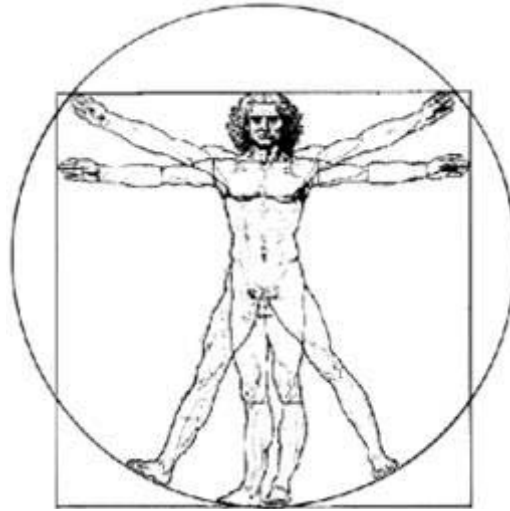


# european capacity building initiative



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IATAL — an outline proposal for an  
International Air Travel Adaptation Levy

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## The Great Need

Likely impacts of climate change are massive, inequitably distributed, and the resources to prepare for, cope with, and recover from climate disasters are severely lacking in the places where impacts are likely to be greatest.

Poor nations need financing to “adapt” to climate change, regardless of our efforts to reduce emissions.



## Two Key Problems

- Aircraft Emissions Excess
- Adaptation Funding Deficit

## The Logical Solution

Levy on Air Travel, as a matter of responsibility and/or capability, to fund adaptation to climate change



## Aircraft Emissions Excess

- The global share of airline emissions is currently at about 3% and projected to rise to 15% by 2050 if left unchecked.
- EU airline emissions alone have grown by 73% between 1990 and 2003, and are projected to increase to +150% over 1990 levels by 2012

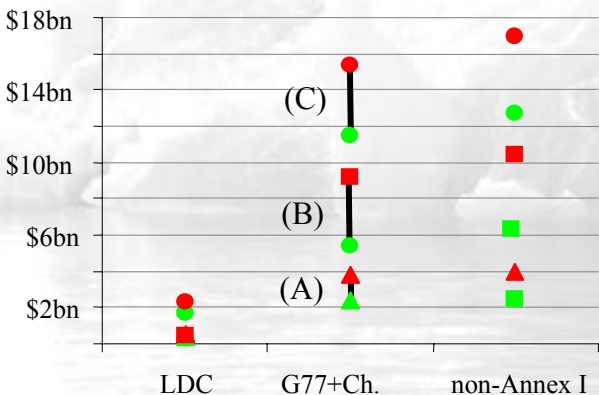
# Adaptation Funding Needs

## Investment-based Estimates (World Bank)

Table K1. Preliminary Estimates of Annual Adaptation Costs in Developing Countries

<i>Investment type</i>	<i>Amount</i>	<i>Climate sensitive</i>	<i>Adaptation costs (%)</i>	<i>Costs (2000 US\$)</i>
ODA & Concessional Finance	\$100bn	40%	10 – 20%	\$4bn – \$8bn
Foreign Direct Investment	\$160bn	10%	10 – 20%	\$2bn – \$3bn
<b>Total international costs</b>				<b>\$6bn – \$11bn</b>
Gross Domestic Investment	\$1500bn	2 – 10%	10 – 20%	\$3bn – \$30bn
<b>Total adaptation costs</b>				<b>\$9bn – \$41bn</b>

## NAPA-based Estimates (urgent and immediate needs)



Conservative/Average Extrapolations [for G77+China]

based on

(A) NAPA costs per inhabitant [\$2.4bn/\$3.8bn]

(B) NAPA costs per GDP [\$5.4bn/\$9.2bn], and

(C) NAPA costs per land area impacted by human activity [\$11.5bn/\$15.3bn]

Conclusion: The annual adaptation funding needs of developing countries are in the tens of billions of \$/€



# Existing Solutions: Adaptation Funding



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## *Multilateral Donor Funding* (Status Spring 2006)

	<i>Total</i>	<i>Pledged</i>	<i>Collected</i>
LDC Fund	\$68.3m	\$34.3m	\$34m
Special Climate Change Fund	\$56.5m	\$56.5m	
Adaptation Fund Donations	\$5.0m	\$5.0m	
GEF SPA*	\$50.0m		\$50m
<b>Total Donor Funding</b>	<b>\$179.8m</b>	<b>\$95.8m</b>	<b>\$84m</b>

## *International Private Sector Funding*

	<i>Projected</i>
Adaptation Fund CDM levy	<b>\$160–950m</b> (till 2012)

\* Strategic Priority of piloting an operational approach to Adaptation

# Proposed Solutions: Airline Emissions



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- European Commission: including aviation in the EU ETS
- European Parliament: separate emissions trading for aviation

# The Problem of International Fundraising



Bilateral and Multilateral Donor Funding will always compete with other domestic budget lines such as public health, education etc.

## The Solution:

International private sector, example is CDM levy for adaptation

# IATAL: An Issue of Responsibility & Capability



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## IATAL as Mitigation Instrument

$IATAL (M) \approx \text{Responsibility} \approx \text{per passenger flight emissions}$

## IATAL as Solidarity Contribution

**preferred solution**

$IATAL (S) \approx \text{Capability} \approx \text{ticket price}$



## IATAL as both

$IATAL (MS) \approx \text{Responsibility} \times \text{Capability}$

# IATL: Delivering Adaptation Funding



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- Passenger numbers have increased by 45% over the last decade alone, and in 2004 airlines carried 1.9 billion scheduled passengers
- An average levy of €/\$5 per ticket would generate around €/\$10billion
- A 2 percent levy — assuming an average ticket price of €/\$200/500 — would generate €/\$ 7.6/19bn annually

# Relationship to Other Solidarity Levies



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## What Would IATAL Fund?

- Adaptation is usually an add-on to existing or planned development projects
- Adaptation can be seen in a narrow or broader sense: either World Bank-style climate-proofing of investments, or development planning, export mixes and more secure livelihoods.

## Increased Membership

The IATAL might provide incentives for countries to join who otherwise would not

## No Competition

IATAL need not be in competition with other solidarity levies: The additional membership, and increased level of the levy could compensate.