Up until 2015, an additional 50 billion Euros will be required each year to reach the Millennium Development Goals (MDGs). In the context of the reduction of public resources, innovative financing enable the development of new forms of private philanthropy and public financing for solidarity projects.

Financial innovation should preferably be driven by a voluntary approach from the financial organization that is responsible for implementing it, or from its beneficiaries, and enable resources to be raised with greater predictability and managed according to an innovative governance model.

The example of the solidarity tax since 2005 and the voluntary contribution on airline tickets illustrate the effectiveness of innovative financing in the contribution to public development aid.

In France, two recent initiatives can be stressed:

- At the level of banks: Crédit Coopératif implemented a voluntary contribution of 0.01% on foreign exchange transactions. Like the Tobin tax on financial transactions, the voluntary contribution on the foreign exchange market seems more realistic due to the existence of clearing houses and less complex operations. The idea of a tax on financial transactions has been relayed at the political level, particularly within the G20 framework in November 2011.

- At the legal level: The development of solidarity-based employee savings schemes through the French Economic Modernization Act of August 4th, 2008, which requires companies with corporate saving plans (P.E.E.) to propose a solidarity fund – where 5 to 10% of assets are invested in solidarity companies – to their employees. Solidarity-based employee savings currently represent around 1.5 billion Euros, enabling the provision of 150 to 200 million Euros for the financing of solidarity projects, particularly at the international level.
**Synthesis**

As an introduction, Frédéric Dohet noted that the Millennium Development Goals (MDGs) have set in motion a process which, internationally, has prompted innovative financing to be considered. An additional 50 billion Euros will be required each year to reach the Millennium Development Goals (MDGs). The subject became more complicated since the 2009 Copenhagen summit, with new goals to fight climate change (greenhouse gas reductions). Besides 50 billion Euros needed every year until 2015 to achieve the MDGs, 100 billion Euros will be required to achieve the climate change objectives (until 2020).

Financial innovation encompasses different aspects:

- A voluntary approach from the financial organization or the client-beneficiary, instead of a compelling measure.

- A link between the activity that contributes to the new resources and the public good, which is to be protected (link between the resource and the goal). Example: selling carbon quotas generates revenue and enables the reduction of greenhouse gas emissions.

- A resource with a high predictability, as there currently is a volatility problem with currencies and resources.

- The mobilization of diverse resources: donations, and also loans, concessional loans, etc.

- Good governance regarding the use of these innovative resources, including management procedures for these resources, for example through the implication of the beneficiaries (particularly through the involvement of civil society).

In many respects, the Global Fund to Fight AIDS, malaria and tuberculosis is a forerunner in these different areas. Frédéric Dohet gave 2 examples of innovative financing:

- New public resources via the solidarity tax on airline tickets: Some of the resources for the Global Fund to Fight AIDS, malaria and tuberculosis are collected via UNITAID, an ad hoc organization hosted by the World Health Organization and created in 2006. UNITAID collects resources through a solidarity tax on airline tickets that has been adopted by 30 countries (including France), with the aim of purchasing medicines and reducing the price of treatments for AIDS, tuberculosis and malaria. This tax already generates 300 million dollars annually.

- New resources from the private sector via the call for a voluntary contribution on airline ticket purchases: this is a complementary mechanism to the first one, designed for travelers whose countries have not implemented the abovementioned tax. People travelling by plane can decide to contribute to development by making a voluntary contribution on their airline tickets. In 2010, the Millennium Foundation (based in Switzerland) launched an operation entitled Massive Good, which allows all air travelers to freely make a micro-contribution of 2 dollars to the Massive Good project. The funds collected are then distributed to UNITAID for the fight against HIV/AIDS, malaria and tuberculosis.

The panelists are asked 3 questions about the future:

- What has been done and what lessons can be learned?

- What do we want to do today? How can innovative financing methods be implemented?

- What would you ask from national or international authorities to develop innovative financing for the MDGs?

Pierre Valentin presented an initiative that has been underway since March 1st, 2011: Crédit Coopératif has implemented a voluntary contribution mechanism on foreign exchange transactions. A charge of 0.01% will be borne by Crédit Coopératif on the volume of interbank spot or forward exchange transactions (clients will carry out operations under the same conditions as before). The collected sum will be channeled to international solidarity associations.

Crédit Coopératif is the first bank to implement such a scheme. The bank draws on its experience in this domain (particularly with the ‘Agir card’—literally ‘Action card’), and on two reports:

- The Landau report on innovative financing mechanisms, ordered in 2004 by President Chirac. It is this report that prompted the airline ticket tax. The question of financial transactions and exchange transactions was also raised. However certain aspects were unclear as the cost assessment was not as accurate as it can be today.

- The “On globalizing solidarity” report published in 2010 (“Mondialiser la solidarité”), that presents updated figures: foreign exchange transactions represent 3,600 billion dollars per day. When Tobin raised the idea of a tax on exchange operations, volumes were 30 times smaller. The levy rates are therefore likely to decrease in great proportion. In addition, the means to implement this levy are well studied.

Pierre Valentin favors a levy (voluntary contribution or tax) on exchange transactions rather than on all financial transactions for the following reasons:

- The goal of globalizing solidarity must be based on a resource that is international.

- Exchange operations are technically simple whereas financial transactions (much wider) are more diverse and complex.

- Exchange operations bear an execution risk. Authorities therefore encourage them to be carried out by clearing houses to ensure simultaneous flows. The advantages gained by banks using clearing houses in terms of equity (operations are safer) or cash flows are such that a tax charged in these clearing houses would be easily acceptable. It may not be that easy for financial transactions. Whilst it does not affect Crédit Coopératif directly, it is one of the technical reasons that lead to believe that considering exchange transactions for a tax is more realistic than financial operations (i.e. Tobin’s proposal).

Pierre Valentin awaits the following from public authorities:
• that the French government takes a closer look at Crédit Coopératif’s initiative;
• that countries where there is a tradition for donations and where the tax system favors philanthropy implement a more homogeneous tax system.

Luc Lamprimière presented OXFAM’s campaign’s video for the implementation of a “Robin Hood” tax on financial transactions. The tax on financial transactions raises the issue of the capacity to finance considerable needs for development and climate change. This includes:

• food security (30 billion per year to eradicate hunger),
• and international health commitments (there is an annual deficit of 67 billion dollars).

The idea of a tax on financial transactions has gained ground: it is a radical change as the discussions are no longer solely academic and technical, but political. At the government level, France is in favor not only of innovative financing based on global activities (aircraft, boats), but also of taxation on financial transactions. Germany follows the same political line. South Africa, during a G20 summit, also reminded financial ministers of their responsibility in the collection of the 100 billion Euros discussed at Cancun and Copenhagen in favor of climate change.

There is a risk associated with this tax: When will it be implemented? Can there be a political decision on an international scale? According to Luc Lamprimière, this will not happen during the G20 in Cannes in November 2011. More likely, we can expect that the States involved will create a momentum, i.e. that a coalition of pioneer countries re-asserts its choice in favor of a tax.

Another kind of innovation would be the taxation of marine and tanker cargos (currently outside of the Kyoto protocol limits) where the money would be used to finance climate change needs. According to Frédéric Dohet, innovative financing does not only consist of the taxation of financial activities. Other means can be explored:

• collection and channeling of migrants’ savings,
• tax on migrant remittances,
• sector-based aid through sector-specific taxes,
• public-private partnerships,
• an international lottery…

Jean-Michel Lécuyer explained that employee savings – representing 100 billion Euros – can be a very useful way to finance the social and solidarity-based economy. There is an ecosystem of social enterprises in France,
representing 3 to 4% of the GDP and 6 to 7% of employment. Nevertheless, it is a sector constrained with financial resources (NGO, cooperatives…), especially for equity and quasi-equity financing.

Solidarity-based employee savings developed under the impulse of trade unions in the 1990s (notably Nicole Notat), resulting in the introduction of some solidarity-based shares in mutual investment funds. In 1994, the French Caisse des dépôts et consignations created the “Employment insertion” product where up to 10% of the assets are invested in solidarity-based shares. In 2001, social entrepreneurs tied to the government managed to convince Laurent Fabius, then the Economy and Finance minister, to push employee savings managers to propose a solidarity fund to employees via the collective retirement savings plans (PERCO). Finally, in 2008, a lobby supported by unionists (as well as Edmond Maire and Claude Alphandéry) enabled the diffusion of this mechanism to every company savings plan (P.E.E.).

From now on, all companies with a company savings plan are required to offer a solidarity-based fund to their employees. Solidarity-based employee savings represent 1.5 billion Euros, which provision 150 to 200 million Euros as equity or medium and long term loans for the actors of the social and solidarity-based economy, such as international solidarity associations.

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