



“Innovative financing for sustainable development”

Riocentro, 22 June 2012, 01:00pm - 02:30pm

Draft program

- Official Opening : Mr. Ban Ki-moon, Secretary general, **United Nations***
- Presentation of the issues: Mr. Pascal Canfin, Permanent secretariat of the **Leading Group**, France
- Interventions of personalities:
 - Mr. Antonio de Aguiar Patriota, Minister for External Relations, **Brazil***
 - Mr. Heikki Holmås, Minister for International Development, **Norway**
 - Mr. Ali Haïdar, Minister for Ecology and Nature Protection, **Senegal**
 - Mrs. Eva Joly, Chair of the Committee on Development of the European Parliament, **European Union**
 - Mrs Mary Robinson, Honorary President, **Oxfam**
 - Mr. Paul Magnette, Minister for Public Enterprises, Scientific Policy and Development Cooperation, in Charge of Policy for Large Cities, **Belgium**
 - Mrs. Heida Anneli Hautala, Minister for International Development, **Finland**
 - Mrs. Helen Clark, Administrator, **UNDP***
- Conclusion : Mr. Meles Zenawi, Prime minister, **Ethiopia***
- Debate led by Mr. Yves Edouard Saint-Geours, Ambassador in Brazil, **France**

* to be confirmed

Innovative financing for sustainable development

This side event, co-organized by the Leading Group and the United Nations, will be an opportunity to highlight several initiatives implemented by countries with different levels of development. These lessons learned will prove that innovative financing is part of the solution to finance international solidarity goals and address the major challenges of the 21st century, which are the core focus of the United Nations Conference on Sustainable Development, "Rio+20".

This Conference is therefore a major opportunity to maintain the international community's efforts to scale up the mobilization of new resources for sustainable development in its three dimensions, social, economic and environmental. The exchange of best practices based on concrete experiences must lead us to innovate to achieve our goals.

1. Address new challenges

Innovative financing for development, first mentioned during the Monterrey Conference in 2002, is based on two observations: firstly, that official development assistance (\$120 billion) will not be enough to achieve internationally agreed goals and address global challenges; and secondly, that the market and private flows – trade and investment – are essentially attracted by viable countries and sectors.

New, more stable and predictable sources are therefore needed to:

- satisfy the imperatives of international solidarity, structured around the Millennium Development Goals and the scheme which could pick up where they leave off in 2015, inspired particularly by the debates at Rio+20;
- address the major challenges of the 21st century, such as climate change, desertification, overexploitation of natural resources, the loss of biodiversity and ecosystem degradation, and access to water.
- promote strong, sustainable and equitable growth.

Innovative financing mechanisms can address these challenges as they are not merely new sources of funding. They have raised close to \$6 billion since their implementation in 2006 and correspond to a precise definition: they are more stable and predictable than traditional aid and collect resources from the sectors which have most benefited from globalization (air and maritime transport, finance, communications and tourism). Being complementary to ODA, they are managed multilaterally, in accordance with the principles of the Paris Declaration and the Accra Agenda for Action on Aid Effectiveness.

They are therefore a response to the questions we are facing: How can we ensure regular and predictable financing flows? How can we influence market prices? How can we finance

research when it is not covered by the private sector? How can we speed up the disbursement of aid?

2. Proof by example

Today, innovative financing mechanisms which contribute to raising these new resources fit into six major categories:

1. Taxes on globalized activities, implemented in a coordinated manner by a group of States, with management of their usage being pooled (eg. solidarity contribution on air tickets or the financial transaction tax).
2. Pull mechanisms which make it possible to secure massive guaranteed prefinancing based on loans, such as the International Finance Facility for Immunisation, or to obtain economic incentives, like Advanced Market Commitments (AMC).
3. Market mechanisms, such as carbon emissions trading and the use of a fraction of such resources for development.
4. Citizen contributions from individuals and enterprises, such as the Product Red label, with intervention from States which can take various forms (tax incentives, channelling of resources, etc.), and policies aimed at reducing the cost of migrants' remittances and optimizing their use to support development.
5. Debt management mechanisms and initiatives aimed at better handling external shocks which affect developing countries, such as "debt to health" and "debt to nature", and concessional contra-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.).

3. Towards new partnerships

Innovative financing initiatives are not obligatory "global taxes" decided on a supranational basis. They are based on various mechanisms and are implemented on a voluntary basis by groups of States, which coordinate their scope, method of collection, and usage. The innovation is that they target sectors which have benefited from economic globalization and the opening of borders (transport, tourism, telecommunications, the financial sector, etc.) and are on average less taxed than strictly "domestic" activities.

Often relying on public-private partnerships, innovative financing initiatives are based on the consciousness of a shared interest in financing sustainable development in its social, economic and environmental dimensions. Economic actors (enterprises and consumers) may find benefit, on the basis of a modest contribution, from addressing global needs and supporting economic stability and world prosperity.

The countries involved in innovative financing attach great importance to the principles of coherence and aid effectiveness. The priorities financed correspond to internationally agreed development goals, and the arrangements for the usage of funds aim precisely to make aid more effective and better adapted.

The governance of the majority of the mechanisms implemented involves, on an original basis, countries with different levels of development on every continent, as well as civil society and private sector representatives.

4. Mobilization at every level

Mobilization in support of innovative financing is already long-standing and wide-ranging:

- The United Nations, bound by its nature to the global challenges of solidarity, thus played a determining role in their recognition in 2002, with the outcome document of the Monterrey Conference, then in 2008 by calling for a worldwide "scaling-up".
- The Leading Group, which today includes 63 States as well as international organizations and NGOs, is the primary forum to discuss these challenges. Thanks to its diversity, it plays an advocacy and expertise role, supporting concrete commitments and diplomatic advances.
- Field operators, such as organizations managing innovative financing instruments, which thus contribute to direct implementation of commitments made by States, which benefit from the lessons they learn from their experiences.

However, the pressure on national budgets is unprecedented in the current context of economic, financial and food crises, while the need for financing grows, particularly for the poorest countries.

States, operators and civil society representatives participating in this side event will present a number of innovative financing initiatives which the countries present in Rio could take up, based on a few concrete examples.

5. Avenues for action

Several mechanisms offer high potential to scale up innovative financing and will be presented during this side event:

- The **financial transaction tax** is the most promising innovative financing mechanism to release the financial resources available for sustainable development. Numerous expert reports have shown the feasibility of this instrument, based on one of the activities which have most benefited from globalization and already implemented by several countries for various purposes. The G20 recognized the potential of the initiatives taken to tax the financial sector, including the financial transaction tax to support development.

- **Carbon emissions trading systems:** already implemented by Germany. The country has managed to raise €580 million since 2008. This type of mechanism could be replicated on a larger scale. Since 2009, France has been committed to following this example by allocating a proportion of the income raised from carbon emissions trading to climate actions in the poorest countries by 2013.

- **Pull mechanisms**, which have already proved their worth in the health sector, are particularly apt to finance projects in the food security sector, through schemes such as Advanced Market Commitments, for example. The initiative launched by the World Bank with the support of Canada, Australia, the United Kingdom and the United States should serve as a model.

- **Instruments based on the carbon emissions of air and maritime transports (bunker fuels):** the potential of a contribution based on bunker fuels as a source of climate financing is currently being discussed in various international forums, including the G20, the ICAO and the IMO.

- There is also considerable potential for **private citizen financing**, at the time of acts of consumption or service purchase, for which the coherence with public action can be enhanced (leverage effect) and for which States can strengthen their incentive (tax instruments) and “nudging” roles.

Presentation of the speakers

- United Nations

Mr. Ban Ki-moon, Secretary-general



At the time of his election as Secretary-General, Mr. Ban was South Korea's Minister of Foreign Affairs and Trade. He served the Ministry during 37 years in different embassies, including in New Delhi, Washington D.C. and Vienna. He had various positions within the Ministry including positions in New Delhi, Washington D.C. and Vienna. He assumed the responsibility for a variety of portfolios, namely Foreign Policy Adviser to the President, Chief National Security Adviser to the President, Deputy Minister for Policy Planning and Director-General of American Affairs. Mr. Ban also worked for the Foreign Ministry's United Nations Division. He reinforced his ties with the UN when he became Chairman of the Preparatory Commission for the Comprehensive Nuclear Test Ban Treaty Organization and Chef de Cabinet during the Republic of Korea's 2001-2002 presidency of the UN General Assembly.

- France

Mr. Pascal Canfin, Minister Delegate for Development, attached to the Minister of Foreign Affairs



M. Pascal Canfin began his career as policy officer and Human Resources manager. Then, he worked as a journalist for the french monthly magazine « Alternatives économiques », specialized in economic issues. M. Canfin was elected in 2009 at the European Parliament (EP) in Strasburg. He was noted for his role in the « Economic and Monetary Affairs Commission » and also as rapporteur for the bill aiming at controlling shorts sales and speculation in national debts. Moreover, he held the position of Deputy President of the Special Committee on the Financial, Economic and Social Crisis. In charge in the French government since May 2012, Mr. Canfin is a specialist of economic and social issues along with corporate social responsibility.

- Brazil

Mr. Antonio de Aguiar Patriota, Minister for External Relations



Mr. Patriota is a career diplomat who integrated the Brazilian government as External Relations Minister in January 2011. He played an important role at several positions within the External Relations Minister before becoming Deputy Minister from 2009 to 2010. From 1992 to 1994, he was Deputy Diplomatic Advisor to then President Itamar Franco. Mr. Antonio Patriota also worked in several embassies in Venezuela (Caracas), China (Beijing) and the United States (Washington D.C.). Finally, he held a position at the Permanent Representation of Brazil to the United Nations (Delegation to the U.N. Security Council) and at the Brazilian Permanent Representation to the World Trade Organization (WTO) in Geneva.

- Norway

Mr. Heikki Holmås, Minister for International Development



Mr. Heikki Holmås has held several offices as representative at the local scale, for the city of Oslo, but also at the national level. He began to work at the Norwegian Parliament in 2001 and had a key-role as member of the Standing Committee on Finance and Economic Affairs. He was also implicated as chair of the Standing Committee on Local Government and Public Administration. Then, he was substitute member of the European Economic Area (EEA) Consultative Committee and as a member of the Norwegian Delegation to the NATO Parliamentary Assembly.

- Senegal

Mr. Ali Haïdar, Minister for Ecology and the Protection of Nature



M. Ali Haïdar has led a career characterized by his strong commitments in favour of the struggle against climate change. Since 1984, he has demonstrated through his actions his convictions in favour of the protection of Nature. He created the first protected sea areas in Senegal but he was also involved in the protection of the sea, marine life and the fight against desertification. Considered as one of the most influential environmentalist in the world, Mr. Ali Haïdar was nominated as Minister for Ecology and the Protection of Nature in the government of Abdoul Mbaye on April, 3rd 2012, under Macky Sall's presidency.

- European Union

Mrs. Eva Joly, Chair of the Committee on Development of the European Parliament



After her studies in law and political science, Mrs. Eva Joly was noted as an examining magistrate, where she was involved in important politico-financial cases in the 1990s. Then, she went back in Norway and worked from 2005 to 2009 as Adviser for the Norwegian government and managed the Agency for international development against corruption and misappropriation of funds. Currently, Mrs. Joly chairs the Committee on Development of the European Parliament (EP) but is also member of ACP-EU (Africa, Caribbean, Pacific-European Union) Committee and member substitute for the Commission on Economic and Monetary affairs. She is regularly consulted at the international level for her expertise concerning financial flows, economic criminality and development.

- Oxfam

Mrs. Mary Robinson, Honorary President



Mrs. Mary Robinson, the first female President of Ireland and former United Nations High Commissioner for Human Rights, now chairs the Council of Women World Leaders and is President of « Realizing Rights: The Ethical Globalization Initiative ». After leaving her position at the UN, she founded the «Mary Robinson Foundation – Climate Justice», of which she is President. She is a member and former Vice President of the Club of Madrid and a former Chair of the Council of Women World Leaders. Mrs. Robinson is also a member of « the Elders », an independent group of eminent global leaders who offer their collective influence and experience to support peace building and international solidarity. Mrs Robinson has been Honorary President of Oxfam since 2002.

- Belgium

Mr. Paul Magnette, Minister for Public Enterprises, Scientific Policy and Development Cooperation, in Charge of Policy for Large Cities



Mr. Magnette began his career as an academic, as a teacher and researcher in political science. His political career was marked by his nomination in 2007 as Minister for Health, Social Action and Equal Opportunity of the Walloon government. Then, he held the portfolios dedicated to Climate, Energy, Consumer Protection and Sustainable Development Minister. Finally, in December 2011, Mr. Paul Magnette reached the position of Minister for Public Enterprises, Scientific Policy and Development Cooperation, in Charge of Policy for Large Cities.

- Finland

Mrs. Heidi Anneli Hautala, Minister for International Development



After her studies specialized in agriculture and forestry, Mrs Heidi Anneli Hautala led an active political career in favour of the protection of the environment. At the national level, Mrs Hautala worked at the Finnish Parliament as Deputy President of the Environment committee. She was also involved at the European scale, particularly at the European Parliament where she was member of several committees, including the foreign affairs committee. She was chairperson of several committees, including the one on women's Rights and Equal Opportunities (1998-1999) and on Human Rights (2009-2011). Mrs Heida Hautala became Minister for International Development of Finland on the 22nd June 2011.

- **United Nations Development Program (UNDP)**

Mrs. Helen Clark, Administrator



Mrs. Helen Clark became the Administrator of the United Nations Development Programme in April 2009, and is the first woman to lead the organization. After her studies specialized in political sciences, Mrs Clark led a political career as representative and Minister in New-Zealand. From 1987 to 1990, as Minister, she was in charge of Conservation and Housing, and then Health and Labour. Finally, Helen Clark served for nine years as Prime Minister of New Zealand, serving three successive terms from 1999 to 2008. Throughout her tenure as Prime Minister, Helen Clark committed herself in policy development and advocacy across the international, economic, social and cultural spheres.

- Ethiopia

Mr. Meles Zenawi, Prime Minister



Mr. Meles Zenawi joined in 1974 the Tigray Peoples Liberation Front of which he became chairman, he also obtained the position of leader of the Ethiopian Peoples Revolutionary Democratic Front in 1989. From 1991 to 1995, Mr. Zenawi reached the presidency of the Transitional Government of Ethiopia and became Chairman of the Council of Representatives (the legislative body of the transitional government). He was then elected Prime Minister of the Federal Democratic Republic of Ethiopia in 1995 and re-elected for a second term in 2000. Mr. Zenawi took an important role in international affairs as chairman of the African Union from June 1995 until June 1996. He is serving as co-chairman of the Global Coalition for Africa. Finally, he was nominated co-chair of the United Nations High-Level Advisory Group on Climate Change Financing, alongside Mr. Jens Stoltenberg.