

## Draft review of existing innovative sources and mechanisms of financing for development

<p><u><b>Innovative sources</b></u></p>	<p><b>Solidarity taxes</b></p>	<p><u>Air ticket levy</u> Small contributions deducted by a State when an air ticket is purchased. Funds mostly benefits <b>UNITAID</b>, a global health initiative that provides sustainable funding to tackle inefficiencies in markets for medicines, diagnostics and prevention against HIV/AIDS, Malaria and TB.</p> <p><u>Participants:</u> <b>Cameroon, Chile, France, Korea, Madagascar, Mali, Mauritius, Niger, Republic of Congo.</b> <u>Figures:</u> 1.35 billion USD raised since 2006</p> <p><u>Financial transaction tax</u> Small tax (0,02 to 0,2%) applied to securities, high frequency trading and CDS. 10% (15% in 2014) of the revenues are allocated to development.</p> <p><u>Participants:</u> <b>France</b> <u>Figures:</u> 60 million Euros allocated to development in one year (2012-2013)</p>
	<p><b>Market mechanism</b></p>	<p><u>Contribution from the European CO2 Emission Trading System (ETS)</u> A percentage of the revenues from the European ETS are allocated to international development and climate.</p> <p><u>Participants:</u> <b>Germany and Finland</b> <u>Figures:</u> - 3.2 billion Euros expected by 2015 <u>in Germany</u> for the special fund for energy and climate. - 80 million Euros raised in 2012-2013 <u>in Finland</u> for development (including IDA-17, the African Development Fund and the IFAD Adaption for Smallholder Agriculture Programme - ASAP).</p>
	<p><b>Lottery</b></p>	<p><u>Contribution from the national lottery</u> A small percentage of the revenues from the national lottery are allocated to a Special Fund for Food Security and Agriculture.</p> <p><u>Participants:</u> <b>Belgium</b> <u>Figures:</u> 88 million Euros</p>
	<p><b>Citizen contributions</b></p>	<p><u>Crowdfunding</u> Funding local projects by appealing to citizen's contributions through dedicated websites.</p> <p><u>Participants:</u> This innovative source is mainly adopted by NGOs and charity organizations worldwide. <u>Eloquent examples:</u> <b>French Red Cross</b> (creation of a cereal bank in Tanzania to help fight future food crises) / <b>Sourires d'Enfants</b> (cricket farm to improve employment and food security locally in Cambodia). <u>Figures:</u> Crowdfunding platforms raised more than 2.7 billion USD in 2012 for more than 1 million projects; an 81% increase is forecasted in volume for 2013, equivalent to 5.1 billion USD.</p> <p><u>Product (RED) Initiative</u> Creation of a brand named (RED) for specific products by famous companies. A part of the revenues from the sale of these products is reallocated to the <b>Global Fund</b> to to fight aids, tuberculosis and malaria.</p> <p><u>Participants:</u> <b>American Express, Apple, Beats by Dr. Dre, Belvedere, Vodka Bugaboo, Converse, Dell, Gap, Nike, Penfolds, Starbucks.</b> <u>Figures:</u> 161 million USD raised since 2006</p>

<p><b><u>Innovative mechanisms</u></b></p>	<p><b>Pull mechanism</b></p>	<p><b>Advanced Market Commitments</b>  A public-private partnership between donor countries and private companies. Donors commit funds to guarantee the price of specific products related to development (vaccines for instance) once they have been developed. These commitments provide manufacturers with an incentive to invest and expand manufacturing capacity. In exchange, these companies provide the products at an agreed long-term price to developing countries.</p> <p><u>Participants:</u> <b>Canada, Italy, Norway, Russia, UK</b> provided the incentives to favour the distribution of vaccines against pneumococcal disease through <b>GAVI</b>.  <u>Figure:</u> 1.45 billion USD</p> <p><b>AgResults</b>  A public-private partnership based on financial incentives from the public sector rewarding successful innovations of the private sector designed to enhance smallholder welfare and improve food security in developing countries.</p> <p><u>Participants:</u> <b>World Bank Australia, Canada, UK, USA</b>  <u>Figures:</u> -</p> <p><b>Prizes to reduce the cost of remittances</b>  A competition in the global remittance market in which prizes are granted if innovations to reduce the cost of remittances are invented. Each of the three options seeks to reduce barriers to market entry and scale at different steps of the remittance value chain, spurring entry by new RSPs and enabling existing RSPs to improve their competitiveness.</p> <ol style="list-style-type: none"> <li>1) limbo prize to see how low remittance service providers (RSPs) will go on price;</li> <li>2) networking prize that makes it much easier for RSPs to connect with disbursing agents;</li> <li>3) price transparency prize to increase consumer awareness and choice.</li> </ol> <p><u>Participants:</u> <b>Australia, Canada (tbc)</b>  <u>Figures:</u> -</p> <p><b>Innovation Challenges</b>  Innovation competition that rewards the most creative inventions in products supply in the area of development.</p> <p><u>Participants:</u> NGOs, private foundations, private companies, individuals.  <u>Eloquent examples:</u> <b>Aid Innovation Challenge</b> by AIDEX / <b>Peace Corps Innovation Challenge</b>  <u>Figures:</u> -</p>
	<p><b>Bond issuing</b></p>	<p><b>IFFIm (International Finance Facility for immunization)</b>  British company that issues bonds on financial markets on a regular basis thanks to multi-year commitments of several States. The World Bank plays a role of treasurer and facilitates the transactions on the financial markets. The funds are reallocated to <b>GAVI</b>.</p> <p><u>Participants:</u> <b>France, UK, Italy, Norway, Australia, Spain, The Netherlands, Sweden, South Africa.</b>  <u>Figures:</u> 3.4 billion USD</p>
	<p><b>Impact investing</b>  (blending of</p>	<p><b>Social Impact Bonds (SIBs)</b>  A result-based mechanism in which financial returns to private investors are made by the public sector on the basis of improved social outcomes for a specific population.</p>

<p>public and private funds invested in result-based projects)</p>	<p><b>Participants: UK, Social Finance (project in the Criminal Justice sector launched in 2010)</b>  <b>Figures: 5 million £</b></p> <p><b>Development Impact Bonds (DIBs)</b>  Same mechanism as the SIBs applied to the area of development. Several case studies (<i>Reduction of sleeping sickness in Uganda, Antiretroviral treatment in Swaziland, Low cost private school in Pakistan, Access to quality secondary education in Uganda, etc.</i>) have been designed by the development impact working group (<b>Social Finance</b> and <b>Center for Global Development</b>).</p> <p><b>Loan Conversion</b>  Loan provided to a developing country to implement a development program. Credits are repaid by a third party (private foundation) to the creditor on behalf of the debtor if the project is successfully implemented.</p> <p><b>Participants: Japan, Pakistan and the Gates Foundation for a polio vaccination program.</b>  <b>Figures: 65 million USD (4.9 billion JPY)</b></p> <p><b>Global Health Investment Fund</b>  A social impact investment fund designed to provide capital for the development of global health products, via a form of ‘mezzanine’ debt funding. The intention is to provide companies with investments structured to accelerate the development of products to address global health challenges, and to complete projects they might otherwise not pursue. If the Fund’s investments are successful, investors will receive a return of capital plus an investment return. Unlike a traditional mezzanine or private equity fund, the fund carry is not paid to the investment manager but will be held within a new not-for-profit entity and recycled back into global health research and development.</p> <p><b>Participants: Gates Foundation, J.P. Morgan Chase, BMZ, Children Investment fund foundation, Grand Challenges Canada, GlaxoSmithKline, KFW, Pfizer Foundation, Merck, SIDA, Storebrand) to provide debt and equity financing for drugs, vaccines and diagnostics.</b>  <b>Figures: 94 million USD</b></p>
<p><b>Debt swaps</b></p>	<p><b>Debt-2-Health</b>  Partnership between 2 countries: the creditor country cancels a bilateral debt in exchange for the debtor country to reinvest in health projects.</p> <p><b>Participants: Australia/Indonesia, Germany/Indonesia, Pakistan, Ivory Coast and the Global Fund to fight Aids, tuberculosis and malaria.</b>  <b>Figures: 81,8 million Euros</b></p> <p><b>Debt for nature</b>  Same mechanism as the Debt-2-Health applied to environmental projects.</p> <p><b>Participants: USA/Peru, France/Madagascar, Cameroon and WWF.</b>  <b>Figures: 85 million Euros</b></p> <p><b>C2D</b>  Conversion of a debt from a donor country to a developing country to refinance through grants development projects at the national level.</p> <p><b>Participants: France with 15 African countries + Bolivia and Honduras</b>  <b>Figures: 629,8 million Euros</b></p>