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Side event of the Leading Group on innovative financing for development

September, 24th 2013 – 1:15 to 2:45 pm

United Nations Conference Building, New York

Innovative financing for development: what role in the means of implementation of the post-2015 Development Agenda?

Under the Finnish Presidency of the Leading Group (September to March 2013), the Leading Group started a reflection on the role that innovative financing could play in the implementation of the post-2015 development agenda. A high level meeting was organized together with UNDP on December 17th 2012 in New York, which discussed the role of **innovative financing in the broader financing for development framework, and its possible contribution to a post-2015 development framework**. The 11th Plenary Session of the Leading Group welcomed the note by the UNDG/UNDP on the status of the consultation process on post-2015 and noted that the Leading Group could contribute to the reflection on the means of implementation of the post-2015 agenda.

Nigeria, which currently holds the Presidency of the Leading Group, has identified three priorities:

- (1) Creating a task force on innovative financing for climate change;
- (2) Working on a better coherence between policies of financing for development, including initiatives of innovative financing, and the fight against fiscal evasion;
- (3) The adoption of a **new resolution dedicated to innovative financing during the 68th United Nations General Assembly**. Building on Resolution A/RES/65/146

adopted in December 2010, this new text will aim at recognizing the success of several existing innovative financing initiatives and reaffirming that they should be scaled-up for a greater impact on development and climate change.

We are today facing a **double challenge**: on the one hand the **urgent need to reduce poverty and find a sustainable model of development** and, on the other hand, a **crisis of public finance** that dangerously threatens some donors' budgets for international solidarity and development. In that context, the Leading Group, which gathers together 65 countries and international organizations and NGOs, works for the promotion of innovative sources of financing for development as a complement to Official Development Assistance (ODA). While ODA must remain central and play a catalytic role, there is a need to tap additional resources. This will only be possible by **establishing a global partnership including a large variety of public, private and local actors to look for new ways to finance development**.

Innovative financing mechanisms were designed to provide **more stable and predictable resources** for development and are based on **new partnerships** between countries at different levels of development and public and private actors. Innovative financing also relies on the idea of a better **ownership of development financing strategies by beneficiary countries**. A total of **6 billion Euros have been raised since 2006** thanks to several instruments put in place in about 20 countries. Even though remarkable progress has been made in the field of financing for development thanks to such mechanisms there is still scope for improving their scale. **This side event aims at gathering together high level representatives from States, international organizations and civil society to promote the existing “set of options” of innovative financing for development and mobilize more partners in favour of their implementation, as well as discuss and promote new innovative financing mechanisms.**

Innovative Financing: A snapshot:

1. **Taxes on globalized activities** like the air ticket levy benefiting UNITAID or the financial transaction tax (FTT).

2. **Pull mechanisms** such as the Advanced Market Commitments (AMC) which provide incentives to private actors to develop new products such as vaccines.
3. **The International Finance Facility for Immunisation (IFFIm)** which secures massive prefinancing based on loans guaranteed by a group of States.
4. **Market mechanisms**, such as carbon emissions trading and the use of a fraction of such resources for development.
5. **Debt management mechanisms** such as “debt to health” and “debt for nature”, and concessional counter-cyclical loans.
6. **International lottery mechanisms** dedicated to development, which can come in various forms (internationally coordinated private lotteries, lotteries organized by States themselves, States contributing a fraction of tax revenues, etc.).

Even though the international community is still debating on the central question of what should replace the MDGs after 2015 **the Leading Group intends – through the organization of this high level side event – to start raising awareness on the importance of starting an open discussion on how to implement this future agenda** and lay the ground for the second round of consultations focused on implementing strategies for the post-2015 development agenda.