

Leading Group on Innovative Financing for Development – 17 January 2014

Opening speech by Pascal Canfin

Ministers,
Ambassadors,
Ladies and Gentlemen,

I would first like to thank you warmly for Nigeria's Presidency, which welcomes us today for this twelfth plenary session of the Leading Group on Innovative Financing for Development. As Permanent Secretariat, France is proud to open this session. The Nigerian Presidency, represented by Finance Minister Ngozi Okonjo-Iweala and National Planning Minister Bashir Yuguda, has carried out remarkable work to promote innovative financing in discussions around the post-2015 agenda. The event we jointly organized in New York alongside the opening of the 68th United Nations General Assembly contributed to this success. More than 40 countries are represented here in Abuja today for this plenary. Once again, I would like to thank you for your commitment throughout your Presidency.

The conclusion of talks on the post-2015 agenda is 20 months away, and the Paris Climate Conference will take place in less than two years. There is not much time left to draw up an ambitious agreement on these two matters.

No, financing isn't everything. Technology transfer, the implementation of standards and suitable legislation are also ways of making progress in this direction at no cost. But we know that low-income countries will need financing to face up to these challenges in the health and education fields, as well as to adapt to climate change. Traditional official development assistance remains the basis of our financial commitment, but innovative financing is a way to supplement and go beyond conventional development financing. This is a matter of additional mechanisms or financing.

I would like firstly to take advantage of this session to announce that France will maintain the level of its official development assistance in 2014 thanks to innovative financing. In a difficult fiscal context, we have the duty to advocate mobilization and solidarity. This advocacy work is essential to convince our own public opinion.

We have therefore decided to increase the receipts allocated to development from the two solidarity taxes that are already in place:

- The **levy on air tickets** has helped France raise €1.2 billion since 2006. We have decided for the first time since 2006 to revise this contribution by 10% on 1 April 2014. We will thus enjoy new resources to finance our health commitments with UNITAID and the Global Fund to Fight AIDS, Tuberculosis and Malaria. The **President of UNITAID, Philippe Douste-Blazy, who is here today, can testify to the importance of this financing for the**

initiative, whose work helps reduce significantly the cost of treating the three major pandemics.

- The **financial transaction tax**, which was introduced in 2012, has collected €650 million in one year. We decided to dedicate 10% of that to development in 2013. I also wanted to tell you that the portion allocated to development will be raised to 15% of the financial transaction tax's product in 2014. Alongside that, we are working with the Minister of Finance for the success of the European financial transaction tax project and to allocate part of this new income – which could reach €35 billion – to development. This is an essential struggle. And I would like to say to the representatives of developing countries that they too need to participate in this struggle. There are few struggles today that could raise up to €35 billion – \$50 billion – and allocate part of that money to development.

However, as we all know, the concept of innovative financing can still raise doubts. As members of the Leading Group, we have the responsibility not to give the false impression that innovative financing is limited to mere solidarity taxes, which are even looked at suspiciously. This is why we wanted the first thematic segment of our programme today to undertake together a survey of initiatives that could contribute to financing sustainable development in an innovative and effective way. The aim is not to loose ourselves in conceptual talk. We need to **mobilize collectively to share**

experience and disseminate the most promising and operational solutions to accomplish the new sustainable development agenda that we are calling for.

Innovative financing mechanisms are obviously sources of innovative financing. I have mentioned the levy on air tickets and carbon auctions as methods to raise new resources for development. But innovative financing also includes new mechanisms, notably leveraging innovation or private financing for development. When the Bill and Melinda Gates Foundation launches an innovation prize to invent the toilets of tomorrow, that is innovative financing. When, in the vaccine field, we establish Advanced market Commitments with GAVI, that too is innovative financing. The aim of this group is to share these new concepts – and to break down sectorial boundaries – to see for example whether what works in health could also be suitable for agriculture. The President of IFAD – thank you for coming today – will present the potential for innovative financing in agriculture. During this International Year of Family Farming, we need to think of mechanisms to support agricultural development for farmers. This is why we wanted the issues of impact investing and migrant remittances to be covered during this session. Canada will also present the initiative it has supported to reduce the transfer costs of migrant remittances. I know this is a major issue for Nigeria, which has a considerable diaspora. It is a major issue for France, and we fully support this initiative, which addresses the G8 countries' commitment in this area.

Ladies and gentlemen,

I would like to talk specifically about the climate. Development and combating climate change can no longer be separated. As you know, France was entrusted in Warsaw with responsibility for hosting the 21st Climate Conference in Paris in 2015. This Conference needs to conclude with a first universal, binding agreement on the climate. We know that we cannot succeed in Paris if we show ourselves to be incapable of meeting the commitment made in Copenhagen to dedicate \$100 billion per year to combating climate change. I am convinced that to achieve that, we will need innovative financing, be that carbon auctions or the contribution of the maritime sector through the tax on bunker fuels. On this issue, the Leading Group – thanks to the diversity of its members – can be a forum for expertise and the building of a shared vision of this agenda. I will be able to discuss this in greater detail during the session dedicated to this issue in the afternoon.

As you will have understood, France is particularly committed to advancing the innovative financing agenda. The Leading Group is central to that ambition, as it embodies two values. The first is of course innovation. The second is sharing; this group is here for the sharing of solutions.

I wish you a good day of debates and exchanges.

Thank you.