NIGERIAN PRESIDENCY'S SUMMARY

The 12th Plenary Session of the Leading Group on Innovative Financing for Development
Abuja, 17th January 2014

1. The Leading Group on Innovative Financing for Development held the 12th Plenary Session on 17th January 2014 in Abuja, closing the term of Nigeria's Presidency.

2. The Plenary was organized around the following five themes that were highlighted as main objectives of the Nigerian presidency: 1) Clarifying the classification of existing initiatives of innovative financing and other related actions; 2) Discussing the potential of development impact investing as part of our global strategy of financing for development; 3) Opening a debate on initiatives of innovative financing for climate change; 4) Assessing the state of the international mobilization in favor of solidarity taxes and 5) Examining Australia and Canada's proposal to the G20 to create an innovative financing mechanism to reduce the cost of migrants' remittances.

3. Integrating innovative financing within the international debates on the **post 2015 development agenda** was also amongst the top priorities of the Nigerian presidency. The special side event held in New York during the opening of the 68th United Nations General Assembly allowed obtaining a large consensus on the importance of scaling up innovative financing sources and mechanisms to increase the number of available options to finance sustainable development.

4. The important financial needs related to our action in human development, public goods preservation and adaptation to climate change require **broadening our scope of instruments and actions**. Innovative financing, private investments oriented towards human development, the fight against illicit flows and the reinforcement of national tax systems to increase domestic resources must be integrated in a global financing for development policy.

5. The concept of innovative financing, first mentioned during the 2002 Monterrey Conference, relies on the idea of a **global partnership** involving stakeholders from the public and private sectors as well as the civil society. This global partnership must allow guaranteeing a fairer share of the wealth generated by the economic sectors which most benefitted from globalization. The predictability provided by these contributions responds to the specific challenges of global health, public goods preservation and climate.

6. In line with the Busan High Level Forum Declaration, an enhanced coherence between private capital flows, investments and innovative financing mechanisms to contribute to development is fundamental. It requires an approach based on **effectiveness and results**.

7. During the plenary there was a fruitful discussion on **existing initiatives of innovative financing** which can be classified into **two main categories**:

    1) **Innovative sources of financing** which allow raising new resources for development as a complement to traditional aid.

    2) **Innovative mechanisms of financing** which help increasing the impact of existing resources through partnerships with the private sector.

8. The plenary also discussed about various initiatives of social and development **impact investing**. This particular kind of investment is based on a result based approach and allows establishing a more efficient risk sharing between public and private stakeholders. Initiatives such as Development Impact Bonds and Loan Conversion were highlighted.

9. A discussion also took place on innovative financing for **climate change** and the creation of a task force dedicated to this issue. The international community committed during the 2009 Copenhagen conference to mobilize 100 billion US dollars each year within 2020 for climate. Innovative strategies is one way to meet this ambitious target. A global policy favoring a model of green and resilient economic growth must be adopted together with the mobilization of innovative financing.

   France has informed that an expert report on innovative climate financing will be published within the end of 2014 and asked to the delegations present in Abuja to explore the possibility of contributing to this work.

10. **Solidarity taxes** were also highlighted during the plenary amongst the effective options of innovative sources of financing. These taxes represent a fair contribution to global health and climate from air transportation and finance which are economic sectors that considerably benefit from globalization. Solidarity taxes rely on the idea of a very small rate on a large basis, which allows raising significant financial resources for sustainable development without affecting the dynamism of the sector submitted to the tax.

    UNITAID was presented as an effective institution financed thanks to the revenues from the solidarity tax on air tickets. Stability and predictability were highlighted as the main assets of this innovative source of finance to address the long term needs of global health.

11. During the last thematic segment of the plenary, a discussion was open on **migrants' remittances** and innovative financing. In 2014, migrant diaspora workers will send an estimated $441 billion to developing countries; remittances therefore represent one of the main sources of capital for the developing world. Reducing the cost of remittances to facilitate these significant financial flows allocated to developing countries is indeed a major challenge.

    The proposal made by Australia and Canada within the G20 to create a mechanism to reduce the cost of migrants' remittances was examined during the last session of the plenary. Aiming at encouraging innovation and facilitating the establishment of competitive dynamics between banking institutions, this initiative presents good assets to increase the access to affordable services for the migrants.

12. Finally, the plenary agreed on the project to organize a **workshop with international experts in the Spring of 2014 in Paris** to follow up on the various thematic issues discussed in Abuja during the 12th plenary session. The member states and organizations will be solicited to contribute to the composition of an international panel of experts.

13. The Nigerian presidency ended on January 17th and the next presidency is still to be determined. The permanent secretariat will be in charge during the transition.