for centuries of climate debt, colonial exploitation and unequal exchange.

The Global Commons Fund would build **intergenerational wealth** for all people of the world, tackling inequality, building resilience within vulnerable communities and protecting future generations from global crises.

The Universal Basic Income paid by the GCF is a vital component of a **just transition**, supporting costs associated with workers moving out of the fossil fuel industry, households installing renewables, and compensating for loss, damage and displacement.



Cap and Share is more powerful than Cap and Trade (and similar policies):



Cap and Share taxes all fossil fuel extraction, not just any amount over the 'cap'



The cap in Cap and Share is legally binding, rather than just a charge when companies go over it



In Cap and Share, no offsets, trades or swaps of pollution or emissions credits are allowed, and the cap would progressively decline until no new fossil fuel is extracted



Cap and Share involves direct distribution of the carbon charge proceeds to citizens (there is no inherently distributive element to Cap and Trade)



Cap and Share can be integral to achieving the aims of the Paris Climate Agreement and supporting the framework for the New Collective Quantified Goal (NCQG).

It moves the conversation on climate finance beyond countries' contributions, extends the burden of cost to polluters, directs trillions to the Global South, and ensures all countries benefit from cash payments and investments in the Green Economy.

Make **Cap and Share** happen.

This is a **global vision**, but a **union of two or more countries**, which agree to levy a charge on fossil fuel extraction or imports and share the proceeds in a **bilateral fund**, could also work. This would be best implemented between Global North and Global South countries (for example, Denmark and Colombia) to address climate debt and provide climate finance. This would be an important step towards full Cap and Share.

Cap and Share is a bold and ambitious proposal, but no less than what we need to achieve climate justice. Help us make it happen. Scan this code to view our full policy document:



Equal Right (equalright.org) is a non-profit co-operative working globally and based in the UK. We research and campaign for the introduction of innovative policy solutions to achieve economic and climate justice.

You can connect with us through:

X: x.com/EqualRightOrg

LinkedIn: linkedin.com/company/equal-right/

Facebook: facebook.com/equalrightorg

Or, join the Cap and Share Climate Alliance (CASCA) capandsharealliance.org