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Solidarité & Mondialisation
Groupe pilote
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en faveur du développement

Solidarity & Globalisation
Leading Group
on Solidarity Levies
to fund development

Innovative financing to serve development : from Monterrey to Doha – towards a scaling up

Side event organised at the Follow-up International Conference on Financing for Development,

Doha, 29 November, Al Maha room, Sheraton Hotel, 4 – 6 p.m.

The United Nations special adviser on Innovative Financing for Development, **P. Douste-Blazy**, and France, represented by **A. Joyandet**, Minister of State with responsibility for Co-operation and the *Francophonie*, are to hold, in conjunction with numerous partners and in the presence of the United Nations Secretary General, **Ban Ki-Moon**, a high-level meeting devoted to innovative sources of finance for development. Bringing together the principal global actors in innovative financing, **this event will review the results to date of the initiatives launched since Monterrey and put forward perspectives for the coming years with a view to a "scaling up"**. This event will be held on the margin of the Doha International Conference on Financing for Development, on 29 November 2008, from 4 to 6 p.m. in the Al Maha room at the Sheraton Hotel.

1. An innovative tool for development

Following the Monterrey conference of March 2002, the international community undertook to increase the resources devoted to development, and official development aid (ODA) in particular, with the aim of reaching a figure of 0.7% of GNI by 2015, and to develop innovative sources of finance in order to achieve the Millennium Development Goals (MDG). Since that time, substantial progress has been made and many countries have rallied to the concept of innovative financing on the basis of various mechanisms, ranging from international taxation (such as the levy on air tickets) to public-private partnerships, and Europe is calling for a change of scale in this domain following the pilot phase under way since Monterrey. **Already, innovative financing mechanisms have raised nearly two billion dollars in additional, stable and predictable finance, and they have helped vaccinate over 100 million children a year and guarantee the provision of paediatric treatment for AIDS to 100,000 children a year.**

2. Mechanisms to serve more effectively regulated globalisation

Given the urgent need to combat poverty, these mechanisms are **a central focus of the debate on a more effectively regulated form of globalisation providing for greater solidarity**: their twin characteristics – they are additional to official development aid and the resources are predictable over time – mean that they are particularly well suited to financing global public goods such as health or the climate, which require stable financing, a pooling of resources and rectification of globalisation's flaws (solvency of demand in the absence of any sickness insurance in many countries of the South, inequality of bargaining strength between countries and pharmaceutical firms, the costs – social and environmental – imposed on the rest of the world by certain transnational economic activities without the latter paying the price for this in fiscal form). **Innovative sources of financing can thus provide a solution to the inadequacies of traditional official development aid, which is often fragmentary and volatile.** They also form a concept around which countries with highly diverse levels of development on all continents can rally, transcending the usual ideological barriers between the countries of the North and those of the G77.

3. Enhanced international mobilisation

Much progress has been made in terms of both practical accomplishments and international mobilisation. Innovative sources of financing for development have been given recognition at the highest level in a number of multiparty declarations (most recently in the United Nations high-level declaration of September 2008, and the Dakar and Conakry Declarations of 2008). The Pilot Group on Innovative Financial Mechanisms, set up in 2006, now includes 55 member countries[1] and 3 countries with observer status[2], all at various levels of development, the main international organisations (notably, the World Bank, the World Health Organisation, UNICEF and UNDF), and NGOs.

4. An extensive palette of instruments

The action undertaken by the Pilot Group has made it possible to identify several families of initiative: solidarity levies on globalised activities, implemented at national level but within a framework of international coordination, pre-financing mechanisms based on financial markets, backed by public guarantees or support, financing underpinned by market mechanisms, facilitation by public authorities of voluntary private sector contributions (tax incentives, technical facilitation), and more generally, instruments that can generate extra resources over and above those from official aid and the market.

[1] South Africa, Algeria, Germany, Saudi Arabia, Bangladesh, Belgium, Benin, Burkina Faso, Burundi, Brazil, Cambodia, Cameroon, Cap Verde, Chile, Cyprus, Congo, Côte d'Ivoire, South Korea, Djibouti, Spain, Ethiopia, Finland, France, Gabon, Guatemala, Guinea Bissau, Guinea, Haiti, India, Italy, Japan, Jordan, Lebanon, Liberia, Luxembourg, Madagascar, Mali, Morocco, Mauritius, Mauritania, Mexico, Mozambique, Namibia, Nicaragua, Niger, Nigeria, Norway, Poland, Central African Republic, United Kingdom, Senegal, Sao Tomé and Principe, Togo, Uruguay.

[2] Austria, China and Egypt.