

CHAIR'S SUMMARY FINAL

The 11th Plenary Meeting of the Leading Group on Innovative Financing for Development
Helsinki, 6th February 2013

1. The Leading Group on Innovative Financing for Development held the 11th Plenary Meeting on 6th February in Helsinki, closing the term of under Finland's Presidency.
2. The Plenary was organized around the following four themes that were highlighted as main objectives of the Finnish presidency: 1) Conceptualizing innovative financing mechanisms and their relation to ODA; 2) Evaluation and assessment of innovative financing mechanisms as regard to their profitability, transparency, allocation efficiency and effectiveness; 3) innovative financing for agriculture, food security and nutrition; and 4) Enhancing global action on illicit financial flows, corruption and tax havens.
3. The role of innovative financing for development as part of the broad development financing framework, first mentioned during the Monterrey Conference in 2002 and confirmed in the Doha Declaration on Financing for Development in 2008, is founded on the fact that traditional flows for financing development as primary means combined with official development assistance (ODA), will not be enough to achieve internationally agreed goals on poverty reduction and protection of global public goods.
4. The scale of financing needed to achieve the goals in poverty reduction and protection of global public goods is affordable if countries adopt a broader view of the resources and financing options that can help improve development outcomes and impact. Recent developments are positive since private capital flows, foreign direct investments, innovative financing and remittances provide major financing flows to developing countries.
5. In line with the Busan High Level Forum Declaration, a renewed and more systematic attempt to put private capital flows, investments and innovative financing mechanisms to work in the service for development together with ODA is elementary. It requires strong ownership, keeping the commitments, including on ODA, and new types of partnerships involving all parties.
6. During the plenary there was a fruitful discussion on how to conceptualise and define innovative financing mechanisms and their relation to ODA. There are many different innovative mechanisms and they can be conceptualised by their relations to ODA including how to measure them, whether they are global or local, private or public, but also by focusing on their scale e.g. how much money can be generated.
7. The plenary noted that all different mechanisms are important and serve different purposes. Private sector's role in mobilising innovative development funding is important and can be further encouraged. The Leading Group needs to enhance its attention to the local innovative funding which is often small and uncoordinated but can have a great potential.
8. The plenary also discussed on the criteria for assessment and evaluation of innovative financing mechanisms. It was mentioned that the same qualifications and procedures should apply to them as with other financing sources. Innovative financing mechanisms can involve public and private actors. In any case, they should complement traditional aid and be more stable, predictable, and reliable on the long-term and sustainable. Transparency, replicability, justice and equity as well as ability to create change can also be used as important assessment

criteria. The plenary highlighted the efficient and result-based allocation of funds as well as enhanced development results, particularly at the country-level.

9. Furthermore, the allocation of the revenues from innovative financing must be combined with good policies and democratic governance in the form of a strong and open public financial management at all levels within governments, and good implementation capacity in order to ensure the sustainability of development. Again, ownership and partnerships lay the foundation for effective use for better development results.
10. The 11th Plenary welcomed the expert report on innovative financing for agriculture, food security and nutrition, commissioned under the LG-presidency of Mali. The plenary highlighted the severity of the challenges and recommended countries to study on a voluntary basis, the possibilities of adopting at least one of the options of innovative financing recommended in the report.
11. The Plenary also maintained the primacy of domestic resources mobilization and emphasized the potential of mechanisms based on global solidarity taxes. The plenary reminded the participating EU countries of the importance to allocate parts of the revenue of the financial transaction tax to development.
12. One major global challenge is to harness the illegal capital outflows from developing countries. It is of utmost importance to curb the illicit capital flight from developing countries and to act against tax avoidance and for the closure of tax havens. The plenary was given some policy recommendations that can enhance multinational companies respect for international accountability and transparency standards and practice good corporate governance.
13. The high-level meeting organized together with UNDP on 17th December 2012 in New York allowed discussing the potential linkage of innovative financing to the broader financing for development framework, especially as regards to post-2015 discussions. The plenary welcomed the note by the undg/undp on the status of the processes and noted that the Leading Group could play a role in the reflection on the means of implementation of the post-2015 agenda.
14. It should also be noted that during the Finnish Presidency the role of the Leading Group was mentioned in the UNGA Resolution 67/199 on Financing for Development, which noted the ongoing work on innovative sources of financing for development and the Leading Group's role. This shows the growing attention on the UN agenda for innovative financing for development.
15. The Plenary session gathered together 38 countries and 36 organizations to discuss the role of innovative financing mechanisms in development. The Plenary welcomed the African Union Commission and Russia as new members of the Leading Group and encourages other countries and organizations to follow their example. This shows that the consideration on innovative financing has become an important agenda that attracts much interest from the international community. The Plenary welcomes the information from the Guinean delegation to organize the meeting on Innovative Financing in the African continent.
16. Finally, the Plenary confirmed that Nigeria would succeed to Finland as President of the Leading Group as of March 1st 2013.