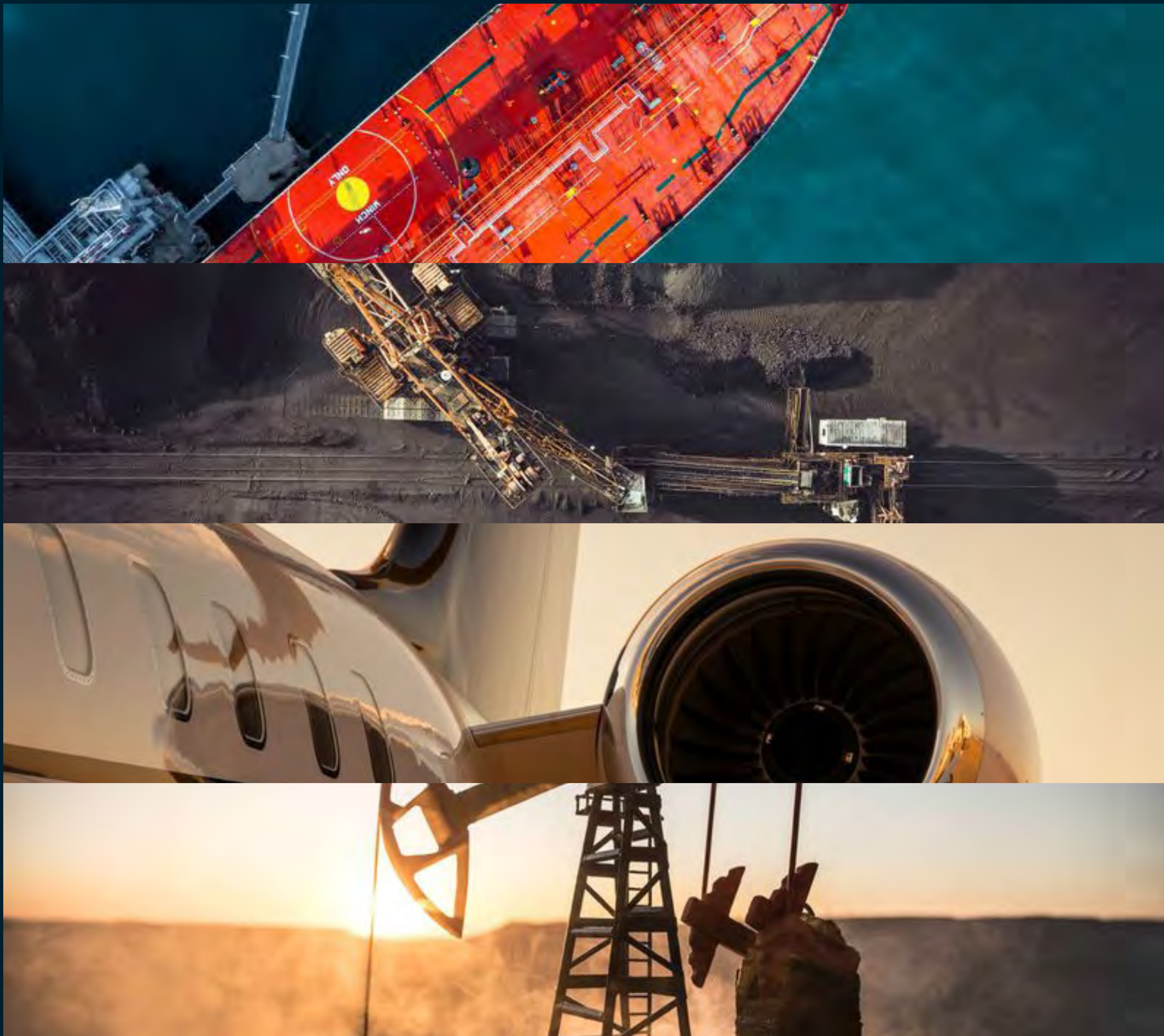

COP29 INTERIM PROGRESS REPORT | NOVEMBER 2024

Scaling Solidarity: Progress on Global Solidarity Levies

Global Solidarity Levies Task Force: For People and the Planet

Global Solidarity Levies Task Force

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Foreword from the Co-Chairs

No country should have to choose between fighting against climate change and eliminating poverty. That is why our governments decided to contribute to an ambitious reform of the international financial architecture. The Paris Pact for People and the Planet, the Nairobi Declaration and the Bridgetown Initiative each aim at offering one piece to this puzzle.

The current international dynamic gives us hope: many tracks of reform have been opened and some results have been achieved, while many more efforts are still needed. In that context, no options should be left behind, and one key piece is still under exploited: **solidarity levies**.

Solidarity levies are necessary to make sure that all players contribute to their fair share to this global effort. There are swathes of the economy which are largely under-taxed yet polluting the planet.

Yet they have huge potential to close the climate finance gap. A levy of 0.1% globally on trading stocks and bonds could raise up to $418bn a year. A levy on fossil fuel extraction of $5 per tonne of CO2 could raise $210bn a year. The IMF recently estimated pricing on international shipping and aviation could raise up to $200 billion a year in revenues by 2035. Even a partial redistribution would provide a large source of predictable climate finance to developing countries, in complement of ODA flows, without amplifying existing debt burdens.

To that end, our governments launched the **Global Solidarity Levies Task Force** at COP28. This progress report outlines the work achieved by the Task Force since its establishment.

Over the past year the Task Force have investigated the potential of levies across shipping, aviation, fossil fuels, financial transactions and carbon pricing. In early 2025, we will publicly launch a handful of concrete proposals with rigorous impact assessments. These proposals will be scalable – raising at least $100bn per year – and include clear assessment of potential impacts.

By the IMF-World Bank Spring Meetings in April 2025 we will have concrete proposals on the table; and by the 4th International Conference on Financing for Development in June/July 2025. We will have champions stepping forward to spearhead them. This will build political momentum to assemble alliances of the willing backing their implementation by COP30 in November 2025.

To succeed on this journey requires political will. That is why at COP29 we are launching a global **Coalition for Solidarity Levies**. The Coalition is the space where countries can follow, consult and engage with the Task Force's efforts to design solidarity levies.

We call on all governments to join our coalition. Now is the moment for the world to come together on solidarity levies, providing the financial tools necessary to meet the challenges of our time.

Dr Arnold McIntyre

Principal Technical Advisor, Barbados

William Roos

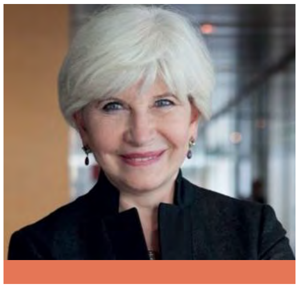
Assistant Secretary, Multilateral, Development and Trade Affairs, Treasury, France

Ali Mohamed

Special Climate Envoy, Kenya

Foreword from the Co-Lead

Secretariat of the Global Solidarity Levies Task Force



"One of the founding pillars of the Paris Agreement is financial solidarity between developed and developing countries. Such solidarity makes it possible for all countries to gradually raise their national ambitions to achieve the goal of limiting temperature rise to 1.5°c. However, there can be no climate justice without fiscal justice, as all countries are facing the same challenge: how to fund the transition while ensuring that those with the greatest means and the highest emissions pay their fair share. This is the aim of the Global Solidarity Levies Task Force: between now and COP30 in Belem, we want to put forward concrete options for global solidarity levies to provide new predictable, stable and concessional sources of finance."

Prof. Laurence Tubiana

Co-lead of the Global Solidarity Levies Task Force Secretariat

CEO, European Climate Foundation

Expert Group of the Global Solidarity Levies Task Force

The Task Force is supported by a distinguished Expert Group comprising professionals with extensive experience in environmental finance, taxation, and sustainable development. Their insights are critical as we continue to refine our approaches and ensure that our recommendations are both impactful and actionable. This diverse group brings a wealth of knowledge and experience, providing invaluable guidance to the Global Solidarity Levies Task Force as we work towards developing effective and equitable climate finance solutions.

The members of the Expert Group are:

Pascal Saint-Amans
Professor of Taxes at Lausanne University and Partner at the Brunswick Group

Vera Songwe
Chair and Founder of the Liquidity and Sustainability Facility; Co-Chair of the High-Level Expert Panel on Climate Finance

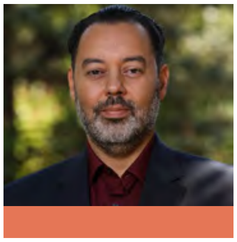
Amar Bhattacharya
Senior Fellow at the Center for Sustainable Development, Global Economy and Development Program at Brookings

Dora Benedek
Deputy Division Chief at the Tax Policy Division of the Fiscal Affairs Department of the International Monetary Fund (IMF)

Luiz Awazu Pereira
Visiting Professor in Practice, London School of Economics and Political Science (LSE)

Marilou Uy
Non-Resident Senior Fellow for the Global Economic Governance Initiative at the Boston University Global Development Policy Center

Attiya Waris
Professor in the Commercial Law Department, School of Law, University of Nairobi and UN Independent Expert on Foreign Debt and Human Rights



Fadhel Kaboub
Associate Professor of Economics at Denison University; President of the Global Institute for Sustainable Prosperity

Jeromin Zettelmeyer
Director of Bruegel

Logan Wort
Executive Secretary of the African Tax Administration Forum (ATAF)

Ramy Youssef Mohamed
Chair of the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

Kurt Van Dender
Acting Head of the Tax Policy and Statistics Division at the Organisation for Economic Co-operation and Development (OECD)

Muhammad Imran Khan
Senior Program Manager at the United Nations Secretary-General's Climate Action Team

Dr. Ma Jun
Founder and President of Institute of Finance and Sustainability

Prof. Benito Müller
Managing Director of Oxford Climate Policy and and Director of the European Capacity Building Initiative (ecbi)

Global Solidarity Levies Task Force

Executive Summary

Executive Summary

Political progress

We are calling on all governments to join the Coalition for Solidarity Levies. The Coalition for Solidarity Levies is the space where countries can follow, consult and engage with the Task Force's work to design solidarity levies. All countries that support the Task Force's mission are invited to join the Coalition for Solidarity Levies, as are sub-national governments with fiscal autonomy. Members of the Coalition commit to support solidarity levies as part of the solution to close the climate & development finance gap, to envision the possibility of implementing one or more of these solidarity levies proposed by the Task Force according to national circumstances, and to designate an official Sherpa to engage with the Task Force's proposals for solidarity levies, represent their country at meetings of the coalition and consult with other Coalition members on what they believe are the most appealing levies.

At COP29, new countries have joined the coalition: the Republic of Togo, the Federal Republic of Somalia, Republic of Zambia, Fiji, and Djibouti. This brings the total number in the Coalition to 17.

In 2025, this broad coalition will evolve into separate coalitions behind each sector covered by the Task Force's proposals. At this point, members can choose which solidarity levy proposals they support. Creating these separate coalitions will help to lay the ground for COP30, where the Task Force will present its findings for introducing solidarity levies on specific polluting sectors.

Developing proposals

The Task Force consists of co-chair countries (Barbados, Kenya, France), a high-level expert group, representatives from key partner organizations and a secretariat. Its role is to look at how to introduce feasible, scalable and sensible solidarity levies on polluting industries, to finance climate and development action. The expert group's role is to shed light on the potential impact of solidarity levies, assess the best way to ensure a balanced design and consider how to reallocate revenues. The Task Force is continuing dialogue and analysis to prepare initial ideas on solidarity levies.

This report outlines policy options for further consideration, including:

- **A levy on maritime shipping** namely through supporting efforts to agree an ambitious levy under negotiations at the International Maritime Organization due to conclude in 2025.

Taking note of the efforts already undertaken in ICAO with its **long-term global aspirational goal (LTAG) for international aviation of net-zero carbon emissions by 2050** in support of the UNFCCC Paris Agreement's temperature goal, and the Carbon offsetting and reduction scheme for international aviation (CORSIA)[1], an aviation levy such as:

- **A levy on aviation kerosene**, with options including a coalition of the willing working towards a global kerosene levy or implementation of a levy on kerosene of private jets.
- **A levy on aviation tickets**, with options including a modular levy that would be voluntary on economy but mandatory on luxury flights or a frequent flying levy.

A fossil fuel levy such as:

- **A fossil fuel extraction levy**.
- **A windfall energy profits levy**, with further consideration to whether this would be via a temporary or permanent mechanism such as **an increase to the minimum rate of taxation for multinational corporations that are fossil fuel companies** building on top of the existing OECD-G20 framework for a 15% minimum rate for multinational companies.
- **A mixed instrument** that would achieve shared standards based on implementing countries' preference.

A financial transactions levy whether via

- **A global levy** via a critical mass of countries in support of this measure.

[1] CORSIA is the first global market-based measure for any sector and represents a cooperative approach that moves away from a "patchwork" of national or regional regulatory initiatives. It offers a harmonized way to reduce emissions from international aviation, minimizing market distortion, while respecting the special circumstances and respective capabilities of ICAO Member States. CORSIA complements the other elements of the basket of measures by offsetting the amount of CO2 emissions that cannot be reduced through the use of technological improvements, operational improvements, and sustainable aviation fuels with emissions units from the carbon market.

- **A coalition of the willing** consisting of new countries adopting measures towards a global upward harmonization of the levy rate and / or base and allocating a share of revenues to support developing countries' climate and development finance.

Carbon pricing via further consideration of:

- The IMF proposal for an **International Carbon Price Floor (ICPF)**.
- Linking existing ETS or extending the base of carbon taxes via a **coalition to coordinate around extending pricing to unlevied areas**.

Additional ideas worthy of further consideration but beyond the original scope of the Task Force as set at its establishment at COP28 include the options of:

- **A coordinated minimum effective taxation standard for ultra-high-net-worth individuals**, as proposed under the Brazilian G20 Presidency this year.
- **A cryptocurrency levy** recognizing the significant financial transactions associated with cryptocurrency which has a high environmental impact.
- **A levy on plastics producers** recognizing proposals for its introduction in the context of negotiations for an international legally binding instrument on plastic pollution.

Upcoming milestones

COP29 – *November 2024, Baku, Azerbaijan*

Negotiations on the New Collective Quantified Goal (NCQG) for climate finance can recognize the potential role of solidarity levies to shift from voluntary aid to systematic, predictable support for climate adaptation in the regions most affected, ensuring that the financial burden is distributed fairly and that high-emission sectors are held accountable. The NCQG decision should acknowledge the contribution of solidarity levies to meeting an ambitious goal and call on Parties to take steps to strengthen cooperation on their establishment.

IMF and World Bank Group Meetings – *April 2025, Washington, D.C., USA*

By the Spring meetings, the Task Force intends to present concrete proposals for solidarity levies with impact assessments.

4th International Conference on Financing for Development (FfD4) – *June/July 2025, Seville, Spain*

Initial champions of these levy proposals will demonstrate their political leadership at high level events at FfD4. Language around solidarity levies, or equivalent, could be included in the FfD4 conclusions.

COP30 – *November 2025, Belem, Brazil*

Coalitions of the willing will make announcements on carrying forward these proposals towards implementation. Heads of State or Government will issue a series of joint declarations agreeing to take forward the implementation of new international solidarity levies at a domestic level or in a relevant international forum. The Task Force will disband, with work into 2026 and beyond to be continued by the coalitions of the willing on each levy proposal, in domestic settings and in relevant multilateral fora (e.g. G7, G20, UNFCCC, ICAO, UN International Tax Cooperation Framework Convention, IMO, OECD, etc.).

Summary of revenue generation potential

To illustrate the potential of revenues from solidarity levies, the below table collates the assessments provided in this progress report, which have been drawn from existing literature.

These are not the calculations of the Task Force and full details of these estimates can be found in the reports referenced. In due course we will provide estimates of revenue generation from proposals for levies under development over the coming months. The selection of levies in the below table does not indicate a preference from the Task Force. Studies on which the figures are based do not use unified assumptions which limits comparability.

These figures have not made any assumptions on the allocation of these revenues, but even a fraction of these levies being allocated to support climate and development goals in developing countries would contribute to raising new, additional sources of concessional finance on top of existing ODA flows which would not exacerbate debt burdens.

Levy option	Indicative potential revenue generation from existing literature
Maritime shipping levy	A levy applied well-to-wake of \$150-\$300 per tonne of CO2e would in 2027-2030 generate an estimated \$127 billion per year.[2] In a scenario of full decarbonization by 2050, revenues from a \$100 per tonne of CO2e could amount to over \$60 billion per year according to the World Bank
Aviation kerosene levy	A levy of €0.33 per liter globally from the consumption of kerosene jet fuel for international flights would generate an estimated €18 billion per year (approximately **\$19 billion** per year)[3]
Aviation ticket levy	A frequent flyer levy starting at \$9 for a person's second flight and rising to \$177 for their twentieth within the same year would generate an estimated **\$121 billion** per year[4]
Fossil fuel extraction levy	A \$5 fee per tonne of CO2e on the extraction of fossil fuels in 2024 would generate an estimated **\$216.2 billion** per year[5]
Fossil fuel profits levy	A 50% tax on the windfall profits of the biggest 14 fossil fuel companies by market capitalization between July 2021- July 2023 would generate an estimated **\$173.4 billion**[6]
Financial transaction levy	The equivalent of the UK Stamp duty or the French Financial Transaction Tax (based on a 0.3 or 0.5% nominal rate) applied by the G20 countries – despite numerous exemptions, would generate between €156 and €260 billion per year

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[2] UNCTAD (2024) Comprehensive impact assessment of the basket of candidate mid-term GHG reduction measures full report on Task 3 (Impacts on States)

[3] Alou Adessé Dama, Vianney Dequiedt, Audrey-Anne de Ubeda, Grégoire Rota-Graziosi. (2023). Taxation of civil aviation fuels as a source of financing for vulnerable countries. Fondation pour les études et recherches sur le développement international.

[4] Xinyi Sola Zheng, Dan Rutherford. (2022). Aviation Climate Finance using a Global Frequent Flying Levy. ICCT International Council on Clean Transportation.

[5] Sindra Sharma & David Hillman. (2024). The Climate Damages Tax: A guide to what it is and how it works. Stamp Out Poverty.

[6] ActionAid. (2024). The Power of Windfalls: The potential of windfall profit taxes on top of fossil fuel and financial companies.

	[$165-275]. Extending the tax to derivatives and intraday trade would increase revenue, to nearly €400bn per year [$423bn][7]
Carbon pricing	Total revenues from carbon taxes and ETSs in 2023 was USD 104 billion[8]
A coordinated minimum wealth levy	A global minimum tax on billionaires equal to 2% of their wealth would generate an estimated **$200-$250 billion** per year[9]
A cryptocurrency levy	A global levy on the electricity use of crypto miners of $0.045 per kWh would generate an estimated **$5.2 billion**[10]
A plastics production levy	A fee of $60-90 per tonne on primary polymer production would raise an estimated **$25-35 billion** per year[11]

[7] Gunther Capelle-Blancard, The taxation of financial transactions: An estimate of global tax revenues, Centre d'Economie de la Sorbonne Working Papers, CES WP n° 2023.09R, 2023, 23

[8] World Bank. (2024). State and Trends of Carbon Pricing 2024. Washington, DC: World Bank

[9] Zucman, G. (2024) A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals

[10] Shafik Hebous & Nate Vernon-Lin (2023) Cryptocarbon: How Much Is the Corrective Tax?

[11] Charles D & Cumming P 2024, The Polymer Premium: A Fee on Plastic Pollution, Minderoo Foundation

Background

Background

Launched at COP28 in November 2023, and co-chaired by Barbados, France and Kenya, the Global Solidarity Levies Task Force: For People and the Planet brings member countries together to explore feasible, scalable and sensible options for climate levies. These levies can be implemented to help the world fulfill its Paris Agreement commitments.

The Task Force was conceived to address a critical gap in climate finance: the need for consistent, scalable funding that can support vulnerable nations in adapting to and mitigating climate change. Its creation was inspired by a series of landmark global frameworks, including the 2023 Summit for a New Global Financial Pact in Paris, the Nairobi Declaration, and the Bridgetown Initiative. Each of these efforts highlighted the importance of transforming the international financial architecture to make it more inclusive, equitable, and responsive to the needs of countries most affected by the climate crisis.

The Taskforce aims to bring together a coalition of countries from every region of the world with the support of relevant international organizations, aiming to champion progress on international levies for sustainable development and climate action at the highest level, with the aim to promote international agreement(s) at COP30, to be implemented by the relevant decision-making institutions/framework.

The Task Force will focus on levy options that have already been implemented in some countries or that have gathered momentum in the context of the New Global Financing Pact Summit and the Nairobi Declaration which could include:

- Levy on maritime shipping
- Levy on aviation
- Levy on fossil fuel trade and/or production
- Financial transaction levy
- International carbon price

The Task Force will aim to put forward proposals that can generate more fairness and equity in the current tax system and at least an additional average of 0.1% of GDP across participating countries (amounting to at least an additional $100 billion per year on a fully global scale).

The Task Force will work in close collaboration with organizations from other regions, seek guidance from relevant the relevant international organizations (including the OECD, AU, EU, UN, IMF, World Bank and others), and ensure coherence with other existing initiatives, as well as work with non-governmental organizations with expertise in this area.

In its first year, the Task Force set ambitious goals, aiming to establish the technical feasibility of levies in various sectors, build a coalition of willing countries, and secure political commitment to integrate these levies into the New Collective Quantified Goal (NCQG) for climate finance. The Task Force has since grown to include 13 member countries, with ongoing diplomatic outreach to expand the coalition further. Through its expert group and Sherpa meetings, the Task Force has worked to conduct rigorous assessments of the revenue potential, scalability, and socioeconomic impacts of each proposed levy option. This work is informed by successful examples, such as financial transaction taxes and airline ticket levies already implemented in over 30 and 21 countries, respectively, which demonstrate the viability of international revenue redistribution models.

Looking ahead, the Task Force has set a clear timeline, with the goal of unveiling a portfolio of levy proposals by early 2025, each accompanied by impact assessments and pathways for implementation. By COP30 in 2025, the Task Force aims to achieve widespread adoption of at least one levy option, creating coalitions of countries committed to these new mechanisms.

This initiative represents a transformative shift in climate finance, one that ensures those with the greatest environmental impact contribute proportionally to the solutions. Through solidarity levies, the Task Force seeks to establish a resilient, inclusive financing model that meets the urgent demands of climate action and supports the sustainable development aspirations of nations around the world.

Why focus on solidarity levies?

The Task Force is rooted in the belief that innovative financial mechanisms, such as solidarity levies, offer a powerful means to bridge the widening gap between climate ambition and funding availability. Solidarity levies can be a way for high-emission industries and sectors, such as maritime shipping, aviation, fossil fuels, and financial transactions, to contribute a fair share to the global fight against climate change. Moreover, levies can incentivise the transition in various sectors by moving toward fiscal regimes more favorable to alternatives to polluting sources of emissions. With substantial financial flows generated from these sectors, the Task Force aims to channel predictable, robust funding into climate adaptation, resilience-building, and sustainable development initiatives worldwide. Unlike traditional aid, these levies provide a stable revenue stream, reducing reliance on voluntary contributions and mitigating the financial vulnerabilities that many developing nations face.

Taxes and levies are evidently an instrument of national sovereignty, and each country must be able to choose how it adapts them to meet its various public policy objectives, including adaptation to climate change and the transition to a low-carbon economy.

However, in certain specific cases, international cooperation is justified to maximize each state's revenues and ensure that states, companies and individuals contribute according to their respective capacities to mitigating the effects of their emissions. Some activities, because of their international nature, cannot be levied without coordination between states. A number of these international activities are also highly polluting and CO2-emitting.

There is also a strong case for a form of an international allocation of revenues as emissions and climate change’s impacts accentuate existing inequalities. Globally, the wealthiest 1% emit the same as the poorest 66% combined. Thus, the most vulnerable populations across the globe are both those with the least capacity to pay taxes within their own countries, and those who need to be supported in this transition to a resilient, low-carbon economy.

Solidarity levies have the potential to mobilize finance at scale while bringing more climate justice and fairness to our current financial system, by ensuring the most polluting industries (e.g. fossil fuel extraction, aviation, shipping and financial services) and people contribute to financing the fight against climate change and inequalities.

Both developed and developing countries are faced with the challenge of finding new sources of financing for the low-carbon and resilient transition and, in the case of high-income countries (the leading historical source of emissions), to fulfill their moral obligations towards poorer, more vulnerable countries.

International financial solidarity – for both climate action and development – falls far short of what is needed. According to the Independent High Level Expert Group $1 trillion per year for EMDEs excluding China must come from external financing for their climate needs, of which it is expected that $200-250 billion must come from bilateral and innovative concessional finance (or "debt-free finance"). Developed countries have been struggling for over 10 years to mobilize the $100 billion annually promised in 2010 and just managed, in 2022, to surpass the goal by providing a total of $115.9 billion, of which $41 billion (in 2022) was bilateral public finance. Similarly, very few industrialized countries have achieved their commitment – made at the United Nations in 1970, to devote 0.7% of their revenues to Official Development Assistance (ODA). Only 5 countries have achieved this goal so far.

A form of international levies offers an appropriate response to these challenges, as it can provide countries with a financial resource that is both fully concessional and predictable, in contrast to an aid flow resulting from a continuous process of negotiation between states, whose strategies vary according to their priorities and variable development and foreign policy objectives, and which are generally subject to annual budget constraints.

Global Solidarity Levies Task Force

The Global Solidarity Levies Task Force consists of co-chair countries (Barbados, Kenya, France), a high-level expert group, representatives from key partner organizations and a secretariat.

The Task Force's role is to look at how to introduce feasible, scalable and sensible solidarity levies on polluting industries, to finance climate and development action.

The expert group's role is to shed light on the potential impact of solidarity levies, assess the best way to ensure a balanced design and consider how to reallocate revenues.

Key partner organizations include the IMF, World Bank, UN, UNCTAD, OECD, G20, G24, Coalition of Finance Ministers, and others.

The Task Force supports a **Coalition for Solidarity Levies**, where countries can follow, consult and engage with the Task Force's work to design solidarity levies.

Coalition for Solidarity Levies

On 12 November 2024, at COP29 in Baku, Azerbaijan, the Global Solidarity Levies Task Force convened world leaders to launch a Coalition for Solidarity Levies. The Coalition was launched under the auspices of Prime Minister Mia Amor Mottley (Barbados), Prime Minister Pedro Sanchez (Spain) and President Hilda Heine (Marshall Islands), with senior participation from many others, including France and Kenya.

The new coalition – spearheaded by France, Kenya and Barbados – aims to secure sustainable funding for climate action and development by establishing levies on carbon-intensive industries, based on the polluter pays principle.

The Coalition includes 17 members: Barbados, France, Kenya, Antigua & Barbuda, Colombia, Marshall Islands, Senegal, Spain, Denmark, Sierra Leone, Zambia, Fiji, Djibouti, Somalia, and three observers: Germany, the African Union and the European Commission. The coalition is backed by the Global Solidarity Levies Task Force.

Members of the coalition commit to:

- Support solidarity levies as part of the solution to close the climate & development finance gap.
- Envision the possibility of implementing one or more of these levies according to its national circumstances, and to suggest tailored allocation mechanisms of the revenues to climate action – domestically for climate vulnerable countries and through international solidarity for developed countries.
- Designate an official sherpa to engage with the Task Force's proposals for solidarity levies, represent their country at meetings of the coalition and consult with other coalition members on what they believe are the most appealing levies.

The Coalition for Solidarity Levies provides countries interested in tackling climate change and achieving the SDGS with a safe forum to discuss and advance their interests on solidarity levies, enabling them to become a coalition of the willing and first movers.

At this stage, it isn't necessary for members of the coalition to choose in which sectors they would consider introducing a solidarity levy. This means that members might be interested in introducing a solidarity levy in one sector that the Task Force is considering, but oppose a levy being introduced in another.

In 2025, this broad coalition will evolve into separate coalitions behind each sector covered by the Task Force's proposals. At this point, members will need to choose which solidarity levy proposals they support. Creating these separate coalitions will help to lay the ground for COP30, where the Task Force will present its findings for introducing solidarity levies on specific polluting sectors.

Discussions on how to allocate raised revenues will begin after the designs for each solidarity levy have been put forward.

What does it mean to support the Task Force or Coalition

The Coalition for Solidarity Levies

is a group of champion countries advocating for solidarity levies and supporting the Task Force's vision. The coalition will be the space where countries can follow, consult and engage with the Task Force's effort to design solidarity levies.

Members commit to

Support solidarity levies as part of the solution to close the climate & development finance gap

Envision the possibility of implementing one or more levies according to national circumstances, and work on tailed allocation mechanisms of revenues to climate & development – domestically or internationally

Designate an official sherpa to engage with the Task Force's work on proposals

The Global Solidarity Levies Task Force

guided by co-chairs (Barbados,France,Kenya), is to look at how to introduce feasible, scalable, equitable and sensible solidarity levies on polluting industries, to finance climate and development action.

It is made of

Expert Group

is shedding light on the potential impact of solidarity levies, assessing the best way to ensure a balanced design and considering how to reallocate revenues.

Key Partners Organizations

The Task Force is seeking to partner with relevant international partners already working on the field, including the IMF, World Bank, UN, UNCTAD, OECD, G20, G24, Coalition of finance Ministers and others.

Secretariat

is providing administrative, logistical and technical support to the TaskForce, and organize the work of the different groups in close collaboration with the co-chairs. The Secretariat is hosted by the European Climate Foundation (ECF).

Global Solidarity
Levies Task Force

Summary of progress to date

Summary of progress to date

Solidarity levies – political developments since COP28

Momentum on the agenda of solidarity levies for climate and development finance has continued to build over the past year.

Key developments in international tax cooperation and solidarity levies:

- Negotiations on a **UN Framework Convention on International Tax Cooperation** have advanced significantly. In August, the United Nations Ad Hoc Committee voted to approve the Terms of Reference (ToR) for its development. Under the ToR, the Framework Convention will be established by 2027. The ToR also set out the development of legally binding protocols with substantive tax measures to address specific issues. Two early protocols are to be developed simultaneously with the Framework Convention, the first on taxation of income derived from the provision of cross-border services in an increasingly digitalized and globalized economy. The second is on a topic to be chosen from either taxation of the digitalized economy, measures against tax-related illicit financial flow, prevention and resolution of tax disputes, or addressing tax evasion and avoidance by high-net worth individuals. Importantly, the ToR indicate that consideration could be given to further protocols addressing other topics, including tax cooperation on environmental challenges. The Task Force aims to provide a complementary space to create political momentum with a coalition of frontrunners countries on these issues, working together on concrete solutions by COP30 in 2025.

- In June, the Brazil G20 Presidency published a report commissioned on a **Blueprint for a coordinated minimum tax on Ultra-High-Net-Worth individuals**. The proposal suggests an internationally coordinated minimum standard requiring billionaires to pay at least 2% of their wealth in taxes annually, which could generate a minimum of $200-$250 billion per year globally. The tax proposed is designed to complement current progressive tax instruments and thus to prevent any infringement of the sovereign power to tax. This paved the way for discussion among G20 members on tax justice resulting in the adoption of the Rio de Janeiro G20 Ministerial Declaration on International Tax Cooperation by the Finance Ministers of the G20. The Declaration is the first-time that the G20 have agreed to engage cooperatively to ensure that ultra-high-net-worth individuals are effectively taxed.

- Negotiations at the UNFCCC on a **New Collective Quantified Goal** have framed a global conversation on the sources of climate finance required to meet the needs of developing countries. In this context, while looking at how developed countries could provide additional support to developing countries in their low-carbon and resilient development, the Arab Group at the Bonn SB intersessional negotiations raised the idea of exploring levy options under consideration in the Task Force, namely financial transaction levies. Many studies have shown the important role of innovative sources of finance in contributing to a NCQG, with its potential appearing in the final draft substantive negotiating framework prepared by the co-chairs ahead of COP29, where negotiations are due to conclude.

- Negotiations at **COP16 of the Convention on Biological Diversity** adopted the modalities for operationalizing a multilateral mechanism, including a new global fund, the Cali Fund, for the fair and equitable benefit-sharing from the use of digital sequence information on genetic resources. Parties agreed that users of digital sequence information on genetic resources in sectors that directly or indirectly benefit from its use in their commercial activities should contribute a proportion of their profits or revenue to the global fund, according to their size. They agreed that entities which on their balance sheet dates exceed at least two out of three of these thresholds (Total Assets: $20 million; Sales: $50 million; Profit: $45 million) averaged over the preceding three years, should contribute to the global fund 1% of their profits or 0.1% of their revenue, as an indicative rate. Sectors that may directly or indirectly benefit from the use of digital sequence information on genetic resources include pharmaceuticals, food and health supplements, cosmetics, animal and plant breeding, and biotechnology. A formula for funding allocation will be determined by COP17.

Progress achieved by the Global Solidarity Levies Task Force

Since its establishment at COP28, the Task Force has achieved several important milestones.

- **Launching the Coalition for Solidarity Levies.** A key political milestone in 2024 was the launch of the Coalition for Global Solidarities, an international platform designed to advocate for climate justice. This coalition serves as a forum for member states to collaborate, build consensus, and amplify the Task Force's recommendations on a global scale. It is expected to play a crucial role at international forums, including COP30, helping to integrate solidarity levies into the global climate finance framework.

- **Expanding country engagement.** At the inaugural meeting of the Sherpas of the Global Solidarity Levies Task Force in Washington, D.C. in April 2024, the co-chairs (Barbados, France and Kenya) and the founding members (Antigua and Barbuda, Spain and the Marshall Islands) were joined by a new member, Colombia. Following this meeting, the Task Force welcomed two further new countries: Senegal and Germany (joining as an observer). In October 2024, Denmark was announced as a member, while at COP29 in November 2024, 5 new countries joined: Sierra Leone, Zambia, Somalia, Djibouti and Fiji. In addition to the European Commission and African Union as observers, this brings the total number participating to 17. These partnerships mark an essential step forward in building a coalition that is representative of both high-emission and vulnerable nations. This diversity strengthens the Task Force's ability to develop finance solutions that account for varied economic contexts and needs. Efforts are ongoing to invite additional countries, particularly from Africa, Latin America, and the Caribbean, to expand the coalition further. The goal is to ensure that the Task Force's recommendations reflect a truly global perspective on solidarity levies, incorporating insights from all corners of the world.

- **Political dialogue**. The Task Force has undertaken extensive work to move forward deliberations among countries on areas of potential solidarity levies. This has facilitated understanding and insight which will support the initial development of draft proposals on solidarity levies to be prepared for consideration by governments at an in-person conference to be hosted in early 2025. Throughout 2024, the Task Force has hosted multiple Sherpa meetings, advancing its agenda of creating innovative climate finance mechanisms. These gatherings have helped to solidify member commitments, develop the Task Force's operational framework, and initiate discussions on integrating solidarity levies into the New Collective Quantified Goal to be agreed at COP29. The Task Force has also built partnerships with international organizations, civil society, and private sector stakeholders to ensure comprehensive support and alignment with global financing trends. Through these efforts, the Task Force has demonstrated both the political and technical feasibility of its proposed solutions.

- **Technical work.** The expert group, composed of leading figures in environmental finance, taxation, and sustainable development, and additional thematic, economic and legal experts from universities, institutions, think tanks, international organizations and civil society organizations have participated in regular meetings which have examined the state of play on potential solidarity levies, existing practices and key challenges and barriers facing their adoption and implementation. Consultations have been conducted with over 50 organizations. This has helped make significant progress in assessing the feasibility, revenue potential, and socioeconomic impacts of each proposed levy option. This serves as an analytical foundation for further work in 2025 on how each levy can be structured to maximize climate finance flows while minimizing economic disruptions.

Global Solidarity
Levies Task Force

State of play and policy options for further consideration

State of play and policy options for further consideration

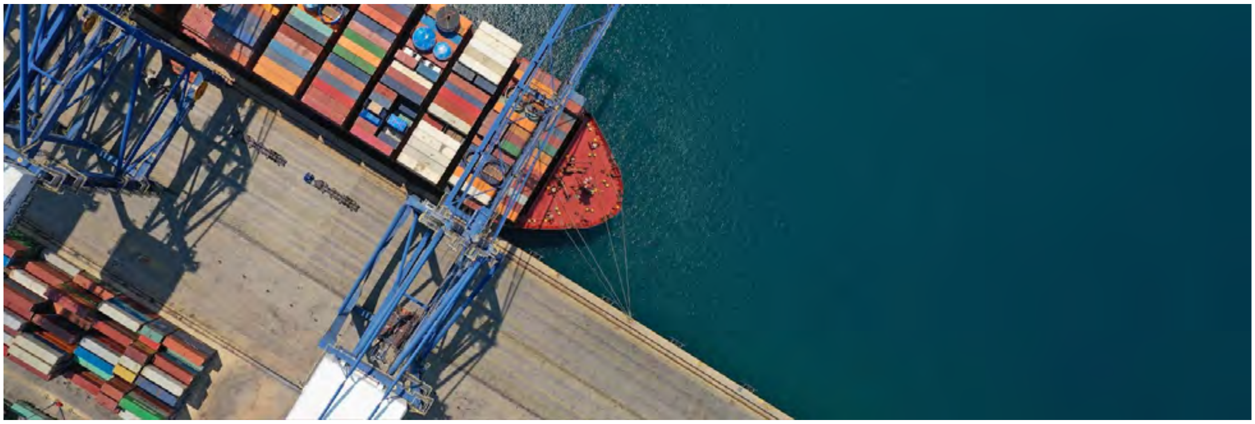
This section presents a review of the options for solidarity levies under the mandate of the Global Solidarity Levies Task Force. This is based on extensive research, analysis and dialogue with governments, partner institutions, civil society organizations and technical experts conducted by the Task Force in 2024.

For each levy option, this section briefly summarizes the state of play and sets out policy options for further consideration by governments of the Global Solidarity Levies Task Force and the Coalition for Solidarity Levies in early 2025, as part of their efforts to work towards developing concrete proposals on solidarity levies with political coalitions supporting them by COP30.

Implementing these levies globally, as advocated by the Task Force, could mobilize substantial resources for climate action and sustainable development, creating an equitable foundation for financing climate justice.

Throughout this section, estimates of potential revenue generation figures from studies conducted in the existing literature are provided. These are not the calculations of the Task Force and full details of these estimates can be found in the reports referenced.

Maritime shipping levy



State of play

A levy on maritime shipping is one of the most mature proposals for a solidarity levy. International shipping accounts for around 3% of global GHG emissions. Governments at the International Maritime Organization (IMO) are in the process of negotiating a package of measures to support the aim of achieving net zero emissions in the sector by or around 2050. This includes, among others, the option of a levy that would put a price on GHG emissions from shipping with a view to phase them down thanks to increased energy efficiency and coverage of the price gap between alternative and fossil fuels. The IMO's Marine Environment Protection Committee will resume negotiations at its next session (MEPC 83) from 7 to 11 April 2025, where governments are expected to approve measures, ahead of their formal adoption in October 2025.

An increasing coalition of countries are supporting proposals for the establishment of a universal contribution on all GHG emissions. There is a clear majority of countries in support of a GHG levy/universal price on GHG emissions. Proposals include, among others:

- Belize et al. – a Pacific islands and Caribbean proposal suggesting a flat rate levy applied to lifecycle emissions beginning at $150 per tonne of CO2 equivalent rising every 5 years, with revenues allocated to out-of-sector uses.

- Austria et al. – led by the EU and Japan, suggesting a universal contribution of $100 per tonne of CO2 equivalent in 2027
- Bahamas, Liberia and International Chamber of Shipping have proposed an initial flat rate GHG fee, and identified that an initial flat rate GHG fee of about $18.75 per tonne CO2 equivalent might be sufficient to achieve the IMO's climate strategy

These three levy proponent groups are continuing to work together to develop common language and further consolidation, which will then be considered for formal integration into the draft amendment at the next round of negotiations.

Potential revenue generation: According to an impact study by UNCTAD, a well-to-wake levy of $150-300 per tonne of CO2e could collect up to $127 billion a year in 2027-2030, while revenues would average $103 billion in 2031-2040 and $36 billion in 2041-2050. A well-to-wake levy at $30-120 a tonne would collect $36 billion a year in 2027-2030 and $47 billion and $15 billion in 2031-2040 and 2041-2050, respectively. In a scenario of full decarbonization by 2050, revenues from a $100 per tonne of CO2e could amount to over $60 billion per year according to the World Bank.

Policy options

With negotiations at the IMO already advanced, there is no need for the Task Force to develop separate proposals for a maritime shipping levy. However, it remains important that countries constructively support an ambitious outcome at the IMO negotiations. Governments could send a strong top-down signal by using its leadership to develop a joint position at leaders-level to support the adoption of a robust and equitably designed GHG pricing mechanism and a GHG fuel standard (GFS), including alignment on the distribution of revenues within the value chain of international shipping and the exploration of possible out-of-sector use (wider climate mitigation and adaptation).

Aviation levy

State of play

Aviation is currently responsible for more than 2% of annual global CO2 emissions but has committed to reduce its environmental footprint through its Long term aspirational Goal long-term global aspirational goal (LTAG) for international aviation of net-zero carbon emissions by 2050 in support of the UNFCCC Paris Agreement's temperature goal and introduced Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in 2016, to reduce its annual global CO2 emissions. In addition, international aviation is usually exempted from VAT or sales taxes. Increasing the tax burden in the sector could therefore help control high emissions linked with this transport mode. It could contribute to balancing the tax burden between the international aviation sector and other economic sectors. A discussion would need to be held whether the revenues are to be recycled within the industry, or if it can be politically agreed to be used as direct compensation for the most affected countries or a mix of both.

An **aviation fuel levy** is a levy on fossil fuels used in the aviation sector. At least 29 countries currently levy aviation fuels domestically in a variety of ways. Levies apply in a variety of different ways. CO2 emissions are mostly priced through excise duties, and to a lesser degree through carbon levies and emission permits. Average effective jet fuel pricing in 2021 was around €9 tonne of CO2 in G20 countries and €14 in OECD countries. However, imposed levies vary considerably. Countries like

China, Chile and Brazil for instance fully exempt aviation fuels from taxation. They are highest in Switzerland which imposes €231 on each tonne of CO_2 embedded in aviation fuels, mostly through excise duties. An advantage of a levy on aviation fuels is its high correlation with CO_2 emissions. An aviation fuel levy can therefore incentivize fleet renewal (i.e. purchase of more fuel-efficient aircraft models) and the consumption of more sustainable fuels. Taxing aviation fossil fuels is the most efficient way to price carbon emissions and to raise funds but requires addressing concerns around level playing fields. There are also legal barriers. Many bilateral air service agreements between states often prohibit taxation of kerosene and may need to be amended. However, the common 'exemption' on the 'basis of reciprocity' in these agreements is not absolute and permits states to introduce a fuel tax if they wish to. It is also a misconception that the International Civil Aviation Organization (ICAO) Chicago Convention completely prohibits the taxation of all aviation fuel. In fact, it only applies to the taxation of fuel already on board of an aircraft and does not prevent the taxation of aviation fuel uptake.

Potential revenue generation: According to Ferdi, an excise duty on jet fuel consumed by international flights alone set at a rate of €0.1 per liter could generate €6 billion per year globally, and a rate of €0.33 per liter could generate €20 billion per year globally.

An **aviation ticket levy** or Air Passenger Duty is a levy applied to each purchased plane ticket. At least 21 countries have already raised levies on airline tickets at varying rates. Rates vary considerably between countries, being as low as €2 per flight in Portugal and reaching over to almost €500 for certain long-distance flights in the United Kingdom. While some countries have implemented a flat levy, others have implemented progressive rates depending on the ticket class (economy/business), travel distance and airplane weight. The French Solidarity Levy initiated in 2006 varies depending on the class of travel and the duration of the flight, ranging from €2.63 to €63.07. It benefits the UNITAID program and is the only precedent for an internationally coordinated aviation levy.

Potential revenue generation: According to the ICCT, a levy of $30 on economy seats and $120 on premium class seats with global coverage on domestic and international flights would raise $164 billion per year with global coverage on domestic and international flights, and $58 billion per year when applied only to high-income countries and only international flights. A frequent flyer levy starting at $9 for a person's second flight and rising to $177 for their twentieth within the same year would generate $121 billion a year. Revenue from the French Solidarity Levy has generated approximately €227 million annually since 2016 and totaling €1 billion between 2006 and 2013.

Policy options

In 2025, countries engaging in the Task Force should further consider initial design options and impact assessments for:

- **A kerosene levy** - including the options of:

  (i) While taking into account the CORSIA, **moving towards a global coalition for the taxation of kerosene** used for international flights. Given the challenges of negotiating a global arrangement through existing fora such as the International Civil Aviation Organization (ICAO), countries should explore the feasibility of starting a regional coalition of a critical mass of countries implementing kerosene taxation by jointly agreeing to revise clauses in their respective air services agreements preventing them from doing so. Such a regional coalition could agree on a mechanism to treat non-members countries with a view to limit competitive disadvantage while encouraging a world-wide fuel transition

  (ii) **Coordinated levies on kerosene of private jets**. This could have fewer negative implications for equity within and between countries.

- **A ticket levy** – including the options of:

  (i) **A modular ticket levy** which would be mandatory at a higher rate on luxury tickets (business, first, private) while voluntary at a lower rate on economy tickets.

  (ii) **A frequent flying levy** with a rate that would progressively increase with the number of flights taken by a passenger each year

Fossil fuel levy

State of play

At the national level, there are different degrees of direct or indirect levies of fossil fuels, sometimes resulting in negative taxation, as is the case with fossil fuel subsidies. Countries implement levies on fossil fuels in various ways. Many impose excise duties on some fossil fuels. These are indirect levies on consumed volumes, mostly oil at the pump. They also collect Value Added Tax or Goods and Services Tax on consumption, even though there is usually no differentiated rate on fuels. More recently, countries have started implementing carbon taxes, which are indirect levies on carbon emissions. Carbon can be priced either through taxes or carbon emissions mechanisms like emission trading systems. Finally, fossil fuel producing countries impose levies at the pit through different forms, sometimes combined, like royalties or taxes on oil companies. Following the energy crisis in 2022, the debate on addressing the rent generated by extractive industries has been reinvigorated with many countries establishing windfall profit levies.

Internationally, there are almost no examples of international coordination, except for an insurance system in case of oil pollution accidents: the International Oil Pollution Compensation Fund (IOPC). Contributions are paid based on quantities transported by sea upon import. The amounts are limited, and the mechanism is old. However, it has the merit to show that a coordinated mechanism is possible. It is worth noticing that USA is collecting a 9 cents levy on every barrel of petrol produced or imported to the United States to fund the Oil Spill Liability Trust Fund (OSLTF), currently budgeted with US$1 billion to cover expenses associated with mitigating the threat of an oil spill, as well as the costs of oil spill containment, countermeasures, cleanup, and disposal activities.

Potential revenue generation:

- *Extraction levy*: The Climate Damages Tax proposal proposes a $5 fee per tonne of CO2e on the extraction of fossil fuels. Envisioning the implementation of the tax in 2024 with a yearly price increase of $5 per tonne of CO2e, it is estimated to generate $3.5 trillion between 2024 and 2030 if implemented globally, $900 billion if implemented by OECD countries, and $675 billion if implemented by the G7.
- *Windfall profits*: According to ActionAid, a 50-90% tax on windfall profits of the biggest 36 fossil fuel companies between July 2021 and July 2023 globally would have raised between $212 and $382 billion.

Policy options

No single option for fossil fuel levies – whether on extraction, consumption or import - is without challenges and a mix is likely needed. It is important for advocates, while supporting a global approach, to identify mechanisms that can be pursued which would encourage first movers in a coalition of the willing. Levies on profits require further consideration, especially on the relative merits and challenges of either a permanent levy on windfall or temporary mechanism on excess profits. A core challenge is to find the right political dynamic incentivizing fossil fuel producing countries to contribute financially to climate change and development's finance.

In 2025, countries engaging in the Task Force should further consider initial design options and impact assessments for:

- **A fossil fuel extraction levy**

- **A levy on windfall energy profits or an increased minimum multinational corporate tax rate for fossil fuel companies** which could be incorporated as an additional rate into the existing OECD-G20 framework for a 15% minimum rate for multinational companies
- **A mixed instrument of fossil fuel levies at participating countries' discretion** to meet a shared standard

Financial transactions levy

State of play

The financial transaction levy is based on the idea that by levying a large volume of transactions at a very low rate, significant revenue can be generated without negative effects on market functioning. Since the late 1970s, globally, GDP has increased fifteen-fold, stock market capitalization fifty-fold, and the value of stock market transactions over 500-fold. These figures underscore the appeal to implement a low-rate tax on financial transactions.

However, they hide the complexity of its implementation due to the simultaneous proliferation of financial instruments. Several attempts to establish a global levy have failed so far but supporters are still active, and local levies are being implemented in many countries.

The most advanced cross-border efforts were deployed within the European Union, initially with a proposal for a Directive at the EU level. In the absence of unanimous agreement at the request of 11 Member States, the European Commission proposed the adoption of a financial transaction tax through an “enhanced cooperation mechanism”. There was ultimately no agreement among the 11 remaining countries participating in the cooperation.

At the national level, many countries have experienced a financial transaction levy, with mixed experience. The oldest is London's “stamp duty” dating back to the 17th century, which remains in effect today. This is primarily levied on transactions involving the transfer of shares and securities. Altogether, these measures yield significant revenue, which is not earmarked. Several other European countries have implemented a national financial transaction levy such as France (2012), Italy (2013) and Spain (2020). Today, more than 30 countries worldwide have the equivalent of a financial transaction levy.

Potential revenue generation: The estimated revenues of a financial transaction tax are significant. A 0.1% rate on stocks and bonds instruments and a 0.01% rate on transactions of derivatives globally would raise between $237.9-418.8 billion annually depending on the level of market reaction and evasion, according to the Austrian Institute of Economic Research.

Policy options

In 2025, countries engaging in the Task Force should further consider initial design options and impact assessments to inform further deliberation on whether, with regards to a financial transactions levy, it is better:

- To revitalize efforts to design a **global levy** through animating a critical mass of countries in support of this measure (which could draw on an existing EU proposal so far hindered by lack of consensus).
- To build **a coalition of the willing** consisting of new countries adopting measures towards a global upward harmonization of the levy rate and / or base and allocating a share of revenues to support developing countries' climate and development finance

International Carbon Price

State of play

Carbon pricing mechanisms are already widely implemented. 75 carbon pricing mechanisms are currently applied across 83 jurisdictions worldwide. These are divided into 36 emissions trading systems (ETS) and 39 carbon taxes. In addition to the existing schemes, 41 jurisdictions are currently considering or developing new carbon pricing schemes.

However, despite the economic consensus on the need to price carbon adequately, this only covers 24% of global GHG emissions. Only 1% of emissions are priced above the recommended level $40-80 per tonne of CO2 to be on track to limit temperature rises to well below 2°C according to the High-Level Commission on Carbon Prices. Excise duties on fuel are not carbon taxes per se but could be considered as resulting in some form of indirect pricing, which is taken into account in some statistics.

Carbon pricing should be proliferating across the globe to support countries in their efforts to become carbon neutral over this century. Yet the effective implementation of carbon pricing has proved politically very difficult. This is largely due to distributional consequences of carbon pricing on households and the perceived regressivity of the tax, which requires compensation mechanisms to increase their acceptability. It is also perceived as affecting the competitiveness of industrial sectors on international markets.

To maintain a level-playing field, reduce carbon leakage, and increase the efficiency of carbon pricing instruments, coordination could be beneficial. The IMF has proposed a promising mechanism in the form of an international carbon price floor. This proposal would leave countries with many liberties on their preferred instruments (carbon tax/ETS/carbon border adjustments), while reducing the risks of market distortions on global trade. It was estimated that a flat $50 carbon price floor or a differentiated price floor of $25, $50, and $75 depending on development levels would reduce energy-related CO2 emissions 23-24% compared with a business-as-usual scenario.

Potential revenue generation: Total revenues from carbon taxes and ETSs in 2023 was USD 104 billion. ETSs account for over 70% of global government carbon pricing revenues. Over half of the revenue collected in 2023 was used to fund climate- and nature-related programs. A $50 carbon price could raise about 0.5-2% of GDP in 2030.

Policy options

In 2025, countries engaging in the Task Force should further consider initial design options and impact assessments to inform further deliberation on whether, with regards to an international coordination on carbon price, it is better:

- To further consider the IMF proposal for an International Carbon Price Floor (ICPF) by identifying hurdles such as market distortions and facilitate the identification of solutions by working on design options that would secure interest by most of the G20 countries.
- To consider linking existing ETS or extending the base of carbon taxes via a coalition to coordinate around extending pricing to unlevied areas. Linking ETS could potentially make emission permit markets more efficient by increasing the volume, which could ease transactions and promote cost effectiveness. Coordination on carbon taxes could help address competition concerns and build legitimacy of new taxes, while tackling possible concerns around carbon leakage and trade conflicts.

Additional ideas

A coordinated minimum effective taxation standard for ultra-high-net-worth individuals

State of play

In 2024, for the first time in G20 history, finance ministers discussed the low taxation of the ultra-rich under the impetus of the Brazilian G20 Presidency. French economist Gabriel Zucman was invited in February to present his latest work showing how modern tax systems fail to tax the ultra-rich, and to argue for the introduction of a global minimum tax on billionaires.

The Brazilian G20 Presidency commissioned a report by Gabriel Zucman to highlight the details and feasibility of the proposal. This report, entitled "a blueprint for a coordinated minimum tax on ultra-high-net-worth individuals" was released at the end of June 2024 and is recommending G20 countries to work on a "coordinated minimum standard on the effective taxation of high-net-worth individuals".

The baseline scenario is a minimum rate of 2% of wealth for dollar billionaires (around 3,000 taxpayers globally) that would generate about $250 billion in tax revenue. Similarly to the minimum tax on corporations endorsed by 140 countries in 2021, taxes would only have to be paid by billionaires that do not pay the equivalent of 2% of their wealth in income tax already. As such, the proposal is not a "wealth tax" but functions as a top-up mechanism. This minimum is expressed as a fraction of wealth, rather than income, as it is far more difficult to capture. The proposed standard allows for flexible domestic implementation, for instance using (i) a presumptive income tax (ii) a tax on broad notions of income (e.g. including unrealized capital gains) (iii) a wealth tax. Any of these taxes would qualify if the high-net-worth individuals meet the minimum standard.

The report outlines different variations of the proposal for policymakers to choose from including a lower threshold (starting at $100 million) and different rates (3%). Extending the tax to centimillionaires could generate an extra $100-150 million. Increasing the rate to 3% could double the revenues expectations.

In July, after several months of negotiations, the G20 finance ministers all signed a ministerial declaration on international tax cooperation, restating their "*commitment to tax transparency and fostering dialogue on fair and progressive taxation, including of ultra-high-net-worth individuals, among other topics".* The declaration acknowledges that our tax systems are failing to adequately tax the wealthiest and committing to work on the issue by exchanging best practices, encouraging debates around tax principles and devising anti-avoidance mechanisms, including addressing potentially harmful tax. The declaration encourages the Inclusive Framework of BEPS "to consider working on these issues in the context of effective progressive tax policies" and takes note of Gabriel Zucman's report.

In the space of just six months, this is an enormous step forward, but there are still high risks of a lack of immediate follow-up actions on the matter: neither the modalities of joint work, nor the timetable, have been specified. In November, the G20 heads of state summit will take place in Rio de Janeiro, Brazil. The G20 communiqué has the opportunity to mention the subject again, ideally with a clear follow-up.

At the same time, the issue is gaining momentum at the UN, which is currently negotiating the start of a framework convention on tax cooperation. Negotiations on two anticipated protocols could begin as early as next year. One of these protocols could be the taxation of the richest, if the pressure is strong enough.

Policy options

While it is to be hoped that the subject will continue to be further advanced in the G20 Forum under the South African Presidency in 2025, it remains important for the Task Force to constructively engage and support an ambitious outcome towards a coordinated minimum effective standard on ultra-high-net-worth individuals. The member countries of the Task Force could play a leading role in several ways:

- By acting as a trusted multilateral platform to discuss and study the implementation options and grow the coalition of like-minded countries committed to engage constructively on the matter.
- By supporting the work to develop value propositions for the modalities of the joint work on the minimum effective taxation standard including alignment on the distribution of revenues to seek a balance between domestic resource mobilization and international solidarity and bringing light on the potential impacts of the standard.
- By using its leadership to develop a joint position at Leaders-level to support the adoption of a robust and equitably designed minimum standard in the relevant forum.

A cryptocurrency levy

State of play

Cryptocurrencies have quickly become a significant market asset, with the value reaching approximately $3 trillion in November 2021. Cryptocurrencies have a significant environmental footprint due to the energy-intensive process of mining – the 'proof of work' processes by which many digital currency units (like Bitcoin) are created, and transactions are verified on a blockchain network. According to the IMF, the global demand for electricity by crypto miners reached that of Australia or Spain, resulting in 0.33% of global CO_2 emissions in 2022, with the process of authenticating one Bitcoin transaction equivalent to roughly three years of electricity consumption for a typical Ghanaian, or three months for a typical German. In March 2023 there was a proposal in the USA to impose a tax of 30% on crypto miners' electricity use. In 2022 Kazakhstan adopted a tax on electricity used by crypto miners, ranging from 1 to 25 Tenge ($0.002-0.056) per kilowatt-hour (kWh).

Potential revenue generation: Revenue potential from a levy on cryptocurrency transactions could be in the tens of billions annually, potentially varying from $15.8 billion for a 0.1% financial transaction tax, to up to $323 billion for an accrual-based capital gains tax of 20% in a boom year according to the IMF. Alternatively, a specific tax on the electricity use of crypto miners of $0.045 per kWh is needed would reduce cryptocurrency associated carbon by around 45% and generate revenue of $5.2 billion, globally, according to the IMF.

Policy options

Further consideration is needed as to the means of implementing a levy on cryptocurrencies, with options including a levy on financial transactions or a levy on electricity use. Given that the emissions impact of energy-intensive crypto mining occurs in the jurisdictions in which levies may be introduced, additional deliberation is needed on the justification for reallocating revenues from these levies to international solidarity as opposed to addressing the negative carbon externality from mining and ensuring the decarbonization of energy sources used in the process. One of the key challenges will be the anonymous nature of many crypto assets.

A plastics polymers levy

State of play

A levy on plastic polymers targets their production to raise funds for climate finance, reduce plastic pollution and consumption, and internalize the environmental costs, applying the polluter pays principle. Plastic production has increased exponentially, from 2 million tonnes in 1950 to 400 million tonnes in 2022. From 2019 to 2060, plastic use is expected to almost triple.

Two options exist for a levy on plastic polymers. A global approach requires extensive international cooperation, with resistance from major polymer-producing countries as a core challenge, although the relatively limited number of global polymer producers makes the implementation of a global instrument more feasible. It is also possible to envision a “coalition of the willing” agreeing to impose a levy, with a more ambitious design but risking competitive disadvantage vis-à-vis non-members that would need to be addressed with anti-abuse mechanisms. Implementing a levy on polymer production has several strategic advantages, particularly when applied upstream in the production chain where the product is homogenous and involves fewer companies. If designed accordingly, the levy could also narrow the price difference between virgin plastics and the currently more expensive recycled or biobased plastics, encouraging a shift toward more sustainable options.

In 2022, 175 countries voted to adopt an international legally binding instrument to address the full life cycle of plastic, including its production, design and disposal. The final round of negotiations at the Global Plastics Treaty (INC5) will take place from November-December 2024 in Busan, South Korea. In the treaty negotiations, there have been proposals to introduce a fee on primary polymer production, most notably by Ghana.

Potential revenue generation: A fee of $60-90 per tonne on primary polymer production (on average around 5-7% of the polymer price) would raise an estimated $25-35 billion per year according to the Minderoo Foundation.

Policy options

Given that the levy would be intended as a source of finance to support developing counties with action to combat plastics pollution, further consideration is required as to whether a plastics levy would be an appropriate mechanism for other climate and development finance needs (while recognizing that the challenge of plastics pollution is interlinked with challenges of climate and development, with action providing mutual co-benefits). Moreover, given that there are ongoing negotiations, consideration is needed as to how to ensure that further potential work in this area by the Task Force is seen as complementary and supportive rather than duplicative to the discussions.

Conclusion: Ways forward

Conclusion: ways forward

The emergence of new global solidarity levies is a political issue, even more so than an economic and technical one, although these aspects cannot be disregarded and require careful attention. Global economic governance is in the midst of a major overhaul, and a number of initiatives (such as the Bridgetown Initiative, the Paris Pact for People and Planet and the Nairobi Declaration) are making contributions and providing useful forums for discussion for countries to work together tackling the issue of our century: designing a global economic governance system that can both address the major inequalities between nations and respond to global challenges of unprecedented scale, building a resilient low-carbon economy in harmony with nature and promoting human wellbeing and prosperity.

The Task Force aims at doing its part of this overhaul evolution by proposing a major shift in development and climate financing: to replace reliance on voluntary contributions with systematic, fair, and impactful funding mechanisms that truly embody the principles of climate justice.

But which levies to choose? Which actions to prioritize for the allocation of resources? Which management mechanisms? Answers to these questions must be guided by several overriding principles:

1. **Prioritizing objectives**: Every tax system aims to strike a balance between economic efficiency and social equity. In an international context, there can be several objectives: correcting negative externalities generated by some activities (this is the goal of environmental fiscal instruments), moralizing international life (as per the proposals to tax the defence industry), redistributing income and combating inequality (this is what national fiscal regimes are doing, at various degrees), and financing jointly defined public expenditure. While there is currently no international consensus on the best way to allocate aid funds for low-carbon and resilient development, there is a consensus on the very large financing gap facing all countries. It is therefore possible to prioritize: the first goal of the Task Force is to

raise adequate revenues for climate action and development. The Task Force is first and foremost looking at levies with the potential to yield at least $100 billion annually.

2. **Flexibility in domestic legal implementation:** If states decide to finance low-carbon and resilient development through more automatic mechanisms such as an international levy, several options are available to them. From a legal point of view, the mechanism may be restrictive (a simple declaration of intention to contribute based on objective criteria; or a contribution system close to the UN financing system; or a binding international treaty defining the rules of base, rates and methods of collection and allocation). From a financial point of view, the contribution may or may not pass through national budgets. It can already be highlighted that past successful example invite us to favor measures allowing flexibility in the legal and budgetary implementation of contributing states (like the creation, in each country, of additional contributions to existing taxes and the stimulation, e.g. UNITAID levy, of voluntary contributions by coordinated levy incentives in different donor countries).

3. **Economic efficiency:** Taking into account political challenges associated with any new idea of international levy, the instruments chosen should be, from an economic point of view, irreproachable: favoring broad bases which authorize a low rate introducing little economic distortion (especially for the levy on financial transactions). For all levies one of the effects is to correct existing distortions due to the strong negative externalities induced by the activity in question, justifying a corrective tax (Pigouvian) whose revenues are pooled to support the populations most affected by these externalities.

4. **International and national equity**: This consideration applies above all to the choice of international levies. To ensure the greatest possible legitimacy, the levies selected must clearly demonstrate a reduction in inequalities between developed and developing countries, as well as directly between rich and poor citizens. The progressivity - both domestic and international – of the tools selected is crucial, and the only way to ensure their legitimacy. Careful attention must be paid to any perverse redistributive effects of the levy.

5. **Allocation of revenues**: In the light of the above considerations, the revenues generated by the instrument(s) implemented should be used in such a way as to strike a balance, variable for each country, between the domestic mobilization of new fiscal resources (especially for the most vulnerable countries) and international solidarity (especially for the most developed countries). As per the part dedicated to international solidarity, two principles can guide the Task Force:
    a. **efficiency and maximum visibility**. To ensure this demonstrative effect, it would be advisable to concentrate resources on a small number of objectives. These, moreover, should be defined by indisputable and easily measurable quantitative indicators.
    b. **maximum legitimacy**. This principle encourages us to give priority to a "great cause" that is spontaneously legitimate in the eyes of all, that is ethically indisputable, and that also has a very strong economic rationale.

To address these multiple issues, the Task Force has drawn up a strategic plan for 2025 which is a crucial year for making progress.

Strategic plan for 2025

The Task Force's achievements in 2024 have laid a strong foundation for the Task Force's goals moving forward. The Task Force is entering a pivotal phase, with a clear roadmap to scale its coalition, refine its technical proposals, and secure broader international support for solidarity levies as a cornerstone of climate finance. As we look beyond COP29, our work will focus on building momentum and fostering political will in the process of designing fair and equitable levies and advancing the technical rigor needed to make solidarity levies a viable, transformative financing mechanism by COP30 and beyond. We will also be engaging private sector stakeholders in the areas concerned to ensure their support and participation.

The Task Force's timeline is both ambitious and actionable. By Q1 2025, the Task Force will finalize a suite of levy recommendations, each backed by comprehensive impact assessments. These recommendations will be shared with the Coalition for Global Solidarities and other international stakeholders to build consensus around the preferred levy options. Task Force members – led by co-chairs Barbados, Kenya and France - are also committed to sectoral dialogues with key players in main sectors concerned, especially the oil & gas, aviation and financial services sectors, as early as possible in 2025. By mid-2025, the Task Force aims to increase coalition membership, broadening its reach and advocacy efforts through strategic engagements at international climate forums, G20 meetings, and other high-level convenings.

Through these efforts, the Task Force is not only advocating for the importance of solidarity levies but is actively building a coalition that is prepared to implement them. As the Task Force looks toward the future, its work will continue to challenge traditional climate finance models, promoting solutions that are fair, reliable, and capable of addressing the urgent needs of the global climate agenda.

The Task Force intends to take advantage of major moments in 2025 to advance its agenda and provide concrete responses to additional concessional financing needs.

- **World Economic Forum** – *January 2025, Davos*. The spotlight of the World Economic Forum will be a key platform for dialogue on the role of solidarity levies and engagement with private sector stakeholders.
- **IMF and World Bank Group Meetings** – *April 2025, Washington, D.C., USA*. By the Spring meetings, the Task Force intends to present concrete proposals for solidarity levies with impact assessments.
- **4th International Conference on Financing for Development** – *June/July 2025, Seville, Spain*. Initial champions of these levy proposals will demonstrate their political leadership at high level events at FfD4. Language around solidarity levies, or equivalent, could be included in the FfD4 conclusions.
- **UN General Assembly** – *September 2025, New York.* Countries in favor of each solidarity levy proposal engage in high level political outreach to build the coalitions of the willing behind the proposals ahead of COP30.
- ***COP30*** – *November 2025, Belem, Brazil.* Coalitions of the willing will make announcements on carrying forward these proposals towards implementation. Heads of State or Government will issue a series of joint declarations agreeing to take forward the implementation of new international solidarity levies at a domestic level or in a relevant international forum. The Task Force will disband, with work into 2026 and beyond to be continued by the coalitions of the willing on each levy proposal, in domestic settings and in relevant multilateral fora (e.g. G7, G20, UNFCCC, UN International Tax Cooperation Framework Convention, IMO, OECD, etc.).

Coalition building

On the political front, the Task Force will intensify its outreach to expand the coalition's membership, prioritizing engagement with countries from Africa, Latin America, and the Caribbean. By broadening our base, we aim to build a coalition that represents diverse economic realities and regions, reinforcing the Task Force's mandate to create equitable solutions that are responsive to the needs of all nations.

In 2025, the Task Force will continue fostering partnerships with influential multilateral institutions, civil society organizations, and private sector leaders. These partnerships are essential not only for advocacy but for ensuring that solidarity levies become a widely recognized and endorsed component of the global climate finance framework.

Technical work

Impact assessments

On the technical side, our expert group will advance work on refining each levy's design, with a focus on maximizing revenue potential, ensuring equitable impact, and addressing potential market externalities. The team will conduct further modeling on projected revenues, identifying optimal tax rates and structures that balance effective climate financing with minimal economic disruption. An essential component of this technical work will involve developing a set of guidelines and best practices for implementation, enabling member countries to adopt levies seamlessly and adapt them to their specific contexts. Additionally, the Task Force will explore innovative mechanisms, such as blockchain transparency in levy collection, to enhance accountability and efficiency.

Work undertaken by the Task Force to date has indicated parameters that will need to be the subject of impact studies to better understand the viability of the options. These studies would assess the potential political, economic (e.g. market distortions), social, and fiscal impacts of the proposed levy measures. By evaluating the outcomes and potential unintended consequences, the impact studies would provide crucial insights that will inform the refinement and implementation of international levy policies, ensuring they meet their intended goals of addressing climate change impacts and global inequalities.

Key factors to consider in the design proposals and impact assessments will include: (i) Revenue adequacy (ii) International equity (between countries) and economic impact (iii) Domestic equity and fairness (within countries) (iv) Behavioral response (v) Leakage effect (vi) International cooperation and scalability of the tax structure (vii) Political feasibility.

Some examples of areas for consideration by impact studies include, among others:

- An impact assessment of any aviation levy option on tourist dependent countries, countries with overseas territories or archipelagic countries where only aviation can provide necessary connections and low-income countries, and possible impacts on implementing countries' competitiveness.
- An assessment of best practice design for air ticket levies to minimize market distortions, address competitiveness concerns, and tackle implementation challenges (e.g. information sharing from airline companies).
- An impact assessment to understand potential revenues and implications on markets and consumers from fossil fuel levies, including an assessment based on stakeholder consultations on incentives for first movers to adopt such measures and how to address implementation challenges (e.g. stability clauses in tax regimes).
- An assessment of the relative merits and challenges of either a permanent or temporary mechanism for windfall profits.
- A cost-benefit analysis of existing financial transaction levies and assessment of best-practice levy design and coordination to minimize distortions and maximize effectiveness.

A vision for the future

We must build civil and political dynamics to build coalitions over time. The success of campaigns often depends on the broad and innovative visions that they propose, especially when these have a strong dimension of social and ecological justice. The world population places the fight against climate change among its main concerns and calls on public authorities to take strong and fair action in this regard. This invites us not to abandon major fiscal ambitions in the name of short-term political realism, which would be counterproductive if it were to dominate any vision of the future.

Our vision is that solidarity levies will transform the landscape of climate finance by providing sustainable, accountable revenue streams dedicated to climate action. By COP30, we envision a robust coalition, united in its commitment to equitable financing, demonstrating that collective action can overcome the financial challenges of climate change. Through solidarity levies, we aim to replace reliance on voluntary contributions with systematic, fair, and impactful funding mechanisms that truly embody the principles of climate justice.

The Global Solidarity Levies Task Force is more than a Task Force; it is a global movement toward a reimagined financial system where the burden of climate action is shared equitably and where all nations, particularly the most vulnerable, have access to the resources needed for a resilient future. We call on all nations, organizations, and leaders to join us as we advance toward COP30. Together, we can make solidarity levies a defining legacy of the global climate movement, ensuring that the next decade of climate finance is marked by innovation, fairness, and ambition.

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Global Solidarity Levies Task Force: For People and the Planet

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