

Consultation on Principles on the Use of Revenues from Solidarity Levies Summary Report

Prepared by the Secretariat of the Global Solidarity Levies Task Force (GSLTF)

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The Global Solidarity Levies Task Force (GSLTF) has the mandate to explore internationally coordinated levies to increase climate and development finance. As part of this work, the GSLTF Secretariat ran a [public consultation](#) from July 1 to August 15 2025 on a set of 10 draft principles on the use of the revenues from solidarity levies.

This report synthesizes the consultation responses received from 13 organizations and the local government of Yucatan, Mexico, on the draft principles on the use of revenues. The findings below summarize the main perspectives for each question and indicate where the majority of respondents were in favour, opposed, or where views were split.

The organisations which responded include: Africa-Europe Foundation; Secretaría de Desarrollo Sustentable, Mexico; Global Climate and Health Alliance, Global; Friends of the Global Fund Europe, Europe; Stamp Out Poverty, UK; Greenpeace, Global; Climate Action Network (CAN) Europe; Equal Right, Global; Pandemic Action Network/ Resilience Action Network Africa, Global / Africa; TAPP Coalition, Netherlands; Oxford Climate Policy, UK; Opportunity Green, Global; Under2 Coalition, Global.

Overall Summary

The consultation revealed broad consensus on several key points, including the need for a top-up mechanism, ensuring additionality, and prioritizing grants and equity in allocation. However, views diverged on issues such as the use of proceeds for sovereign insurance schemes, the leveraging of private finance, and the channelling of developing countries' domestic revenues through multilateral institutions. A consistent theme across responses was the importance of transparency, fairness, and inclusivity, with particular attention to the needs and vulnerabilities of the poorest and most climate-impacted countries.

Section 1: Objectives

Should the principles highlight different sectors/objectives which require an increase in concessional financing, or rather directly focus in on one area at the crossroads of development and climate, such as resilience?

Overall, most respondents agreed on the fact that the principles should recognise a broad range of underfunded sectors that urgently require concessional finance — including adaptation, loss and damage, food security, just transitions, social protection, biodiversity,

gender equality and health — while positioning resilience as the unifying objective that links these sectors in practice.

Many respondents emphasized that an explicit enumeration of sectors would create clear accountability and alignment with SDG targets but warned against single-sector focus. Health in particular was highlighted as a critical priority that might be overlooked under a broad “resilience” framing, if no specific sectors were listed at all.

While listing sectors was seen as important by many, some acknowledged that resilience provides a unifying theme cutting across climate, development, and governance, while allowing flexibility. As one respondent put it, “a resilience lens offers a practical, inclusive, and outcomes-oriented framework for solidarity financing that can flexibly respond to diverse local contexts.”

A few warned that this should not obscure the need for substantial concessional finance for mitigation. Several respondents underlined that revenues should also support subnational governments, prioritize grant-based financing for needs unmet by private capital, and exclude harmful activities inconsistent with “do no significant harm” safeguards.

Section 2: Responsibilities

How can we ensure that developing countries participating in the Task Force have a significant financial advantage out of it?

Top-up or co-funding mechanism: *Should there a top up or co-funding linked to the domestic resources raised by developing countries (e.g. like the Gavi co-funding or the UNICEF Children Nutrition Fund matching mechanisms) and if yes, where would the funds for it come from – from the levies or some other existing financing mechanisms?*

All respondents supported the introduction of a top-up or co-funding mechanism, if based on the development status and vulnerability of each country and grant-based, without creating any new debt. Such an approach was seen as a strong incentive for developing countries to adopt solidarity levies domestically, while addressing fiscal constraints and

rewarding ambition. Respondents also highlighted that capacity building would be essential for enabling developing countries to fully mobilize these revenues.

Source of funding for the top-up: *if yes, where would the funds for it come from – from the levies or some other existing financing mechanisms?*

A majority of respondents argued that the funds for top-ups should come from complementary international sources rather than the levies themselves. This was seen as a way of preserving the integrity and volume of levy revenues. Examples of alternative sources

included philanthropic contributions, multilateral institutions, and voluntary commitments. A minority supported using a share of levy revenues.

Eligibility for the top-up: *If yes, which countries should the top up mechanism apply to – only LMICs or all developing countries?*

Most respondents agreed that while low- and lower-middle-income countries should be prioritized due to their greater vulnerability, the mechanism should not be limited only to them. Instead, eligibility should reflect a combination of development status, climate vulnerability, and the ambition demonstrated in levy design. Several respondents cautioned against restricting access solely by income level, as this could overlook vulnerable regions within upper-middle-income countries. One respondent explicitly suggested excluding China.

Criteria for allocation of top-ups: *Should the top up also depend on the level of the carbon price implemented by said countries or solely on their development status and vulnerability?*

Seven respondents favoured allocating top-ups based primarily on development status and vulnerability, arguing that climate finance currently favours larger emerging economies while underfunding poorer countries. They opposed linking allocations to carbon pricing, citing limited evidence of its effectiveness and its potential regressive impacts. Three respondents, however, supported including carbon price ambition as one factor, provided design took into account national circumstances.

Leveraging levy revenues: *Is there a mechanism which could leverage the resources, both those used domestically and internationally, from the levies and attract additional international finance (public or private)?*

Views were divided on whether levy proceeds should be used to leverage additional public and private finance. Many respondents supported leveraging, suggesting that revenues could serve as seed capital, guarantees, or co-financing tools to mobilize greater resources. Others strongly opposed this, arguing that solidarity levies must primarily provide grants and highly concessional finance, particularly for adaptation and loss and damage, and should not risk increasing debt burdens.

Sovereign insurance schemes: *Should parts of the proceeds be used for a sovereign insurance scheme which would allow to free additional liquidity for LMICs / developing countries which are part of the Task Force facing a natural disaster or other significant external shock? (This was proposed a report by the V20)*

Respondents were evenly split on whether proceeds should be used to support sovereign insurance schemes for developing countries. Proponents argued such schemes would provide quick liquidity during disasters and reduce reliance on costly borrowing. Opponents

warned that diverting funds to insurance could reduce grant availability and noted past limitations of insurance in addressing diverse climate risks. They argued that the proceeds could be used in a more effective way to build long-term resilience.

Minimum share for international action: *Which minimum percentage should go to international action and which groups of countries should commit to it?*

There was broad agreement that high-income countries and major emitters should commit a minimum share of levy revenue – with a floor of 50% or more (up to 100%) – to international action, while retaining a portion domestically to build political support. Developing countries, by contrast, should retain most or all revenues for domestic use, though some respondents encouraged voluntary international contributions by richer developing countries (between 10 and 25%).

Capacity building for tax administrations: *Should a percentage of the international parts of the proceeds be allocated to capacity building of tax administrations, e.g. via an initiative like the Tax Inspectors without Borders, to help countries implement the solidarity levies?*

A strong majority supported allocating a modest share of international revenues to strengthen tax administrations in developing countries. Respondents emphasized that this would be vital for effective and transparent implementation of solidarity levies.

Section 3: Sovereignty

What is needed to ensure that revenues are allocated to climate and development while respecting national fiscal sovereignty and earmarking procedures?

Respondents generally agreed that levy revenues must be directed towards climate and development priorities while respecting national fiscal sovereignty. Most emphasized the importance of flexibility, allowing governments to determine how best to use proceeds within a shared framework of principles. At the same time, transparency and accountability were seen as essential, with proposals including clear reporting, sequencing of funds against results, and peer monitoring. Several respondents stressed the importance of aligning levy revenues with existing national plans (such as NDCs or National Adaptation Plans) and of avoiding rigid earmarking requirements that could conflict with domestic budget systems.

It was also noted that national governments should be encouraged to design enabling frameworks that allow subnational actors to co-implement or directly manage portions of levy proceeds, especially in countries where local authorities lead on public service delivery.

One recommendation was to create a platform for mutual learning among national and subnational governments on how to navigate the political, legal, and institutional complexities of implementing solidarity levies.

Section 4: Accountability

Avoiding free rider problems: *How can we ensure that all governments follow through on the commitments made as part of the coalition and avoid a free rider problem?*

There was broad consensus that strong accountability mechanisms are needed to ensure that all governments follow through on commitments. Suggested measures included annual public reporting on revenues and expenditures, common metrics for comparison, peer monitoring, and linking access to co-financing or other benefits to compliance. Visibility and branding of levies were also mentioned as tools for building public scrutiny.

Defining and ensuring additionality: *How should we define additionality and ensure this, especially in the context of aid cuts?*

Respondents strongly agreed that levy revenues must be new and additional, not substituting for existing aid or climate finance. Transparency in reporting and ring-fencing revenues from national budgets were proposed to safeguard additionality. Several respondents noted that in the context of aid cuts, ensuring additionality would be particularly critical for maintaining trust.

Reinforcing multilateral action: *How can we leverage the international portion of the revenues to reinforce multilateral action and increase funding from other international sources?*

Most respondents supported channelling the international portion of levy revenues through multilateral funds and partnerships. This was seen as the best way to ensure transparency, equity, and leverage of additional resources. Institutions cited as examples included the Global Fund to Fight AIDS, Tuberculosis and Malaria and the UNFCCC climate funds (Green Climate Fund, Adaptation Fund, and the Fund for Responding to Loss and Damage). Respondents emphasized that funds should have democratic governance and prioritize vulnerable countries.

Use of developing countries' domestic revenues: *Should the domestic revenue generated in developing countries also be channelled via multilateral organisations, such as in the case of the UNITAID airplane ticket tax?*

Opinions were split on whether domestic revenues generated in developing countries should also be channelled through multilateral mechanisms, as in the UNITAID airline levy model. Proponents saw this as a way of demonstrating solidarity and secure additional co-financing, while opponents warned that it could undermine participation incentives and contravene the principle of common but differentiated responsibilities.

Earmarking international proceeds for Task Force members: *Should the international part of the proceeds be earmarked only for countries participating in the Task Force?*

The majority opposed limiting international revenues exclusively to Task Force members. While some recognition or benefits for participating countries was considered appropriate (such as earmarking of a certain percentage only), most argued that allocation should be based on objective criteria of need and vulnerability, consistent with principles of solidarity and fairness.

Criteria for eligible multilateral funds: *What exactly are the criteria ('cahier de charges') for multilateral funds to receive funding from the levies?*

There was consensus that only funds meeting high standards of transparency, accountability, and equity should receive levy revenues. Respondents highlighted the importance of prioritizing vulnerable countries, ensuring civil society participation, maintaining robust environmental and social safeguards, and respecting the principle of “do no harm.”

The Under2 Coalition suggested the following:

“Subnational governments propose the establishment of a Subnational Solidarity Finance Facility (SSFF) within an existing multilateral institution. This facility would ensure that a certain portion of solidarity levy revenues directly reach state and regional governments, not just national govts. It would:

- Provide direct access to finance for subnational actors, especially in developing countries
- Support projects that build resilience and deliver climate-development co-benefits
- Be grounded in local innovation, knowledge, and need
- Improve visibility and accountability by linking finance to results on the ground
- Show a weighted preference to subnationals who already have a solidarity levy, creating a virtuous cycle.

A facility like the SSFF would fill a major gap in the current climate finance landscape, making accountability more meaningful and delivery more effective.”

Limiting the number of funds: *Should the number of funds be limited to a small number of funds, given that the amounts being mobilized through the levies may be small at first and to avoid spreading resources too thinly?*

Most respondents favoured initially limiting the number of multilateral funds receiving levy revenues to avoid fragmentation and ensure impact. Concentrating resources in a small number of well-governed funds was seen as the most effective approach while revenues remain modest. Expansion could be considered over time as revenues grow.