

A Global Commons Fund to Supercharge Solidarity Levies

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Summary

The Global Solidarity Levies Task Force ('Task Force') is charged with mobilising finance through internationally coordinated levies on high-impact sectors such as fossil fuels, aviation, and financial transactions. Despite extensive development of potential levy mechanisms, challenges persist around incentive alignment, sustainable revenue generation, and equitable distribution. Equal Right's proposed 'Global Commons Fund' ('the Fund'), first detailed in their report '[Climate Justice Without Borders](#)', offers a robust mechanism that directly addresses these challenges by acting as an effective collection and investment vehicle for the Task Force's levies.

Overview of the Global Commons Fund (GCF)

The GCF would function as a multilateral collection and investment mechanism designed explicitly to manage and reinvest revenues from taxes and charges on the use of the global 'commons' - the wealth of natural and co-created resources we all share as citizens of the world. It would be established by progressive, forward-thinking countries committed to climate and economic justice, and would seek to build a critical mass of participating countries through combining international solidarity and economic incentives. The Fund departs from conventional 'tax and spend' proposals for international revenue raising by providing a self-sustaining investment vehicle that benefits both contributing and recipient nations.

Mechanisms and Functions

Collection of Levies: Acting as a centralised body, the GCF would act as a central body to collect revenue from solidarity levies introduced by participating countries, streamlining administrative processes and reducing bureaucratic overhead. Revenues would be collected domestically first, and then remitted to the fund based on a formula agreed by participating countries.

Investment in Public Goods: Revenues collected by the Fund would be strategically reinvested in public good investments across participating countries. These investments would span critical sectors such as renewable energy infrastructure, sustainable transportation, green technology startups, climate resilience projects, and ethical enterprises promoting environmental stewardship and social equity. The Fund would operate an ethical investment policy to prioritise its investments.

Generating Returns: Based on the performance of other similar sovereign wealth funds, and current market performance, we estimate the GCF could yield real annual returns

ranging between 4% and 8%, depending on the investment portfolio and market conditions. These returns provide an incentive mechanism that appeals to both net contributing and beneficiary nations, broadening political support and participation.

Direct distribution: The GCF would directly redistribute its returns to participating countries. This could be done on a per capita basis, or a negotiated framework reflecting need, level of contribution or successful delivery of international climate obligations (i.e. NDCs). One efficient mechanism might be a per capita dividend payment to each participating country, based on an equal payment to all citizens. We would advocate for this dividend to be spent on individual dividends for citizens, as an expression of their 'Equal Right' to a share of the world's wealth and resources. In practice, countries would be open to spending this money based on their own national priorities. A per capita system is favoured based on simplicity, fairness and creating incentives for large countries to join. However, an alternative system could ring-fence a share of Fund returns for payments based on social justice and equity.

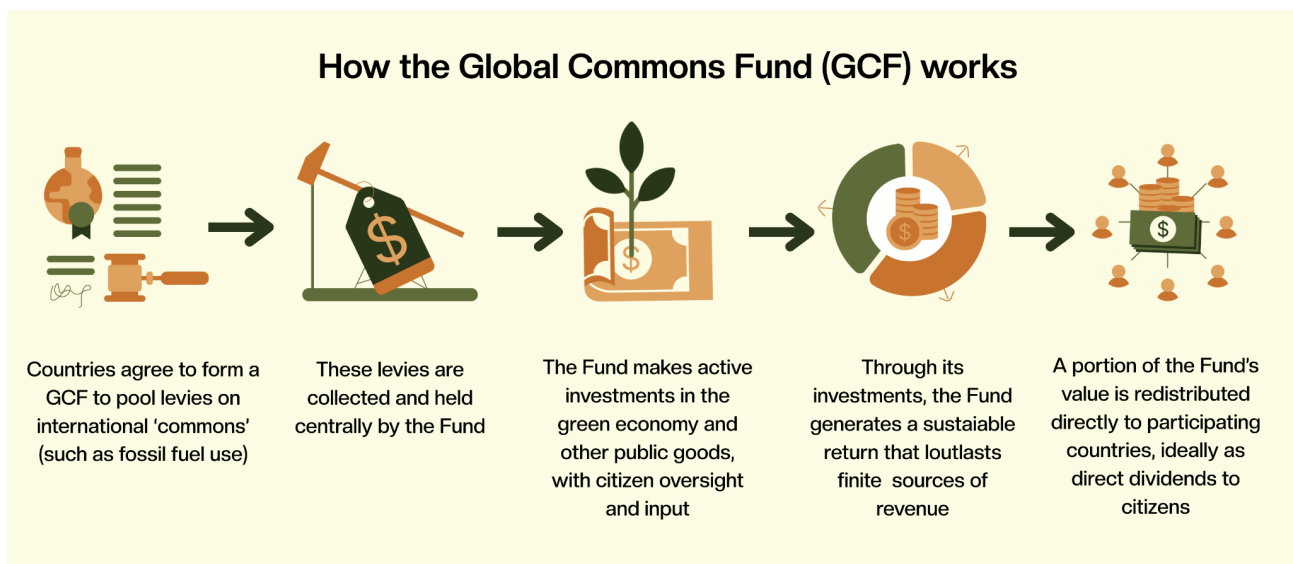


Figure 1: How the Global Commons Fund works

Similar International Models

The GCF's approach is informed by successful precedents in sovereign wealth and resource revenue management funds, including:

Norway's Government Pension Fund Global: Known for its responsible investment strategy, Norway's fund has historically yielded an average annual return of approximately 6% through diverse global equity, real estate, and infrastructure investments. It is currently worth around \$1.73 trillion and owns approximately 1.5% of the world's listed companies (NBIM, 2024).

Alaska Permanent Fund: Funded through oil revenue, Alaska's fund provides direct annual dividends to citizens and typically sees returns around 7% annually, demonstrating

sustainable management of the state's resource revenues. The APF is worth over \$80 billion and pays an average dividend of around \$1700 (APFC, 2024).

Fundo Soberano Maricá (Brazil) - Brazilian municipalities enjoy extensive royalty rights to oilfields in their territory, a fact which has allowed many coastal municipalities in particular, to pursue innovative investment and development strategies. Whilst there are numerous municipal wealth funds across Brazil, the example of Maricá stands out. Worth around \$325m (SWFI, 2024), the Marica fund has been paying a 'social currency' to its poorest citizens for over a decade. The payment can only be used with businesses in the municipal boundary, and the payments now cover around 50% of the city's population, with payments worth around \$50 a month. A very similar fund operates in the neighbouring city of Niteroi, and numerous Brazilian states and municipalities have established local sovereign wealth funds to sustainably steward fossil fuel revenues.

UK National Wealth Fund (NWF): A state-owned investment institution established in October 2024, evolving from the UK Infrastructure Bank. With a capitalisation of £27.8 billion, its primary objective is to mobilise private sector investment into strategic sectors, particularly clean energy and advanced manufacturing, to drive economic growth and support the UK's transition to a net-zero economy.

How the GCF Addresses Task Force Challenges

1. Aligning Incentives

The Task Force faces significant hurdles in aligning incentives, particularly with fossil fuel-producing nations wary of competitive disadvantages or reduced rent from resource extraction levies. By channelling collected revenues into strategic, revenue-generating investments, the GCF transforms these levies from perceived costs into opportunities for sustainable economic returns, smoothing any actual or perceived losses by net-contributor nations. Such a shift incentivises countries to participate, reducing resistance and fostering a broader coalition of the willing. Countries would not necessarily have to send all levy revenues to the GCF - remittances could be based on a negotiated formula, with contributor countries (such as fossil fuel exporters) retaining a substantial chunk of revenues domestically. However, they would then not benefit from any returns generated by this revenue via the fund.

2. Sustainability of Revenue

As highlighted in the Task Force's fossil fuel levy problem statement, revenue from certain levies, particularly carbon and wealth taxes, can diminish over time as emissions reduce or wealth bases erode or move. By reinvesting levy revenues into sustainable economic activities, the GCF establishes a continuous source of revenue generation that mitigates the issue of diminishing returns. Thus, the GCF creates a stable, permanent funding source, capable of contributing to long-term climate and public finance goals within participating nations.

3. Tackling Inflation Head-on

The introduction of certain levies, particularly on fossil fuels and other consumer goods, is likely to have a downstream inflationary impact on consumers. Instead of ignoring this reality, the GCF offers a mechanism to counter any inflationary losses. In the short term, through the distribution of dividends, the GCF can compensate ordinary citizens for any increased costs, maximising the political feasibility of necessary fiscal reforms. In the longer term, the GCF's investment framework can actively reduce the cost of energy and other public goods, turning private wealth into public wealth.

4. Promoting Intergenerational Equity

The GCF's investment model explicitly addresses the need for intergenerational equity. The Fund's investments, by fostering long-term sustainable economic and environmental improvements, ensure ongoing benefits beyond the initial redistribution phase. This sustained investment approach ensures future generations can benefit from current efforts, aligning strongly with principles of intergenerational justice.

Establishment and Governance

The GCF would be initiated by a coalition of progressive nations, leveraging international solidarity around climate justice. Participating countries would retain substantial oversight through governance structures designed for transparency and effectiveness. However, some form of participatory involvement of citizens and civic society, particularly regarding investment decisions of the Fund, would be necessary for equity and popular support. Such involvement could be managed through a Citizens' Assembly-style mechanism, for example.

Conclusion & Next Steps

The establishment of a Global Commons Fund presents a complementary and synergistic opportunity for the Global Solidarity Levies Task Force. Its innovative approach moves beyond simple tax redistribution to establish a permanent mechanism that enhances incentives, promotes sustainable investments, and ensures intergenerational equity. Through strategic investments in public goods and infrastructure, informed by successful international examples, the GCF has the potential to supercharge the Task Force's objectives, ultimately accelerating global efforts towards a more just, equitable, and sustainable world.

As a next step, Equal Right could work in partnership with the Task Force to model the potential returns of a GCF, based on a sample of hypothesised countries and levies. Such an exercise would demonstrate the amount each country could stand to gain from the Fund over a period of time, and the breakeven point of the Fund (the point at which it would no longer rely on levy income to sustain payments to participating nations). Such a model could then be presented to potential early adopter countries for socialisation and feedback.