



ECONOMIC AND SOCIAL COUNCIL
Substantive session of 2012
Coordination segment

Panel discussion on
“Innovative Mechanisms of Financing for Development”

12 July 2012, 10:00 a.m. – 1:00 p.m.
ECOSOC Chamber (NLB)

Concept Note

Background

Considerable progress has been made since the 2002 Monterrey Consensus and the 2008 Doha Declaration on Financing for Development in raising resources for development through innovative mechanisms of financing for development.

Most recently, innovative mechanisms of financing for development were highlighted at the United Nations Conference on Sustainable Development (Rio de Janeiro, Brazil, 20-22 June 2012). In the outcome document adopted at the Conference, “The Future We Want”, Heads of State and Government and high level representatives, considered “that innovative financing mechanisms can make a positive contribution in assisting developing countries to mobilize additional resources for financing for development on a voluntary basis. Such financing should supplement and not be a substitute for traditional sources of financing. While recognizing the considerable progress in innovative sources of financing for development, we call for scaling-up of present initiatives, where appropriate” (para 267).

There is no official definition of innovative development financing (IDF). Yet, a recent UN report¹ analyzed and tallied IDF with all of the following characteristics: official sector involvement, international cooperation and cross-border transfer of resources to developing countries; innovation in the type of resources, collection, or governance structures; and additionality over ODA. In all, an estimated \$5.8 billion in health financing and \$2.6 billion in financing for climate and other environmental protection programmes have been managed

¹ United Nations, *World Economic and Social Survey 2012: In Search of New Development Finance*, (UN publication Sales No. E.12.II.C.1)

through such mechanisms since 2002. Potential revenues could reach hundreds of billions USD, if new proposals are implemented.

The existing mechanisms that have emerged since Monterrey can be classified into two broad categories: sources of revenues for global cooperation and intermediate finance mechanisms. Examples of the former are the European Emissions Trading Scheme; taxes on new issuances of Certified Emissions Reductions under the Clean Development Mechanism; taxes on airline tickets earmarked for UNITAID and taxes on CO2 emissions from aviation fuel in Norway. The latter sources include the International Finance Facility for Immunization (IFFIm), the Global Alliance for Vaccines and Immunisation (GAVI), or debt conversion mechanisms, such as Debt2Health and Debt-for-Nature swaps.

Often, existing mechanisms of innovative development financing have been successful at achieving their individual purposes. However, this has been frequently achieved through the diversion of ODA and has not always generated significant new resources. In the same vein, potential for replication in other sectors and up-scaling have yet to be seen. Moreover, it remains important to prevent further fragmentation of aid through innovative of financing for development.

Mandate, objective, format and outcome

In its resolution 66/191 of 22 December 2011, the General Assembly “requests the President of the Economic and Social Council to organize a special event on innovative mechanisms of financing for development with the participation of relevant stakeholders during the substantive session of 2012 of the Council” (para 22).

The objective of the panel discussion is to explore how present and new mechanisms for innovative development finance can 1) increase the scale of development financing available and 2) provide stable and predictable financing to enhance sustainable development.

The panel discussion will consist of panel presentations by government representatives and experts followed by an interactive dialogue among all meeting participants, including representatives of Member States, institutional stakeholders, as well as civil society and the business sector. The panel will be chaired by the Vice-President of ECOSOC (Egypt). The detailed programme is attached and available on the FfD-website at: www.un.org/esa/ffd.

The meeting will conclude with an informal summary by the Secretariat highlighting the main points of the discussions and specific proposals or ideas leading to action-oriented results. The summary will provide an important informal input into the Financing for Development process, including FfD-related issues on the agenda of Second Committee of the General Assembly during its 67th session.

Suggested questions for discussion

- (1) How can the United Nations help reach an international agreement on the precise definition and scope of innovative sources of finance?

- (2) How can countries and institutions providing innovative development financing assure that these are stable and additional resources that can be aligned to recipient countries priorities and strategies?
- (3) How can innovative finance be mobilized for the effective implementation of the Rio+20 outcome document?
- (4) How can innovative finance leverage resources from the private sector for sustainable investment policies and how can national institutions be assisted to effectively utilize these resources?
- (5) How can the delivery and monitoring mechanisms streamlined and parallel systems and complicated structures for innovative financing be reduced or eliminated?
- (6) Who should provide independent monitoring and evaluation at the international level to assess delivery, allocation and impact of innovative financing on development outcomes?
- (7) How can vertical funds be encouraged to incorporate more flexibility into their strategies and financing modalities to ensure country ownership?
- (8) What modalities should ECOSOC or the General Assembly utilize for the follow-up deliberations on innovative mechanisms of financing for development, with the participation of all relevant stakeholders, to examine the potential of existing and proposed mechanisms and make recommendations for increasing their scale and predictability?

Background documentation

The substantive background documents for the event will include:

- *World Economic and Social Survey 2012: In Search of New Development Finance* (UN publication Sales No. E.12.II.C.1)
- Rio+20 United Nations Conference on Sustainable Development (Rio de Janeiro, Brazil 20-22 June 2012), Outcome of the Conference, “*The future we want*”(A/CONF.216/L.1*)
- *Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development* (A/67/81–E/2012/62)
- Note by the Secretary-General on “*Coherence, coordination and cooperation on Financing for Development*” (E/2012/7)
- Report of the Secretary-General on “*Innovative mechanisms of financing for development*” (A/66/334)



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TENTATIVE PROGRAMME

Chair: **H.E. Mr. Mootaz Ahmadein Khalil**, Vice-President of the Economic and Social Council and Permanent Representative of Egypt to the United Nations

Moderator: **Mr. Alexander Trepelkov**, Director, Financing for Development Office, Department of Economic and Social Affairs, United Nations

10:00 a.m. – 11:30 a.m.

Panel presentations:

Dr. Syed. A. Samad, Executive Chairman (with the rank and status of Minister), Board of Investments, Prime Minister’s Office, Government of Bangladesh
Innovative Mechanisms of Financing for Development, in particular in support of the Least Developed Countries (LDCs)

Mr. Denis Broun, Executive Director, UNITAID
UNITAID: Laboratory of Innovative Financing – How innovative financing has allowed UNITAID to transform commodity markets and access for patients with HIV, TB and malaria

Mr. David O’Connor, Chief, Policy Analysis and Network Branch, Division for Sustainable Development, Department of Economic and Social Affairs, United Nations
Rio+20 outcome and the elements of a financing framework for sustainable development

Ms. Shari Spiegel, Senior Economic Affairs Officer, Development Strategy and Policy Analysis Unit, Development Policy and Analysis Division, Department of Economic and Social Affairs, United Nations
Main findings and policy messages from the World Economic and Social Survey 2012: In Search of New Development Finance

11:30 a.m. – 1:00 p.m.

Interactive discussion

BIOGRAPHIES OF PANELLISTS



Dr. Syed A. Samad is the Executive Chairman of the Board of Investments in the rank and status of Minister. A former Principal Secretary, Dr. Samad has more than 35 years experience as a civil servant, economist, academic and development consultant. He held various positions including Economic Advisor to the Honorable President of Bangladesh; Secretary, Energy & Mineral Resources; Secretary, Post & Telecommunications; and Program Director / Coordinator (Economic Management & Information Technology) of the United Nations Asia Pacific Development Centre. He was Professor of Economics in Business Administration Division at the Hankuk University of Foreign Studies, Republic of Korea, for the period 2007-2009.



Mr. Denis Broun is Executive Director of UNITAID. He has worked in the fields of public health and health economics for the past 25 years. Prior to joining UNITAID, he was Regional Director for Europe and Central Asia with UNAIDS, after having been Director of Partnerships for UNAIDS in Geneva and UNAIDS Country Coordinator in India. He has long experience of working with international organizations, having been Chief of Health for UNICEF in New York and Director of Resource Mobilization at WHO, Senior Specialist for the pharmaceutical sector at the World Bank, European Director of Management Sciences for Health and a former board member of a private Indian generic company and an American Foundation working on access to medicines in Africa. Mr. Broun holds a medical degree from the University of Paris.

He also graduated from the Paris Institute of Political Sciences.



Mr. David O'Connor is Chief of the Policy Analysis and Networks Branch of the Division for Sustainable Development, UN-DESA. He headed the Rio+20 Secretariat's analytical cluster, supporting the negotiations on the Outcome Document. Prior to joining the United Nations, he worked for a decade and a half at the Organisation for Economic Cooperation and Development as a senior economist at the OECD Development Centre. He has authored and edited several books on sustainable development, including *Managing the Environment with Rapid Industrialisation: Lessons from the East Asian Experience*. He has written extensively on climate change and development, including on the co-benefits of climate policies in developing countries and on REDD (reducing emissions from deforestation and forest degradation). He holds degrees from Yale, Wisconsin and the University of London, where he completed his doctorate.



Ms. Shari Spiegel is a Senior Economic Affairs Officer in DESA. She previously served as the Executive Director of IPD, a think-tank at Columbia University founded by Nobel Laureate, Joseph Stiglitz. Ms. Spiegel also has extensive private sector experience, including as a Principal at New Holland Capital (an advisor to APG, the Dutch Pension Fund) and the Director of fixed income emerging markets at Lazard Asset Management. In the early 1990s, she was CEO of Budapest Alapkezelő, which launched the first domestic investment funds in Hungary. She also worked as a foreign adviser to the Hungarian Central Bank and as a consultant to the World Bank and IFC. She is author and co-author of several books and articles, has an MA (ABD) in economics from Princeton University and a BA from Northwestern University.