



MADRID DECLARATION (Chair Summary)

Tenth Plenary Session, Madrid the 27th February 2012

1. The Leading Group has held its Tenth Plenary Session under the Spanish Presidency, on the 27th February 2012 in Madrid. Bringing together States, international organizations and the most active NGOs in support of new, more stable and predictable resources for development, the Leading Group is a unique forum for exchange of best practices. It combines advocacy activities and technical expertise in order to convince new partners to implement innovative financing mechanisms for development.
2. Made up of 63 countries as well as international organizations, NGOs and foundations involved in its work, the Leading Group on Innovative Financing has conducted reflection on these new resources, with a view to increasing aid and improving its effectiveness constantly.
3. These mechanisms, which are available to any country in the form of a menu of options, are implemented on a voluntary basis by States which wish to do so. They are innovative thanks to their greater stability and predictability, their complementarity with traditional aid, and their multilateral management methods. They rely primarily on the sectors which have most benefited from globalization. They help to make it possible to finance vital long-term needs sustainably and with manageable risk, in terms of food security, health or education, for example.
4. Since the advent of innovative financing, an expression first coined in Monterrey in 2002, some extra 6 billion dollars have been raised through a number of widely differing mechanisms: loan guarantees, market mechanisms, micro taxes, citizen contributions, lottery mechanisms and debt management methods. The Tenth Plenary Session has been an opportunity to present an exhaustive review of these mechanisms, which countries with very different levels of development have chosen to implement.
5. Today, as the financial and economic crisis provokes uncertainty regarding the financing of development, innovative financing appears as part of the solution. Numerous international fora are now discussing innovative financing. The

United Nations, the G8, the G20 and the EU attribute major importance to it, and international organizations, NGO networks and major philanthropic foundations have also placed it on their agendas. More countries are choosing to use it to supplement their traditional assistance.

6. On a pilot scheme basis, the Group proposes pioneering solutions to implement the international community's development pledges. Three years from the deadline to achieve the MDGs, the Group is calling on its partners to effectively "scale-up" international solidarity financing, particularly ahead of upcoming Conferences on development, such as Rio+20.
7. The Spanish Presidency of the Leading Group has temporarily coincided with the French Presidency of the G20. During this time, progress has been made within the G-20 development agenda in priority topics for the Leading Group such as domestic resources mobilization, the fight against illicit flows, or reducing the costs of migrant remittances from 10% to 5% by 2014; the Leading Group welcomes and offers its support to those achievements. By the same token, innovative financing, including initiatives to tax the financial sector, was introduced as a menu of options in the G20 agenda, with the support of the Bill Gates report; this issue should continue to rank high in the G20 development agenda in the future.
8. The Spanish Presidency has also coincided with the IV High Level Forum on aid effectiveness in Busan and has accordingly promoted the idea of the necessary compliance of these financing mechanisms with the principles of Aid Effectiveness.
9. During the tenth plenary meeting it was highlighted that, notwithstanding the need for developed countries to keep their commitments (including on the level of ODA and with the principles of the Aid Effectiveness agenda) this is not enough. In the light of the global challenges for sustainable development, innovation is needed in seeking new and additional resources.
10. These new resources must supplement traditional aid and be stable and sustainable, in order to shield development financing from fluctuations, especially in times of economic and financial crisis.
11. Various experiences have been conducted successfully by the Leading Group partners, raising close to 6 billion euros of financing for development through several different mechanisms. These experiences must act as a catalyst for further international action.
12. The sectors which have most benefited from globalization, such as finance, air and maritime transport, communications and tourism can contribute to solidarity in different forms. The broader corporate sector and private philanthropy in its various forms can also participate. Expert studies have been presented in that regard during this Session.

13. The debates around the Group's primary themes (education, financial transactions, migrants' remittances, food security, health, illicit financial flows and tax avoidance, and climate issues) have made it possible to combine expertise and advocacy activities to make tangible advances. In that regard, the Group took note with interest of the Ecuadorian initiatives to fight climate change «Yasuni-ITT» and «Net Avoided Emissions».

14. The growing success of the innovative financing theme in international fora, including the United Nations, the G8 the G20, the EU i.a., in addition to the Leading Group's recognized preeminent role, support us in our ambition.

15. Among the main recommendations which were put forward during the meeting the following might be noted:

- ✓ Adoption, trial or exploration by each member country of an innovative financing mechanism within a year;
- ✓ Regular review of innovative financing mechanisms implemented by member countries;
- ✓ Promotion of expert reports prepared by the Leading Group;
- ✓ Invitation to those countries having implemented a tax on financial transactions to allocate part of the product to international solidarity and seriously consider facilitating a Conference to promote this ;
- ✓ Exploration of ways for enhancing links between the work of the Leading Group and that of the United Nations.
- ✓ 16. It was decided that the Leading Group , in association with the UN, would organize a side event during the Rio+20 Conference. The Group welcomed the organization of an "African Conference on Innovative Financing", entrusted to Guinea;

17. The Group welcomed UNDP and the Commonwealth Secretariat as new members.