

Leading Group on Solidarity Levies to Fund Development

September 3-4, 2007 Lotte Hotel, Seoul, Korea



PROGRAM

Monday, 3 September 2007

08:30-09:15 Registration

• Opening Session

09:15-09:25 Chair's Welcome

Park Kang-ho, Director General, Development Cooperation Bureau,
Ministry of Foreign Affairs and Trade, Republic of Korea

09:25-09:35 Welcoming Remarks from the Korean Presidency

H.E. Song Min-soon, Minister of Foreign Affairs and Trade,
Republic of Korea

09:35-09:40 Congratulatory Messages from UN

H.E. Ban Ki-moon, Secretary General, United Nations

Break – 10 minutes

• First Plenary Session

09:50-10:00 General Remarks on Major Achievements

Mari Skaare, Senior Advisor, Multilateral Bank & Finance Section,
Ministry of Foreign Affairs, Norway

10:00-10:20 Implementation report of the air-ticket solidarity levy

Christian Masset, Director, International Economics Department,
Ministry of Foreign Affairs, France

10:20-10:40 Reflections on Innovative Financing

Alexander Trepelkov, Deputy Director, Financing for Development
Office, United Nations Department of Economics and Social Affairs

Coffee Break – 20 minutes

11:00-13:00 Statements by representatives of member countries, international
institutions, NGOs

13:00-14:30 Luncheon hosted by the Ministry of Foreign Affairs and Trade

● **Roundtable Session**

14:30-18:30 Interactive Roundtables

18:30-20:30 Dinner Reception hosted by Park In-kook, Deputy Minister,
Ministry of Foreign Affairs and Trade

ROUNDTABLE A

Theme 1 Combating Tax Havens and Capital Flight

(14:30-16:20) **Moderator**

Harald Tollan, Advisor, Multilateral Bank and Finance Section,
Ministry of Foreign Affairs, Norway

Speaker

John Christensen, Director, Tax Justice Network, United Kingdom

Panelists

Claudio Rojas, Counselor of the Chilean Foreign Service and
Executive Secretary of the Technical Group on the Initiative Against
Hunger and Poverty, Chile

Lee, Kyung-geun, Director, Poverty Reduction Division, Ministry of
Planning and Budget, Korea

Coffee Break – 20 minutes

Theme 2 Currency Transaction Development Levy

(16:40-18:30) **Moderator & Speaker**

Sony Kapoor, International Finance and Development Consultant -
Governments and International Institutions

Panelists

David Hillman, Coordinator, Stamp Out Poverty, United Kingdom

Giorgio Novello, Counselor, Head of the Debt, IFIs, Export Credit
Bureau, Directorate General for Economic and Financial Multilateral
Cooperation, Ministry of Foreign Affairs, Italy

ROUNDTABLE B

Moderator : *Dilip Ratha*, Senior Economist, World Bank

Theme 1 Migrant's Remittances

(14:30-16:20) **Speaker**

Dilip Ratha, Senior Economist, World Bank

Panelists

Salvador De Lara, Director General, Regional and Multilateral Economic Organization, Ministry of Foreign Affairs, Mexico

Giorgio Novello, Counselor, Head of the Debt, IFIs, Export Credit Bureau, Directorate General for Economic and Financial Multilateral Cooperation, Ministry of Foreign Affairs, Italy

Aiko Kikkawa, Project Manager, IOM Bangladesh Office

Coffee Break – 20 minutes

Theme 2 Innovative Financing and Environment

(16:40-18:30) **Speaker**

Andre Stochniol, Director and Founder, International Maritime Emissions Reduction Scheme (IMERS), United Kingdom

Panelists

Kim Il-chung, Professor and Chief, Dongguk University Ecology Research Centre, Republic of Korea

Kate Miles, Lecturer, University of Sydney

Tuesday, 4 September 2007

• **Second Plenary Session**

09:00-09:30 Progress Report 1: UNITAID

Philippe Duneton, Advisor to Executive Secretary, UNITAID

**09:30-10:10 Progress Report 2: International Finance Facility for
Immunisation (IFFIm) & Advance Market Commitments (AMCs)**

- IFFIm: Impact, Strategy and Donor Base. *Simon Wreford-Howard*, IFFIm focal point, GAVI Secretariat, Geneva
- AMCs: Expected Impact, Strategy and Donor Base. *Andrew Jones*, AMC focal point, GAVI Secretariat, Geneva
- On Treasury (IFFIm) and Financial and Fiduciary Management (AMCs) aspects. *Susan McAdams*, Director, Multilateral and Innovative Financing, World Bank, Washington D.C.

10:10-10:30 Q & A

Coffee Break – 20 minutes

10:50-11:30 Reports from Roundtables

11:30-11:50 The Road to Doha

Christian Masset, Director, International Economics Department,
Ministry of Foreign Affairs, France

11:50-12:10 The Way Forward (Next Presidency)

12:10-12:30 Q & A

12:30 Chair's Summing up

• **Seoul City Tour (14:00~19:00)**

Annex:

Annotated Agenda

Monday, 3 September 2007

■ First Plenary Session

- **09:50-10:00** **General Remarks** on Major Achievements
Mari Skaare, Senior Advisor, Multilateral Bank & Finance
Section, Ministry of Foreign Affairs, Norway

The discussion on Innovative Financing for Development, which began mainly through the initiative of President Lula of Brazil in 2004, became more regularized at the 'Paris Ministerial Conference on Innovative Development Financing' hosted in March 2006. The Leading Group was also established at this conference and 38 countries participated.

After the establishment of the Leading Group, two Plenary Meetings were held and the number of member countries expanded to 53 countries. The discussion on Innovative Financing for Development made outstanding achievements through mechanisms such as UNITAID, IFFIm and AMCs.

Moreover, the discussion on Innovative Financing for Development has become an important development agenda at major international fora, and the Leading Group has played a pivotal role throughout this process.

- **10:00-10:20** **Implementation report** of the air-ticket solidarity levy
Christian Masset, Director, International Economics Department,
Ministry of Foreign Affairs, France

The air ticket solidarity levy is the most widely introduced mechanism of Innovative Financing for Development. The air ticket solidarity levy imposes a small amount of solidarity to share the benefits of globalization worldwide. The practical approach adopted by participating countries can be epitomized as "implemented individually, but coordinated internationally." A large portion of the revenues generated by the air ticket solidarity levy is provided to least developed countries through UNITAID. UNITAID uses such resources to provide medical and diagnosis supplies for HIV/AIDS, malaria, and tuberculosis to the least

developed countries.

- **10:20-10:40 Reflections on Innovative Financing**
Alexander Trepelkov, Deputy Director, Financing for Development Office, United Nations Department of Economics and Social Affairs

Through the first and second plenary meeting of the Leading Group the need for a concept defining the '**innovativeness**' of development resources was continuously raised. However, as it was emphasized during the “Paris Conference on Innovative Financing for Development”, acknowledging the existence of various perspectives is indeed important. It is also obvious that international society needs stable and predictable development resources, which could be one of the essential characteristics of innovative financing for development. Moreover, the recognition that not only the sources but also the innovative mobilization of the resources must be taken into account in discussions could be another shared one.

■ Roundtable Session

- **14:30-18:30 Interactive Roundtables**

ROUNDTABLE A

Theme 1 Combating Tax Havens and Capital Flight

(14:30-16:20) Moderator

Harald Tollan, Advisor, Multilateral Bank and Finance Section,
Ministry of Foreign Affairs, Norway

Speaker

John Christensen, Director, Tax Justice Network, United Kingdom

Panelists

Claudio Rojas, Counselor of the Chilean Foreign Service and
Executive Secretary of the Technical Group on the Initiative Against
Hunger and Poverty, Chile

Lee, Kyung-geun, Director, Poverty Reduction Division, Ministry of
Planning and Budget, Korea

The need to mobilize domestic resources for development was emphasized at the 2002 International Conference on Financing for Development held in Monterrey, Mexico. Following the advance of liberalization of financial transactions, US \$225 billion of tax revenue annually disappear through tax havens and capital flight. Statistics show that a large portion is tax revenue flight from developing countries. This sum matches the worldwide amount of financial resources that are required to reach the MDGs, and thus shows the seriousness tax havens and the problems of capital flight, which are encroaching upon the financial resources of developing countries. The idea of ensuring financing for development in developing countries by reducing tax havens and capital flight may be arguably a deviation in the context of 'innovative financing mechanisms for development.'

However, a coherent discussion on innovative financing for development in the context of increasing utilizable development resources through potential financial resources is invaluable. In other words, innovation can also be pursued not only by external mobilization of financial resources, but also by ensuring systematic improvements in domestic financial institutions.

To reduce tax havens and capital flight, the introduction of exchange in information (EOI) between financial authorities, the establishment of common standards and codes, the improvement of transparency, and other multilateral approaches could be considered. One efficient mechanism could be the establishment of a world tax authority, but such prospect is bleak.

ROUNDTABLE A

Theme 2 Currency Transaction Development Levy

(16:40-18:30) Moderator & Speaker

Sony Kapoor, International Finance and Development Consultant - Governments and International Institutions

Panelists

David Hillman, Coordinator, Stamp Out Poverty, United Kingdom

Giorgio Novello, Counselor, Head of the Debt, IFIs, Export Credit Bureau, Directorate General for Economic and Financial Multilateral Cooperation, Ministry of Foreign Affairs, Italy

The Currency Transaction Development Levy (CTDL) proposed by Stamp Out Poverty seems similar to the well renowned Tobin Tax. However, while the Tobin Tax sets goals to induce change in the behavior of market agents, the CTDL intends to mobilize resources for development by imposing levy of 0.005% on currency transactions.

Similar to the rationale of the air ticket solidarity levy, the basic concept of CTDL is to impose a very small amount of solidarity levy to also share the benefits from globalization throughout the world. Hence, some consider the CTDL to be a predictable, sustainable, and new development resource that complements existing development resources.

However, a further discussion on the political will, technical feasibility, and possibility of a worldwide introduction regarding the implementation of the CTDL is required. Furthermore, inherent problems of the Tobin Tax still continue.

ROUNDTABLE B

Moderator : *Dilip Ratha*, Senior Economist, World Bank

Theme 1 Migrant's Remittances

(14:30-16:20) Speaker

Dilip Ratha, Senior Economist, World Bank

Panelists

Salvador De Lara, Director General, Regional and Multilateral Economic Organization, Ministry of Foreign Affairs, Mexico

Giorgio Novello, Counselor, Head of the Debt, IFIs, Export Credit Bureau, Directorate General for Economic and Financial Multilateral Cooperation, Ministry of Foreign Affairs, Italy

Aiko Kikkawa, Project Manager, IOM Bangladesh Office

On the global stage, the remittance of migrants is greater than foreign direct investment or the total amount of ODA given to developing countries. It is also the most important development resource for many developing countries.

Controversy exists on whether the remittance of migrants, which is private money and flow, can be discussed as innovative financing for development. Statistics show that migrant's remittances do play a part in reducing poverty in developing countries, and the discussion of migrant's remittances is significant not only in terms of revenue mobilization but also in the increase of usable revenue for development.

Therefore, discussion on sharing best practices, constructing public-private partnership, and ensuring coordination by the international society regarding the remittance of migrants deserves practical.

ROUNDTABLE B

Moderator : *Dilip Ratha*, Senior Economist, World Bank

Theme 2 Innovative Financing and Environment

(16:40-18:30) Speaker

Andre Stochniol, Director and Founder, International Maritime Emissions Reduction Scheme (IMERS), United Kingdom

Panelists

Kim Il-chung, Professor and Chief, Dongguk University Ecology Research Centre, Republic of Korea

Kate Miles, Lecturer, University of Sydney

The climate change agenda has emerged as an important issue for development. Since the "Declaration on Integrating Climate Change Adaptation into Development Cooperation" was adopted at the Meeting of the OECD Development Assistance Committee and the Environment Policy Committee at Ministerial Level in April 2006. The international community has recognized that assistance for least developed countries, especially those vulnerable to climate change, is essential for sustainable development.

Once the importance of climate change adaptation for mid-long term economic and social development is acknowledged, a predicament regarding financing for such initiative arises.

New plans for the mobilization of a predictable and sustainable revenue, such as the International Air Travel Adaptation Levy (IATAL), that incorporates the basic mechanisms of the air ticket solidarity levy are being presented.

When developing countries try to adapt to climate change, interconnected issues of environment and development must be carefully assessed.

Tuesday, 4 September 2007

■ Second Plenary Session

● 09:00-09:30 Progress Report 1: UNITAID

Philippe Duneton, Advisor to Executive Secretary, UNITAID

UNITAID, the International Drug Purchase Facility, was established in New York, September 2006 with the United Kingdom, France, Brazil, Chile, Norway, and the WHO as founding entities. Furthermore, the Republic of Korea and the Gates Foundation has participated as new executive board members, while Spain and 18 African countries decided to participate as donors. UNITAID is supporting developing countries with medical and diagnosis supplies to eradicate HIV/AIDS, tuberculosis, malaria by utilizing air ticket solidarity levies and long term commitment of donors as financial sources. UNITAID's key rationale is to influence the market price of such supplies and provide a discounted price to developing countries.

● 09:30-10:10 Progress Report 2: IFFIm and GAVI

International Finance Facility for Immunisation (IFFIm) &
Advance Market Commitments (AMCs)

- IFFIm: Impact, Strategy and Donor Base. *Simon Wreford-Howard*, IFFIm focal point, GAVI Secretariat, Geneva
- AMCs: Expected Impact, Strategy and Donor Base. *Andrew Jones*, AMC focal point, GAVI Secretariat, Geneva
- On Treasury (IFFIm) and Financial and Fiduciary Management (AMCs) aspects. *Susan McAdams*, Director, Multilateral and Innovative Financing, World Bank, Washington D.C.

Led by the United Kingdom, IFF was devised as a concept to issue bonds in the international financial markets on the basis of mid-long term commitment of donors. As a pilot mechanism of IFF, IFFIm was established in 2006 to provide vaccination to developing countries. Also, the Advance Market Commitment (AMCs) for vaccines, which was established by Italy and several other countries in March 2007, is a financial commitment to subsidize the future purchase (up to a pre-agreed price) for a vaccine not yet available if an appropriate vaccine is developed and if it is demanded by developing countries.

- **11:30-11:50 The Road to Doha**

Christian Masset, Director, International Economics Department,
Ministry of Foreign Affairs, France

The Monterrey Consensus, which was adopted in March 2002, confirmed several important commitments for the mobilization of development revenue by the international community.

The discussion of innovative financing for development has developed as a critical reflection upon the Monterrey Consensus, which is because in order to reach the MDGs, finding a new and sustainable source of revenue along with the present development resources is essential.

On the other hand, public-private partnership, which was emphasized at the Monterrey Consensus, can best be found in innovative financing - UNITAID, IFFIm, and AMCs. Based on the mobilization of innovative financing for development and its working plan, the aforementioned mechanisms rely on the public-private partnership, and PPP can be praised as the primary factor for its success.

In other words, the discussion of innovative financing for development, when seen from a more comprehensive perspective, it can be seen as part of the process in the international community's effort to implement the Monterrey Consensus.

The "Follow-up International Conference on Financing for Development (FfD) in Doha" in the second half of 2008 could be an opportunity to confirm that innovative financing for development is a powerful weapon in the fight against poverty. Moreover, the Doha Conference can be an opportunity to rally political support from the international community for innovative financing for development.

- **11:50-12:10 The Way Forward (Next Presidency)**

The next presidency is scheduled to be announced on the last day of the Meeting. The next presidency is anticipated to announce its goals and plans during its term.