Panel discussion on “Innovative mechanisms of financing for development”
(ECOSOC Chamber, 12 July 2012, 10 a.m.-1:00 p.m.)

Opening remarks of the Moderator

- It is my great honour and pleasure to serve as Moderator for this panel discussion. Since the 2002 Monterrey Consensus, the issue of innovative mechanisms of financing for development has featured prominently on the United Nations development agenda. During the past decade, all major UN conferences and summits in the economic, social and related fields recognized that innovative financing mechanisms can make a positive contribution in assisting developing countries to mobilize additional resources for development on a voluntary basis.

- In its resolutions on financing for development, the General Assembly reiterated that such voluntary mechanisms should aim to mobilize resources that are stable and predictable, should supplement and not be a substitute for traditional sources of financing and should be disbursed in accordance with the priorities of developing countries. While highlighting the considerable progress in this area achieved to date, the Assembly stressed the importance of scaling up present initiatives and develop new mechanisms, as appropriate.

- The objective of this panel discussion is to explore how existing and new mechanisms of innovative development finance can enhance their contribution to the achievement of the Millennium Development Goals (MDGs) by 2015, and how the potential of such mechanisms can be realized for the implementation of the outcome of the UN Conference on Sustainable Development (Rio+20) and in the context of post-2015 development framework. The Chair of the meeting, Ambassador Khalil, in his opening remarks, has already outlined a series of suggested questions for discussion.

- The format of the meeting will consist of presentations by the panellists (15-20 minutes each) followed by an interactive discussion, with the participation of all relevant stakeholders of the financing for development follow-up process. Participants are reminded of the agreed time-limit of 5 minutes for interventions by individual delegations and 7-10 minutes for statements on behalf of groups.

- Background documentation for our discussion includes, in particular, last year’s report of the Secretary-General for the General Assembly on “Innovative mechanisms of financing for development” (A/66/334) and this year’s edition of DESA flagship publication, World Economic and Social Survey 2012: In Search of New Development Finance. Although there is no official definition of innovative development financing, UN publications analyze mechanisms with the following characteristics: (i) official sector involvement, international cooperation and cross-border transfer of resources to developing countries; (ii) innovation in the type of resources, collection or governance structures; and (iii) additionality over ODA.

- The outcome of this special event will be an informal summary by the Secretariat highlighting the main points of the discussion and specific proposals or ideas leading to action-oriented results. It is expected that the summary will serve as an input to the intergovernmental deliberations on financing for development follow-up in the Council and the General Assembly.
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Concluding remarks by the Moderator

- I would like to express my appreciation to the panellists and all delegations who have participated in this special event. Your constructive interventions have contributed to the successful outcome of this meeting.

- In my view, the meeting has achieved its main purpose in generating an open and constructive discussion on the role and potential of innovative financing mechanisms in mobilizing additional resources for sustainable development, on a more stable and predictable basis. The views and ideas expressed in the course of this discussion will serve to contribute to the current efforts to scale-up existing initiatives and develop new instruments of financing for development.

- The Secretariat will prepare a full summary of the event. At this time, allow me to briefly highlight the main points emerging from our discussions:

- First, there was a general view that innovative sources of finance can play an important complementary role to official development assistance (ODA). However, commitments to reaching the UN targets on ODA, including the ones for LDCs, should not be weakened in the current economic environment characterized by fiscal tightening in donor countries. Other areas of the FfD agenda, such as DRM, FDI and trade, were also mentioned.

- Second, there are important lessons to be learned from existing innovative mechanisms of financing for development, particularly those for health and climate change. In this context, consideration should be given to (i) consolidating global funds to reduce fragmentation and transaction costs; (ii) improving the governance structure to ensure adequate representation of the interests and priorities of recipient countries and (iii) ensuring national ownership through alignment with national development strategies and priorities.

- Third, there is great potential for increasing the scale of existing initiatives, as well as introducing new mechanisms. In this connection, speakers referred to market mechanisms, investment guarantees, taxation of international transactions, voluntary contributions, debt management, climate financing, green bonds and migrant remittances.

- Lastly, innovative finance involves a wide range of stakeholders that should continue to explore new mechanisms and exchange best practices within the UN system, particularly the FfD follow-up process.