

The Climate Solidarity Alliance Solidarity Bonus Mechanism as vehicle for Enhancing and Redistributing Revenues

This Note was put together in response to the call for proposals for Mechanisms for Enhancing and Redistributing Revenues from Solidarity Levies by the Secretariat for the Global Solidarity Levies Taskforce (GSLTF). The proposal is that members of the GSLTF Coalition could partake in the Climate Solidarity Alliance (CSA) to provide support for *climate change related activities* in developing countries, in particular building resilience (adaptation) and responding to Loss and Damage (L&D) due to adverse climate impacts.

Concept Note

The CSA is envisioned as a partnership of national and [sub-national actors](#) willing to show solidarity with the poorest and most vulnerable to help them deal with climate change. A bottom-up voluntary partnership approach is chosen to enable immediate action and to sidestep the complexities of international agreements.

The main elements of the CSA are:

- (i) national **Climate Solidarity Trust Funds** (CSTFs) with Loss and Damage (L&D) or Adaptation windows designed to finance responses to loss and damage from climate change and resilience building.¹ Having such dedicated domestic funding instruments has proven to be key to designing national responses to problems such as adverse climate impacts. The [Fund to Respond to Loss and Damage](#) (FRLD) and the [Adaptation Fund](#) (AF) would be ideally placed to support the establishment of and provide standards for such national trust funds. How they are to be sourced would be nationally determined, but the use of [Climate Solidarity Levies](#) (CSLs) should be encouraged;
- (ii) a **Solidarity Bonus Mechanism** (SBM) under which eligible developing country CSA partners ('solidarity recipients') that contribute voluntarily to the FRLD or the AF would receive the contributed amount along with a 'solidarity bonus' from the solidarity providing CSA partners ('solidarity providers') as bilateral (North-South or South-South) SBM payments directly into the CSTF of the solidarity recipients (Fig.1 below), thus incentivising their participation. The proposed SBM could be operationalised through what might be called a CSA '**Solidarity Exchange**', that is a (web-based) platform on which solidarity recipients can advertise their intention to contribute to an eligible multilateral climate fund, and CSA solidarity providers could indicate whether they will be providing a bonus-compensation for (a share of) the advertised proposed contribution.²

¹ N.B. Existing national climate funds can be/become CSTFs, when they have adaptation and L&D windows.

² For example, assuming Fiji and Australia join the CSA, Fiji could use the Solidarity Exchange platform to advertise being willing to contribute €2m to the FRLD, and say Australia could indicate their willingness to cover half of that contribution under the SBM, i.e. they would pay €1m to the Fijian CSTF plus the applicable bonus. Fiji could then decide to contribute only the €1m covered by Australia or contribute the full €2m to the FRLD whether or not the rest is covered by a bilateral solidarity transaction.

The operationalisation of the CSA will require the establishment and management of a Solidarity Exchange by a suitable ‘CSA Administrator’. Given the extensive experience with such web-based platforms (e.g. in the context of the [Pilot Auction Facility](#)), the World Bank could easily set up a Solidarity Exchange and would hence be ideally placed to take up the role as CSA Administrator. Indeed, given their experience in helping countries to set up domestic trust funds, they could also provide support to countries to become CSA-ready (i.e. in establishing a CSTF).³

One of the key advantages of using domestic trust funds to receive solidarity contributions is that they, unlike direct budget contributions, can also be used to attract private sector and philanthropic contributions.

Given that the domestically funded CSTFs are first and foremost meant for domestic (adaptation and L&D) projects, it is easy to see how outside solidarity contributions would co-finance domestic projects.

The transparency of financial flows, distribution and impact assessment would be determined by the bilateral payment modalities and the set-up of the domestic CSTFs

As regards the speed of disbursement, this will be a domestic matter of the solidarity recipients

Operational Framework

It is hoped that by autumn 2025, a high-level call for expressions of interest in a CSA would be issued, possibly in the context of the UNGA/New York Climate Week.

If sufficient interest emerges, then the exact CSA rules (say regarding who should be eligible to receive CSA solidarity, how much the CSA bonus should be) would be agreed by the interested parties.

The CSA could then formally be launched toward the end of 2026, possibly at the COP.31 Presidency Summit.

Financial Considerations and Ensuring Equitable Distribution

It is expected that the CSA Administrator would cover their own costs as an in-kind solidarity contribution. One of the distinctive features of the CSA Solidarity Bonus Mechanism is that the solidarity is not only provided bilaterally between the CSA partners, but globally through the involved multilateral climate funds. The distribution of the funds is regulated by the national regulation of the bilateral solidarity providers and the rules of these multilateral funds.

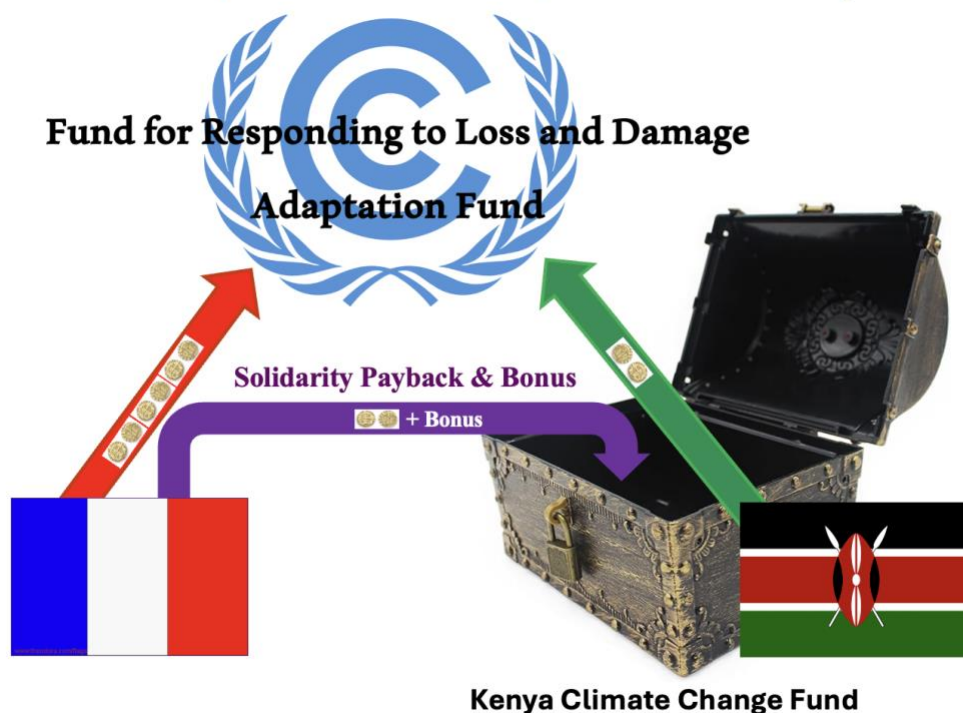
As regards bilateral provisions, there could be regional collaboration. For example, Brazil or Australia, as CSA solidarity providers, could choose to focus on providing bilateral solidarity to the Caribbean (Fig.2) or the Pacific (Fig.3) CSA solidarity recipients, respectively.

³ NB: Of the 11 developing country members of the GSLTF Coalition, over half ([Kenya](#), [Marshall Islands](#), [Senegal](#), [Fiji](#), [Antigua and Barbuda](#), and [Barbados](#)) already have a domestic trust fund that could serve as CSTF and are thus CSA-ready.

Figure 1. The Solidarity Bonus Mechanism: Example

1. Kenya offers to make a discretionary contribution of 2 units to the eligible multilateral climate funds, provided the contribution is covered by a payback+bonus from a CSA solidarity provider.
2. France decides, in keeping with its overseas assistance policies, to cover the Kenyan offer by making a bilateral payback and bonus payments of 2+b units directly into the Kenyan national Climate change Fund and Kenya makes the proposed contribution.

N.B. Kenya's contribution will be listed in the accounts of the relevant multilateral Fund.
France's payback+bonus will only be listed as bilateral payment (to avoid double-counting).
Also, the size of the bonus will be agreed by the CSA partners.



Legend



Figure 2. Regional CSA Collaborations: South-South



Figure 3. Regional CSA Collaborations: North-South



Legend

Multilateral expectation

Voluntary/discretionary

CSA expectation