



LEADING GROUP

INNOVATIVE FINANCING
FOR DEVELOPMENT

LEADING GROUP ON INNOVATIVE FINANCING FOR DEVELOPMENT

A LABORATORY PROVIDING EXPERTISE AND A DIPLOMATIC INSTRUMENT **SUPPORTING INNOVATIVE FINANCING FOR SUSTAINABLE DEVELOPMENT**



© Ministry for Foreign and European Affairs/Frédéric de La Mure

► Working meeting of the Leading Group (Paris, Ministry for Foreign and European Affairs).

The Leading Group on Innovative Financing for Development was created in 2006 at the initiative of Brazil, Chile, France and Spain. This informal network of proactive actors currently includes 66 States and numerous international organizations, non-governmental organizations, private foundations and local entities, dedicated to poverty eradication and the preservation of global public goods.

A network of proactive actors

→ Participating countries (members and observers)



► **Africa:** Benin, Burundi, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Côte d'Ivoire, Djibouti, Ethiopia, Gabon, Guinea, Guinea-Bissau, Liberia, Madagascar, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Republic of the Congo, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, South Africa and Togo.

► Middle East and North Africa:

Algeria, Egypt, Morocco, Jordan, Lebanon and Saudi Arabia.

► **Latin America:** Brazil, Chile, Ecuador, Guatemala, Haiti, Mexico, Nicaragua and Uruguay.

► **Asia:** Bangladesh, Bhutan, Cambodia, China, India, Japan, Republic of South Korea and Sri Lanka.

► **Europe:** Austria, Belgium, Cyprus, Finland, France, Georgia, Germany, Italy, Luxembourg, Netherlands, Norway, Poland, Romania, Russia, Spain and the United Kingdom, as well as the European Union.

→ International organizations

African Development Bank, Asian Development Bank, Inter-American Development Bank, World Bank, OECD, UNDP, UNICEF, UNPF, FAO, IFAD, WHO, African Union, Global Fund to Fight AIDS, Tuberculosis and Malaria, GAVI, OIF, Commonwealth Secretariat, Global Fund for Cities Development, IUCN, UNAIDS, UN DESA, UNESCO, UNEP, UNITAID, etc.

→ Foundations and corporations

Bill and Melinda Gates Foundation, Rockefeller Foundation, Althelia Ecosphere, Crédit Coopératif, Babyloan, Dalberg, Finance Participative France, Funbio Brazil, Heoh, Rencontres du Mont Blanc, Chirac Foundation, Innovative Finance Foundation, Medicines Patent Pool, IFFIm, etc.

→ Non-governmental organizations

Acción, ACF – Action Against Hunger, ATD Quart-Monde, Attac, Care, CCFD-Terre Solidaire, Center of Concern, Coalition PLUS, Coordination SUD, CONCORD, EURODAD, Global Financial Integrity, Milken Institute, ONE, Oxfam, Climate Action Network, Results Japan, Stamp Out Poverty, Tax Justice Network, R20, etc.



The Leading Group is in line with the idea of the “**global partnership for development**” (SDG 17). Its aim is to offer a **key forum for dialogue and exchanging best practices on the various innovative solutions for financing sustainable development**. Drawing on its members’ expertise and regular surveying of the most promising initiatives, it seeks to foster growing political commitment to instruments that have proved their feasibility and effectiveness in several pilot countries.



INNOVATIVE FINANCING FOR DEVELOPMENT



© French Muskoka Fund/Vincent Tremeau

► An 18-year-old mother and her son wait for a malnutrition screening session at the health center of Darnon village (Benin, Parakou region).

Innovative financing for development includes sources and mechanisms raising additional funding on top of conventional official development assistance (ODA), which is insufficient to achieve the SDGs the international community has committed to for 2030. It is closely tied in with the idea of global public goods and seeks to correct the downsides of globalization, including, regarding climate issues and global public health.

The first mechanisms (UNITAID and IFFIm) were introduced in 2006, the year the Leading Group was created, covering health, a basic right and major driver of development. There is also a strong link between healthcare needs (stability and sufficient volumes) and resources mobilized (stable and foreseeable). **The impact of the COVID-19 crisis on ODA budgets and the domestic resources of States underline the potential of innovative financing for development**, which offer capacities to respond to crises and additional resources to address the significant development finance needs generated by the crisis. Boosting innovative financing for health will involve the **promotion of mechanisms that can, through leverage, foster the participation of the private sector and solidarity contributions**, for example.

Some examples of innovative financing mechanisms

→ Air-ticket levies and UNITAID



UNITAID is a central medicine purchasing facility which aims to make treatments for HIV/AIDS, malaria and tuberculosis more accessible. It is largely financed by a tax on airplane tickets (obligatory contribution from of between \$1 and \$40 per passenger depending on the price of the ticket, collected by a State at the time of purchase). UNITAID purchases and distributes treatments and negotiates lower prices with pharmaceutical companies, in partnership with other bodies.

→ IFFIm (International Finance Facility for Immunisation)



The IFFIm is a fund made up of government-guaranteed bonds issued on the capital market. The proceeds are transferred to GAVI (Global Alliance for Vaccines and Immunization), which then implements the most necessary vaccine programmes in the poorest countries.

→ Advance Market Commitment (AMC) for pneumococcal vaccines



The pneumococcal AMC is a pilot project that stemmed from a contractual partnership between donors and pharmaceutical companies. It will ensure that research into the pneumococcal vaccine is carried out and once completed, the vaccine will be sold at an affordable price to target countries.

→ **Advance purchase commitments**, such as the Advance Market Commitment (AMC) launched to finance the Act-Accelerator (ACT-A) Initiative vaccine, which is helping to fight the COVID-19 pandemic.



EXPERTISE TO BOOST DEVELOPMENT

→ Public-private co-financing mechanisms,

such as matching funds, drive innovation, private investment and collective commitment around development or health issues (e.g. the India Health Fund).

→ Impact investments

carried out in companies, structured funds or organizations with the intention to generate environmental or social impacts alongside a financial return (e.g. the Aureos Health in Africa Fund).

→ National and international solidarity taxes,

to raise new sources of financing for development and health, such as taxes applied to products that are harmful to health or financial transaction taxes (FTT).

→ **Debt swaps**, which enable creditors to cancel part of the sovereign debt owed by a beneficiary country on the condition that said country reinvests the cancelled amount to finance health programmes (e.g. the Global Fund's Debt2Health initiative).



© Ministry for Foreign and European Affairs/Antoine Arraou

► Conference on innovative financing: intervention of Muhammad Yunus (28/05/2009).

At the initiative of the Presidency of the Group, who spearheads the promotion of innovative financing for development, particularly within the United Nations, and acts as the Group's spokesperson in the international community,

members regularly meet at **high-level panels during side events of important international conferences and summits on development** (including the G7, G20 and United Nations General Assembly) to promote innovative sources and mechanisms of financing for sustainable development.

→ **Ad hoc expert meetings** may also be organized at the initiative of the permanent secretariat or another member of the Group on topics related to the international agenda. The aim of these meetings is to provide political leaders with the expertise necessary to make decisions about the most suitable financial options for different national objectives and contexts.

_____ High-Level Meeting on Innovative Financing for the SDGs

Side event at the 74th United Nations General Assembly
▶ 26 september 2019 ▶ New-York

The Leading Group on Innovative Financing for Development – represented by its Presidency (Japan) and its Secretariat (France) – organized a side event to the 74th UNGA to review progress made in innovative financing for development. France called for **new momentum to be given to innovative finance and financing** to take into account innovations in development financing in three areas: additionality, aid effectiveness and partnerships.

_____ Innovative financing for sustainable development: scale and impact

Side event at the Forum on Financing for Development (FfD)
▶ 16 april 2019 ▶ New-York

The Leading Group on Innovative Financing for Development – represented by its Presidency (Japan), its Secretariat (France) and in partnership with a Member State (Germany) – and the UNDP organized a side event to the 2019 Forum on Financing for Development. **The main developments in the field of innovative financing for sustainable development were discussed**, especially its scale and impact, with stakeholders from governments, academics and civil society.

_____ Second Tbilisi International Solidarity and Innovative Financing Forum (TISIFF)

Side event at the Forum on Financing for Development (FfD)
▶ 14-16 December 2018 ▶ Tbilisi (Georgia)

On the initiative of the Georgian Presidency of the Leading Group on Innovative Financing for Development, **high-level participation** involving international organizations, diplomats, politicians, civil society stakeholders, researchers and the private sector produced recommendations on innovative financing aimed at fuelling debate at the United Nations, with a **focus on the new opportunities offered by blockchain technology and impact investing**.

→ Work commended in international texts



In 2015, the **Addis Ababa Action Agenda** (paragraph 69) encourages “consideration of how existing mechanisms, such as the International Finance Facility for Immunisation, might be replicated to address broader development needs”. It also encourages **“exploring additional innovative mechanisms based on models combining public and private resources** such as green bonds, vaccine bonds, triangular loans and pull mechanisms, and carbon pricing mechanisms”.



Following the G20 Osaka declaration which recognized the importance of innovative financing mechanisms, **the 2019 Declaration on Financing for Development**, confirmed G7 “support to mobilize additional resources for development and help increase the impact of existing resources”, and welcomed the role of the Leading Group on Innovative Financing for Development in sharing best practices and promoting innovative financing internationally.

→ Publications



2020 - Innovative Financing Mechanisms for Health: Mapping and Recommendations

This report identifies 42 major innovative financing initiatives which contribute to achieving SDG 3 on health, in five categories: results-based financing; catalytic funding; impact investing; socially responsible investing; new channels of taxation. It takes stock of their performance and lessons to enable donors and development finance institutions to step up the use of innovative financing in order to achieve better results in the health field.

https://www.diplomatie.gouv.fr/IMG/pdf/2020_11_-_report_innovative_financing_mechanisms_for_health_cle815b9e.pdf



2018 - What's new in innovative financing?

This working document takes stock of the main innovative financing for development mechanisms, based on a brief review of the literature and the debates at the workshop arranged by FERDI, the IDDRI and the Ministry for Europe and Foreign Affairs on 20 March 2018.

<https://ferdi.fr/dl/df-9Bh533qURijUJ7CVdKSNGkk/ferdi-p227-what-s-new-in-innovative-financing.pdf>



2017 - Recommendations from the Tbilisi International Forum: How can we ramp up innovative financing to support the 2030 Agenda?

This final document from the 2015 Tbilisi International Forum for Solidarity and Innovative Financing for Post-2015 Agenda (TISIFF 2015) identifies ways to develop innovative financing mechanisms and their potential to contribute to the new universal agenda.

http://www.leadinggroup.org/IMG/pdf/2017-21-09_TISIFF_Report-2.pdf



LEADING GROUP

INNOVATIVE FINANCING
FOR DEVELOPMENT

Join the Leading Group

LEADING GROUP ON INNOVATIVE FINANCING FOR DEVELOPMENT

→ A global partnership to finance the sustainable development goals

The Leading Group is a unique informal network at the forefront of discussions on innovative financing for development. **Membership is free of charge and open to everyone. It is based on voluntary participation in the network and meetings.** Each member offers their specific knowledge and expertise.

All countries and organizations can request membership by addressing a note verbale or a letter to the **Presidency of the Leading Group** – held by a different country every year, on a voluntary basis, following a principle of geographical rotation – **and the Permanent Secretariat** – based at the Ministry for Europe and Foreign Affairs in Paris.

► Contact the Permanent Secretariat:

secretariat.leadinggroup@diplomatie.gouv.fr



Innovation and Partnerships for the 2030 Agenda Unit
Development Department
Sustainable Development Directorate
Directorate-General for Global Affairs, Culture, Education and International Development
Ministry for Europe and Foreign Affairs
27 rue de la Convention - 75015 Paris - France

► Find out more: www.leadinggroup.org