



International Climate Solidarity Levies

Innovative funding source for the new Loss and Damage Response Fund

Nearly 20 years ago, in October 2003, President Chirac appointed Jean-Pierre Landau, the French Inspector General of Finance, to chair a working group set up to "reflect upon the feasibility of new international financial contributions to reduce poverty, to promote development and to finance global public goods such as the environment, public health and rare resources". The ensuing [Landau Report](#) on *New International Financial Sources for Development* considered, among others, environmental taxes and suggested in the short run to focus on sectors such as maritime and air transport.

On 1 July 2006, France began to collect a **solidarity levy** within its jurisdiction as a way to help finance the fight against HIV/AIDS, tuberculosis and malaria in severely affected countries. The levy is a surcharge of €1 on economy class flights within Europe, €4 on long-haul economy class, €10 on business class within Europe and €40 on long-haul business class.

The levy is collected by the *Directorate General for Civil Aviation* which transfers it *not* to the general budget, but to a dedicated 'Solidarity Fund for Development' managed by the French Development Agency earmarked for funding organisations working in global health such as UNITAID, a drug-purchasing organization created by Brazil, Chile, France, Norway and the United Kingdom and hosted by the World Health Organization. By 2012, the levy has been raising between €162 million and €175 million per year, totalling one billion euros since its creation. According to the French government, "no impact has been observed on French air traffic or on tourism following the establishment of the airline-ticket levy."¹

Following their successful implementation in France, the idea of International Climate Solidarity Levies was taken up as potential innovative climate change

¹ Leading Group 2012, [Information sheet on the airline-ticket levy](#), p.3.

financing mechanism. In October 2006 the concept of an International Air Travel Adaptation Levy based on the French Solidarity Levy (FSL), was launched in a [technical report](#) by Benito Müller and Cameron Hepburn (University of Oxford). A global mandatory application at the time was estimated to have a revenue potential of US\$8-10 billion annually, which were meant to be contributed to the Kyoto Protocol Adaptation Fund to support concrete adaptation project in the most vulnerable countries. In 2008, the Least Developed Country Group submitted the idea as International Air Passenger Adaptation Levy to the [UNFCCC AWC-LCA](#) in Poznan.

In 2021, Saleemul Huq and Mizan Khan (ICCCAD) decided to look into re-launching the idea as an innovative source of funding for Loss and Damage inflicted by un-avoided climate change impacts. Following the establishment of a new Loss & Damage Response Fund at COP 27 in December 2022, they decided this should be the recipient of the re-launched levies and were joined by Benito Müller (OCP) and Robert Filipp (IFF) to develop and promote this idea.

As regards developing the idea, it was decided to follow the Landau Report in considering not only the aviation sector but also maritime transport. This would not only widen the resource base, but also enable those countries with an existing air ticket levy to participate in the ICSL scheme.

As to revenue potentials, air ticket levies adopted, say, across the EU, would have raised around **€1 billion in 2019**, while – following the proposal by the [International Maritime Emission Reduction Scheme](#) – a levy of €10 per maritime [TEU](#) (container) across the same jurisdictions would **in 2021 have generated €924 million** (according to [OECD container transport data](#)).

Given the urgency to provide financial support to the poorest and most vulnerable countries to respond to loss and damage from climate change and given the current global economic and fiscal situation, it is difficult to see how the new Loss & Damage Response Fund could get adequately capitalized without diverting funds from other existing multilateral climate funds. Therefore, we believe that International Climate Solidarity Levies should be used as a proven way to mobilize new, additional and predictable innovative resources so as to avoid fund diversions from other climate funds. We call on governments to give International Climate Solidarity Levies for the Loss and Damage Response Fund due consideration.

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Saleemul Huq (ICCCAD), Robert Filipp (IFF), Benito Müller (OCP)

Contact: director@oxfordclimatepolicy.org