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Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

Innovative mechanisms of financing for development

Report of the Secretary-General

Summary

The present report, submitted in response to General Assembly resolution 65/146, complements the report of the Secretary-General on the follow-up to and implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development. It reviews the scope and scale of innovative financing mechanisms and examines their contribution and potential in respect of achieving the Millennium Development Goals, in particular in the areas of health and environment. The report also highlights the implications of innovative financing mechanisms for aid architecture and aid effectiveness, including alignment with national priorities, predictability and sustainability, monitoring and evaluation and governance structures, and derives policy conclusions.

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I. Introduction

1. The General Assembly, in its resolution 65/146, highlighted the considerable progress in innovative sources of financing for development achieved to date, and stressed the importance of scaling up present initiatives and developing new mechanisms, as appropriate. The Assembly reiterated that such voluntary mechanisms should be effective, should aim to mobilize resources that are stable and predictable, should supplement and not be a substitute for traditional sources of financing, should be disbursed in accordance with the priorities of developing countries and should not unduly burden such countries.

2. In the same resolution, the General Assembly requested the Secretary-General to submit to it at its sixty-sixth session a report examining the contribution and potential of innovative mechanisms of financing for development in respect of achieving the internationally agreed development goals, including the Millennium Development Goals, as well as their effectiveness and their implications, taking into account that such mechanisms should be voluntary in nature and should not unduly burden developing countries. The present report is in response to that request.

II. Scope and scale of innovative financing in existing mechanisms

3. Given the absence of an internationally agreed definition of innovative financing, the amounts raised by innovative finance mechanisms differ according to what is classified as "innovative finance". Classification schemes by the Organization for Economic Cooperation and Development (OECD) and the World Bank differ in their coverage; hence their estimates are not strictly comparable.

4. OECD defines innovative finance as mechanisms of raising funds or stimulating actions in support of international development that go beyond traditional spending approaches by either the official or private sectors and distinguishes them from innovative uses of traditional development finance (e.g. counter-cyclical lending, debt swaps and issuing guarantees) and "incentives designed to enhance aid effectiveness" (e.g. results-based aid and cash-on-delivery).[1]

5. Within the OECD framework, it is estimated that the selected mechanisms have generated $37 billion for development assistance, of which $31 billion corresponded to climate change and environment (see annex, table 1).[2] In the Development Assistance Committee statistics, the revenues raised by innovative financing mechanisms are (or will be) recorded as official development assistance (ODA) and included in meeting such commitments when such revenues are raised or spent by the official sector for international development. By definition, the non-ODA component of innovative financing will come from funds contributed directly by the private sector.

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[1] Elisabeth Sandor, Simon Scott and Julia Benn, "Innovative Financing to Fund Development: Progress and Prospects", *DCD Issues Brief*, November (Paris, OECD, 2009).

[2] The estimations presented in this report are based on the aggregation of updated financial information on each mechanism that is available in the public domain, by distinguishing between reported commitments and actual deliveries to the extent possible.

6. In this sense, in the health sector,[3] of the $5.5 billion raised, only $0.2 billion of non-government contributions is "additional" to ODA.[4] Even these "additional" resources may be reported as official receipts when they are eventually disbursed by Development Assistance Committee multilateral donors. Hence, additional funds raised from the private sector may transit official channels and thus become either ODA from a bilateral donor or official receipts from a multilateral donor.

7. For climate change and environment, most of the $31 billion raised represents private financial and investment flows and can be classified as "additional" to ODA. Nevertheless, both revenues raised for the Adaptation Fund ($154 million) and from the World Bank Eco 3Plus Note and Green Bond ($2.3 billion) will be reported as official when they are disbursed to developing countries. As a result, a bulk of $28 billion raised from carbon emissions trading is effectively additional.[5]

8. In contrast, the World Bank considers innovative finance to be any financing approach that helps to generate funds by tapping new funding sources or by engaging new partners, including those that enhance the "efficiency" of financial flows by reducing delivery time and/or costs, and make financial flows more "results-oriented".[6] Within this framework, "non-traditional applications" of solidarity or catalytic mechanisms and public-private partnerships raised $57 billion in 2000-2008 (see annex, table 2).[7] This figure does not include some mechanisms short-listed by OECD, but includes a large share of official sources (e.g. $10.7 billion of development cooperation from non-Development Assistance Committee donors and $40.1 billion of local currency bonds issued by multilateral development banks).

9. Norway's carbon dioxide tax on aviation fuel ($91 million) and the European Union Millennium Development Goal Contract ($2.4 billion) are not included in the

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[3] Health sector contributions made up of the Affordable Medicines Facility for Malaria, the International Bank for Reconstruction and Development (IBRD) or International Development Association buy-downs, and the advance market commitment are all counted as official development assistance; revenues raised from solidarity levy on airline tickets are recorded as official development assistance when they are spent for development or delivered to UNITAID; debt cancellation and conversion under the Debt2Health are transactions within official development assistance flows; and revenues raised by the International Finance Facility for Immunization in the bond market are not considered as official development assistance. Nonetheless, official contributions by donor countries to this mechanism are reported as official development assistance when their commitments are delivered. See OECD Working Party on Statistics, "Mapping of some important innovative finance for development mechanisms", DCD/DAC/STAT/RD(2011)1/RD1, 7 February 2011.

[4] Contributions to advance market commitments: Gates Foundation $50 million and Affordable Medicines Facility for Malaria $20 million; and the Global Fund Investment Products, MASSIVEGOOD and PRODUCT(RED) $173 million. The International Development Association buy-downs of $146 million include non-official contributions, but they are excluded due to the lack of information to identify the contributions made by non-government donors.

[5] There is no data available to indicate the extent of the public-sector involvement in these transactions. In the Development Assistance Committee statistics, donors can report their official concessional support for clean development mechanism projects as ODA.

[6] The World Bank Group, *Innovative Finance for Development Solutions: Initiative of the World Bank Group*, available at: http://siteresources.worldbank.org/CFPEXT/Resources/IF-for-Development-Solutions.pdf .

[7] Navin Girishankar, "Innovating Development Finance: From Financing Sources to Financial Solutions". Concessional Finance and Global Partnerships Working Paper Series, No. 1 (Washington, D.C., The World Bank, 2009).

OECD or World Bank reports. If these are included in the overall total, innovative finance lies roughly between $37 billion and $60 billion (see annex, table 3); the figure varies according to which mechanisms are deemed to be innovative financing mechanisms.

10. As 2015 approaches, the extent of “additionality” created by innovative financing mechanisms, in relation to traditional sources of development finance, is of increasing interest to many Member States. New resources are needed to complement traditional ODA. In a narrow sense, “additionality” of innovative financing would only apply to resources that are not classified as ODA, whereas in a broader sense all resources raised by innovative financing mechanisms, regardless of their classification as ODA, might be regarded as “additional”, provided that they do not substitute traditional ODA. Quantification of the extent of the latter concept of “additionality”, is, however, not straightforward in the current reporting system.

III. Contribution of innovative financing mechanisms in operation

A. Health

11. In the past decade, total revenues raised by the operational mechanisms in the health sector as classified by OECD (see annex, table 1), amount to $5.5 billion, 80 per cent of which were raised by two mechanisms: International Finance Facility for Immunization and the solidarity levy on airline tickets. On a cash basis, however, $3.5 billion[8] (or $3.6 billion, including $91 million of Norway’s carbon dioxide tax contributions to the International Drug Purchase Facility (UNITAID)) has been made available for disbursement.

12. All mechanisms, except for World Bank buy-downs in the health sector, pool resources into three public-private partnerships: two vertical funds or result-based funds — the GAVI Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) — and one international drug-purchasing facility, UNITAID. Through these public-private partnerships, capital is channelled into a large number of developing countries for specific health programmes.[9]

13. Tangible results reported by the three public-private partnerships (which combine resources provided by innovative financing mechanisms and other contributions) spread across the globe by saving the lives of millions of people and

[8] The difference is attributed to the difference between resources raised and those actually delivered: (a) cash transferred from the International Finance Facility for Immunization was $1.9 billion, out of the $3.4 million raised; (b) air-ticket levy contributions that reached UNITAID as at the end of 2010 were $0.9 billion, against the $1 billon raised in 2006-2010; (c) cash delivery of Debt2Health was $39 million against the $117 million commitments; and (d) cash transferred from advance market commitments was $70 million, out of $396 million delivered by donors.

[9] Both GAVI and GFATM have been registered as Development Assistance Committee multilateral donors since 2008 and 2004, respectively, and their disbursements are recorded as Development Assistance Committee multilateral official development assistance. UNITAID, on the other hand, is not a Development Assistance Committee multilateral donor; thus, its disbursements are not covered by the Committee’s statistics.

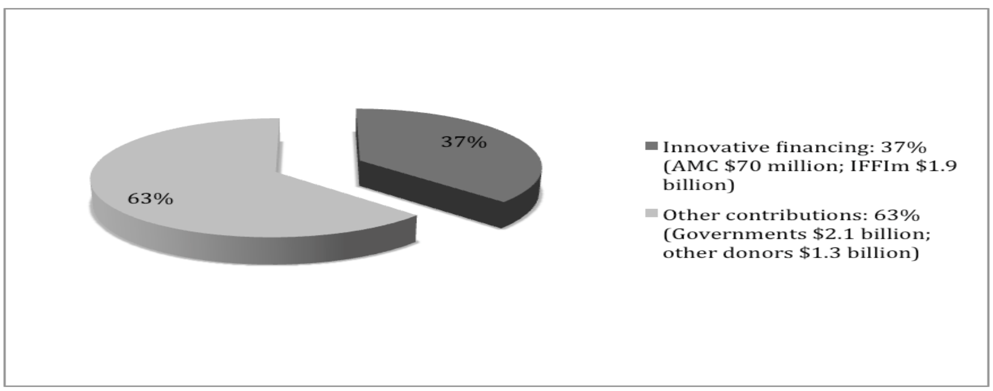
by reducing prices of some treatments.[10] Since 2000, GAVI-funded vaccines have immunized almost 300 million children and prevented more than 5 million future deaths, through routine immunization and related investments.[11] GFATM-funded programmes have provided life-saving antiretroviral therapy to 3 million people, detected and treated 7.7 million cases of tuberculosis, and saved an estimated 6.5 million lives since 2002.[12] UNITAID has funded HIV/AIDS and related drugs for nearly 1 million adults and children and delivered 19 million malaria treatments and 1.5 million tuberculosis treatments.[13] By creating demand, UNITAID has contributed to a price reduction of a new HIV/AIDS medicine by more than 70 per cent, allowing more than 1 million people access to it, as well as a cumulative average of a 64 per cent price reduction in five new child-friendly medicines since 2007. In 2009, GFATM reported that 21 per cent of international public HIV funding, 65 per cent of international tuberculosis funding for the 22 high-burden countries and 65 per cent of international malaria funding came from GFATM.[14] Those results constitute a significant incentive to further scale up innovative financing for the health sector.

Innovative financing contributions to the GAVI Alliance, the Global Fund to Fight AIDS, Tuberculosis and Malaria and UNITAID

14. The figure below summarizes the contribution of each innovative financing mechanism to the three public-private partnerships and gives an overview with regard to other sources of finance.

Figure
Contribution of innovative financing to public-private partnerships in the health sector

(a) GAVI Alliance total cash receipts of $5.4 billion (as at 15 April 2011)



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[10] The Special Adviser to the Secretary-General on Innovative Financing for Development, Philippe Douste-Blazy, highlighted these achievements at the United Nations informal event on innovative sources of development finance, held in New York on 3 June 2010.

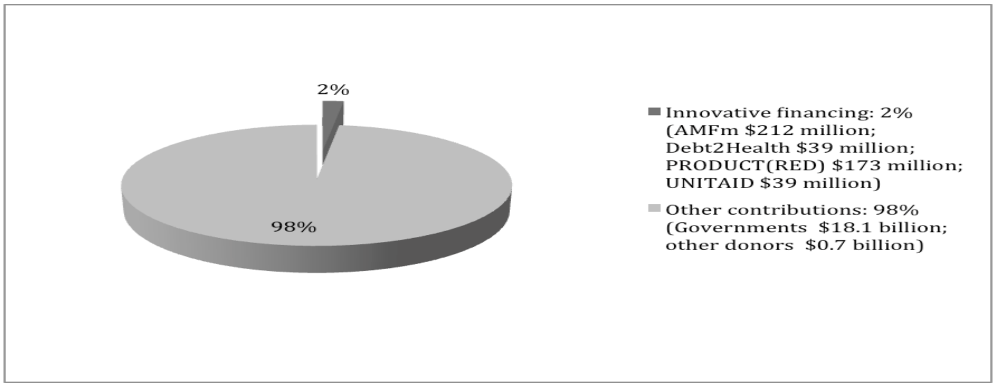
[11] GAVI, "Investing in vaccines: An opportunity to save four million children's lives by 2015" (www.gavialliance.org/resources/GAVI_Investing_in_vaccines_May_2011.pdf).

[12] GFATM, *Making a Difference — Global Fund Results Report 2011* (Geneva, GFATM, 2011).

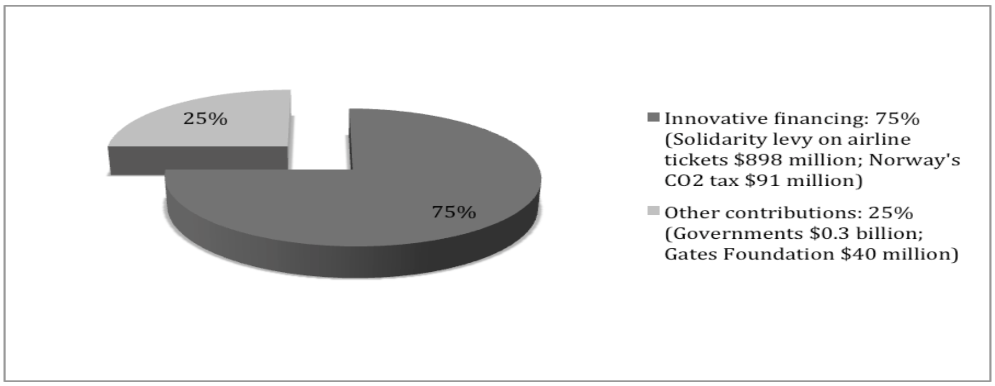
[13] "UNITAID Facts: Boosting Global Access to Testing and Treatment and Pushing Prices Down", August 2010; "UNITAID: making the money go further", June 2010; www.unitaid.eu.

[14] GFATM, 2011.

(b) GFATM total cash receipts of $19.3 billion (as at 31 May 2011)



(c) UNITAID total cash receipts of $1.3 billion (as at 31 December 2010)



Sources: Compiled by the Department for Economic and Social Affairs based on GAVI, “Cash received 2000-2011 as of 15 April 2011” (www.gavialliance.org/resources/Cash_Received_2000_2010.pdf); GFATM, “Pledges and Contributions”, as of 31 May 2011 (www.theglobalfund.org/en/) and UNITAID, *Annual Reports*, 2009-2009; “2010 Voluntary Contributions as of 31 December 2010” (www.unitaid.eu).

1. GAVI Alliance

15. The proceeds from the advance market commitment and the International Finance Facility for Immunization mechanisms, both under World Bank financial management, account for 37 per cent of GAVI cumulative cash receipts (see figure). The weight of innovative financing contributions becomes 54 per cent when excluding cash receipts prior to 2006, when GAVI started receiving International Finance Facility for Immunizations contributions.

16. Of the total pledged amount of $1.5 billion to advance market commitments, however, only $0.4 billion has been delivered by the six donors and $70 million has been transferred from the advance market commitment funds to GAVI for disbursement to recipient countries (see figure). As at the end of March 2011, GAVI

had disbursed $94 million to UNICEF for the purchase of 13 million doses of vaccines, of which $45 million came from advance market commitment funds.[15]

17. The International Finance Facility for Immunization has been the major GAVI source, allowing its disbursements to triple in the period from 2006 to 2010. In effect, despite the adverse impact of the global financial and economic crisis, the Facility has raised $3.4 billion since late 2006[16] and $1.8 billion have been disbursed from GAVI to finance vaccine procurement, immunization and health systems to strengthen programmes in 70 countries.[17] The predictability and flexibility offered by this mechanism have proved to be highly beneficial.[18]

2. Global Fund to Fight AIDS, Tuberculosis and Malaria

18. Because of the scale of the contributions coming directly from governments (including from developing countries), total contributions from the Affordable Medicines Facility for Malaria, Debt2Health, the Dow Jones Global Fund 50 Index, PRODUCT (RED) and UNITAID represent a mere 2 per cent of GFATM cash receipts since its inception (see figure). In turn, since its inception, the Global Fund has disbursed $13.8 billion to 144 countries.[19]

19. Almost all contributions are pooled, together with contributions from other sources. Total contributions to the Global Fund from innovative financing mechanisms account for only 2 per cent of the Global Fund's cumulative resources.

20. The Affordable Medicines Facility[20] consists of: (a) a co-payment fund of $212 million, contributed by the Bill & Melinda Gates Foundation, UNITAID and the United Kingdom of Great Britain and Northern Ireland in 2009-2010, which acts as subsidy provider for eligible first-line buyers from the public and private sectors; and (b) $127 million commitments by GFATM to finance supporting interventions. As at the end of April 2011, artemisinin-based combination therapies worth $30 million had been delivered to five countries, out of the committed co-payments of $115 million.[21]

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[15] GAVI Alliance secretariat, *Advance Market Commitment for Pneumococcal Vaccines Annual Report, 1 April 2010-31 March 2011* (http://www.vaccineamc.org/files/AMCannualReport11.pdf).

[16] Using donors' commitments of $6.2 billion as security, bonds are issued in the international capital markets for institutional and individual investors.

[17] International Finance Facility for Immunization, "Results", as of 31 March 2011 (www.iffim.org).

[18] Mark Pearson, Jeremy Clarke, Laird Ward, Cheri Grace, Daniel Harris and Mathew Cooper, "Evaluation of the International Finance Facility for Immunization (IFFIm)", June 2011, London, HLSP.

[19] GFATM, "Global Fund Grants — Progress Summary" (www.theglobalfund.org/en/commitmentsdisbursements/).

[20] The Affordable Medicines Facility for Malaria aims to enable countries to increase the provision of affordable artemisinin-based combination therapies (ACTs). To achieve this aim, the Global Fund has negotiated lower ACT prices with manufacturers and pays a large proportion of this (a "Co-Payment") directly to manufacturers on behalf of buyers across the public-private for-profit and not-for-profit sectors.

[21] Based on the GFATM Affordable Medicines Facility for Malaria summary report on co-paid ACTs (www.theglobalfund.org/programs/amfm/report.aspx).

21. Debt2Health was expected to generate "additional" development financing of $450 million by 2010[22] by reducing the debt burden of developing countries not eligible for the heavily indebted poor countries initiative. Against a total pledge of $314 million made by Australia and Germany, four agreements have been concluded, in which three beneficiary countries have committed $117 million for 2008-2018. As at 31 May 2011, only $39 million had been delivered to GFATM (see figure).

22. No contribution from this mechanism has been reported since the Dow Jones Global Fund 50 Index was launched at the Frankfurt Stock Exchange in December 2010.[23] PRODUCT (RED),[24] the second largest source of private-sector contributions in GFATM revenues, has delivered $173 million since 2006, to support GFATM-funded HIV/AIDS programmes in six sub-Saharan countries. Finally, UNITAID made direct contributions of $39 million, in addition to its $130 million contribution to the Affordable Medicines Facility for Malaria. The pooling of resources makes it difficult to trace the disbursements attributed to these innovative financing contributions.

3. UNITAID

23. In the 2006-2010 period, contributions from the solidarity levy on airline tickets and Norway's carbon dioxide tax represented 75 per cent of UNITAID cash receipts (see figure). By the end of 2010, UNITAID had disbursed $1.1 billion[25] to finance treatments of HIV/AIDS, malaria and tuberculosis in 94 countries.

24. While solidarity levies on air tickets were expected to generate €220 million (about $300 million) annually,[26] what has been delivered to UNITAID since 2006 has been an annual average of $225 million, of which 95 per cent came from France.[27] Despite the fact that the number of countries implementing air-ticket levies almost tripled between 2006 and 2010, from 5 to 14 (including five least developed countries),[28] the annual contributions from this mechanism fell from 74 to 65 per cent of overall UNITAID revenues.

25. In turn, through a tax on carbon dioxide emissions from aviation fuel, Norway has made steady annual contributions from 2006/07 to 2010, which represent 7 per cent of the UNITAID cumulative cash receipts.

26. MASSIVEGOOD, an initiative launched in March 2010 to collect a microdonation ($2 or €2) from airline tickets, was projected to generate close to $1 billion per year. As at May 2011, the expected proceeds had not yet been delivered.

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[22] A/64/189, para. 32.

[23] The Index measures the performance of the largest companies supporting the missions of GFATM, and a portion of the licensing will finance GFATM programmes.

[24] Licensing fees are paid directly by 12 participating companies, and specified percentages of profits from the sales of (RED) products are transferred to GFATM.

[25] Based on information in the *UNITAID Annual Report 2009*, and project budget for 2010.

[26] A/64/189, para. 19.

[27] The total revenues raised in France through this mechanism amount to €707 million (almost $1 billion), of which 90 per cent of revenues from air-ticket levies to UNITAID and the remaining 10 per cent has been used to meet the country's International Finance Facility for Immunization pledge.

[28] Based on the information provided by the UNITAID secretariat, 18 October 2010.

4. World Bank buy-downs

27. The World Bank International Development Association buy-down mechanism for disease eradication projects converts the terms of a normal International Development Association development credit through the provision of additional external donor resources under clearly defined performance criteria. It increases the concessionality of International Development Association credits and IBRD loans by allowing a donor to pay part or all of the principal and interest in the future after achievement of predefined results. Since 2003, International Development Association buy-downs in Pakistan and Nigeria to support polio-eradication campaigns have received $146 million from the Gates Foundation, the United Nations Foundation, Rotary International, and the United States Center for Disease Control, to buy-down $316 million in International Development Association credits.[29] Two International Bank for Reconstruction and Development (IBRD) buy-downs occurred in China (for tuberculosis control in 2002, with a $37 million grant from the United Kingdom) and Botswana (for HIV/AIDS in 2008, with a $20 million buy-down funded by the European Commission).[30] Although proceeds from this mechanism are earmarked for specific purposes, when they are disbursed, they are often considered part of overall finance made available to beneficiary countries.

B. Climate change and environment

28. Since 2004, half a dozen mechanisms have raised $31 billion; 90 per cent was raised through carbon emission trading (annex, table 1), which can also be considered "additional" to previously budgeted ODA. The additional resources committed to address the needs of developing countries in the Copenhagen Accord are $100 billion a year. Estimates of funding requirements vary,[31] but, despite differences in numbers, it is clear that there are shortfalls in the total resources needed for climate change and environment.

29. Carbon markets offer opportunities for directly financing new technologies in developing countries and for leveraging private investments.[32] The clean development mechanism allows emission-reduction projects in developing countries to earn certified emission reduction credits, which can be traded, sold and used by developed countries to meet a part of their emission reduction targets under the Kyoto Protocol. Joint implementation allows investments in projects mainly in economies in transition to lower cost of complying with Kyoto Protocol targets. In 2005-2010, primary clean development mechanism transactions amounted to $26.5 billion,[33] and joint implementation agreements totalled $1.5 billion in 2004-

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[29] The World Bank Group (undated), op. cit.

[30] OECD, 2011, annex table.

[31] See World Bank, *The World Development Report 2010: Development and Climate Change*, chap. 6 (Washington, D.C., IBRD/World Bank, 2010), UNDP, 2007, *Human Development Report 2007/2008: Fighting Climate Change: Human Solidarity in a Divided World*; and Department for Economic and Social Affairs, *World Economic and Social Survey 2009*.

[32] United Nations, "Report of the Secretary-General's High-level Advisory Group on Climate Change Financing", 5 November 2010 (www.un.org/wcm/webdav/site/climatechange/shared/Documents/AGF_reports/AGF_Final_Report.pdf).

[33] Carbon Finance at the World Bank, *State and Trends of the Carbon Market 2011* (Washington, D.C., The World Bank, June 2011), table 1.

2009.[34] The scalability and additionality to ODA (see sect. II), generated from this mechanism is certainly attractive. Nevertheless, despite the scale of revenues already generated by it and its potential to generate $3 to $10 billion annually,[35] its contributions remain modest compared to the annual financing requirement for mitigation. Moreover, the financial benefits to developing countries are expected to be much lower than the overall size of the clean development mechanism credits.[36] A highly skewed distribution of clean development mechanism projects among developing countries also implies, as in the case of other external financial flows, the concentration of the vast majority of benefits going into a handful of countries. Least developed countries, with relatively low levels of emissions, have been by-passed by this mechanism.[37] Uncertainty about the continuation of the carbon market beyond 2012, driven by concerns as to whether the climate change negotiations will give rise to a second commitment period of the Kyoto Protocol, is also affecting investors' preferences for certain projects.

30. The Adaptation Fund[38] receives a 2 per cent levy on clean development mechanism transactions. Cumulative cash receipts from the sales of certified emission reductions amount to $154 million (annex, table 1), accounting for 64 per cent of the Adaptation Fund's cumulative cash receipts.[39] However, thus far, the proceeds in this Fund have hardly been utilized. As at 30 April 2011, no more than $10 million of the approved $43 million had been disbursed. A total of $48 million, or the value of eight projects, are at the endorsed stage.[40]

31. The European Union Emission Trading Scheme has strong carbon efficiency attributes in addition to its potential to generate sizeable additional revenues.[41] This is the largest emission trading scheme in the world, allowing entities to cover a share of their emission reduction obligations by using credits earned in clean development mechanism/joint implementation projects. Revenues are transferred to the national budgets of European Union members. Yet, at present, Germany is the only country that allocates 40 per cent of the revenues raised from allowance auctions to international development for climate change mitigation and adaptation, as part of its ODA in 2008-2010. The amount allocated for international development assistance totalled €580 million ($0.8 billion) (annex, table 1).

32. The World Bank's Eco 3Plus Note and Green Bond raise funds from public and private investors for making contributions to IBRD lending. In 2008, three Eco 3Plus Notes, whose coupons were linked to an equity index, focusing on alternative energy, water and waste management and reduction of pollution, raised a

[34] OECD, 2011, annex table.

[35] OECD, "Development Finance Challenges 2010-2015", Issues Paper, DCD/DAC(2010)6/REV2, annex table 3.

[36] World Bank, 2010, chap. 6, endnote 6.

[37] Carbon Finance at the World Bank, *10 years of Experience in Carbon Finance: Insights from working with the Kyoto mechanisms* (Washington, D.C., The World Bank, May 2010a).

[38] The Adaptation Fund has been established by the Parties to the Kyoto Protocol of the United Nations Framework Convention on Climate Change to finance concrete adaptation projects and programmes in developing countries that are parties to the Kyoto Protocol.

[39] Based on the figures presented in table 1, the World Bank as Trustee for the Adaptation Fund, "Financial Status of the Adaptation Fund Trust Fund (as at 30 April 2011)", AFB/EFC.5/8, 20 May 2011.

[40] Ibid., table 2a.

[41] European Commission, "Innovative financing at a global level", Commission Staff Working Document, SEC(2010)409, 1 April 2010.

total of $333 million. The Green Bond finances IBRD climate change mitigation and adaptation projects. In 2008-2011, the revenues raised by the Green Bonds exceeded $2 billion.[42] It is difficult to identify how much of these proceeds have been channelled from IBRD to developing countries.

C. Other sectors

33. Two IBRD buy-downs implemented in China were used for financing education and rural development with grants from the United Kingdom. The amounts involved are two $100 million IBRD loans, supported by a $34 million grant for education and a $32.45 million grant for rural development.

34. The European Union's "Millennium Development Goals Contract" may be considered an innovative way of managing and implementing development programmes. This Contract is a longer-term (6 years), more predictable form of general budget support, with outcome indicators linked to education, health and other relevant sectors of the Millennium Development Goals.[43] Contracts worth €1.8 billion ($2.4 billion) have been signed to accelerate the progress in achieving the Millennium Development Goals in several African countries.

IV. Implications for aid architecture and aid effectiveness

35. Evaluation of the implications and effectiveness of innovative financing is a difficult task, owing to the fact that they are usually disbursed with other contributions from traditional and non-traditional development finance. This makes the assessment of contributions specific to innovative finance difficult. Some lessons can, however, be drawn from the operations of the existing mechanism used for health and climate change, where the role played by non-traditional donors has become increasingly important.

A. Delivery mechanisms for innovative financing resources

Health

36. The three public-private partnerships in the health sector do not have field presence in developing countries. They rely on delivery mechanisms of other stakeholders for the implementation of their programmes.

37. GAVI-funded programmes are implemented by recipient country governments in cooperation with the United Nations Children's Fund (UNICEF), the World Health Organization (WHO) and the World Bank. UNICEF procures vaccines and provides technical assistance. WHO provides normative guidance, quality assurance and quality control of vaccines and gives technical health support, and the World Bank helps implementing Governments to develop sustainable financing for health systems and immunization services. In operational terms, cash grants are mostly sent to the ministry of finance of recipient countries and the ministry of health is

[42] The World Bank Treasury, "Green Bond Fact Sheet", 23 June 2011.

[43] European Commission, "MDG Contract", 20 April 2011 (http://ec.europa.eu/europeaid/what/millenium-development-goals/contract_mdg_en.htm).

responsible for the implementation of approved programmes, while the designated multilateral agencies coordinate various country-level activities, in cooperation with the ministry of health, subnational authorities or civil society organizations.[44] With regard to the pilot advance market commitment, delivery of vaccines to developing countries does not start until manufacturers have entered into a supply agreement with UNICEF and their vaccines have been deemed by WHO to be eligible for the advance market commitment. Procurement of vaccines will be managed by UNICEF.

38. GFATM grants are disbursed to public entities, multilateral agencies, the private sector or civil society organizations, which are responsible for implementing the programmes. On the operational procedures of the Affordable Medicines Facility for Malaria, funding for supporting interventions will be managed through an existing GFATM malaria grant. GFATM negotiates the price of artemisinin combination therapies and subsidizes them to lower the cost to first-line buyers. The co-payments are directly made by GFATM to manufacturers, upon receipt of invoices and other required documentation. Interventions on the ground in support of the Affordable Medicines Facility for Malaria are provided by the Roll Back Malaria Partnership.

39. UNITAID funds are transferred to the following 10 partner agencies for the implementation and delivery of projects: the Clinton Health Access Initiative, Ensemble pour une Solidarité Thérapeutique Hospitalière En Reseau, the Foundation for Innovative New Diagnostics, the Global Drug Facility, GFATM, i+solutions, Roll Back Malaria Partnership, Stop TB Partnership, UNICEF and WHO. Thus, none of the innovative financing contributions are disbursed directly to recipient countries, raising issues of fragmentation, despite the fact that UNITAID earmarks at least 85 per cent of its funds for least developed countries.

40. In the overall assessment, delivery mechanisms for innovative financing resources involve a multitude of different stakeholders and processes. There is scope for streamlining delivery procedures based on best practices in multilateral processes.

Climate change and environment

41. Fragmentation of climate finance is as acute as in the health sector due to the emergence of a large number of special-purpose climate funds.[45]

42. The Clean Development Mechanism Executive Board is responsible for approval of projects, baseline and monitoring methodologies. Although the Executive Board interacts with private project participants and acts as market regulator,[46] the market is the delivery instrument. Most clean development mechanism transactions on the primary market consist of forward contracts, with payment on delivery of emission reductions. They are then bought and sold several

[44] For vaccines or safe injection supplies, funds are transferred directly to UNICEF Supply Division for procurement.

[45] World Bank, 2010, chap. 6.

[46] Charlotte Streck, "The governance of the Clean Development Mechanism: the case for strength and stability", *Environmental Liability*, 2, pp. 91-100, 2007.

times on a secondary market until they reach the end user. Unlike transactions in the primary market, such trading does not directly impact on emission reductions.[47]

43. As regards the Adaptation Fund, approved proposals are implemented by the following accredited national and multilateral agencies: the *Agencia Nacional de Investigación e Innovación* of Uruguay, the Asian Development Bank, the *Centre de Suivi Ecologique* of Senegal, the International Fund for Agricultural Development, the Planning Institute of Jamaica, the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the World Food Programme (WFP) and the World Bank.[48] Direct access to funding by national implementation entities is considered to be a great advantage for smaller developing countries.[49] Among the approved projects in seven countries, however, only one national implementation entity has been designated as implementing entity, while UNDP has been responsible for the implementation of five projects and one has been assigned to WFP.[50]

44. Efforts are required to remove those barriers specific to the clean development mechanism, which prevent the mechanism from reaching more least developed countries. The governance structure of the clean development mechanism must respond to the increasing technical complexity of this mechanism and streamline the rigorous registration and issuance processes, while maintaining the mechanism's environmental integrity. The forthcoming seventeenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, especially the negotiations with respect to a second commitment period under the Kyoto Protocol, will have important implications for the future of the clean development mechanism.

B. National ownership in the allocation process

45. GAVI and GFATM request the creation of a national coordination mechanism, consisting of all the major stakeholders in each recipient country, as a forum to design and implement its country-driven programmes. Critics argue that this undermines recipient countries' capacities and puts additional pressures on their governments. Instead of nurturing underdeveloped national health systems and working towards a wider coverage of diseases, the vertical funds have created parallel systems with their own management and reporting structures, which narrowly focus on three long-run disease-specific gains.

46. The application process is complex and puts an additional burden on recipient countries. In order for them to receive financial support from the revenues raised by the innovative mechanisms, GAVI and GFATM require that recipient countries first have to be one of the "eligible" countries, following criteria set by the respective public-private partnerships. They then have to go through a rigorous application procedure. With the exception of the Affordable Medicines Facility for Malaria, there is no separate application form for requesting funding from innovative financing proceeds, and it is unclear as to what extent these global funds take into consideration the earmarking of innovative financing proceeds for specific countries

[47] World Bank, 2010, chap. 6, endnote 6.
[48] World Bank, 2010a.
[49] Ghosh, 2010.
[50] The World Bank as Trustee for the Adaptation Fund, 2011, table 2.

during the regular application processes. GFATM creates competition around a fixed amount of funding with an average approval rate little over 50 per cent.[51]

47. GAVI requires that eligible countries meet a long list of general criteria for funding, including a well-functioning inter-agency coordination committee.[52] Furthermore, for new vaccines support, an additional condition is applied: the eligible countries' immunization coverage for DTP3 (diphtheria, tetanus and pertussis) should exceed 70 per cent.[53] Unlike GFATM, the GAVI application process is not a competition, but developing countries may have to undergo multiple rounds of revisions before their proposals are eventually approved, which many countries find time-consuming and resource-intensive.[54]

48. The application process is believed to be the starting point for developing "country-driven" programmes, in aligning with long-term national development goals and priorities. Yet, this is one of the areas for which the global funds have been criticized. The intention of submitting country-driven proposals is to give recipient countries an increased sense of ownership and make them more accountable for the implementation and outcomes of their programmes. In practice, however, many countries, facing a shortage of qualified staff and insufficient information systems, depend heavily on external expertise in completing a required country-driven application package. Consequently, there is a risk that countries with weaker institutional capacities and fewer resources, compared to their competitors, may not be able to benefit as much as they would wish from the innovative financing proceeds collected by GAVI and GFATM.

49. Similar observations can be made for climate change and environment finance. Submission of project proposals at the national level is also the first step in accessing funding from the clean development mechanism and the Adaptation Fund, and the rigorous approval processes are subject to criticism.

50. A proposed clean development mechanism project activity can only be registered once approval letters are obtained from the designated national authority, including confirmation by the host party that the project activity assists it in achieving sustainable development. Without host country approval, certified emission reductions cannot be created.[55] Project-design documents are validated by the accredited designated operational entity — a private third-party certifier — and submitted to the Executive Board of the clean development mechanism with a request for registration. While necessary for safeguarding the environmental integrity of the mechanism, among other things, through standardization, rigorous project approval processes and the issuance of credible emission credits should not result in excessive delays or create bottlenecks, as many observers consider to be the case.[56]

51. With regard to the Adaptation Fund, all project proposals submitted by eligible Kyoto Protocol Parties, either directly through an accredited national implementing

[51] Paul Isenman, Cecilie Wathne and Geraldine Baudienville, "Global Funds: Allocation Strategies and Aid Effectiveness", Final Report, 2010, London: Overseas Development Institute.
[52] This committee is usually chaired by the ministry of health and composed of development partners.
[53] The threshold increased from 50 to 70 per cent in January 2011.
[54] Sridhar and Tamashiro, 2009.
[55] Streck, 2007.
[56] World Bank, 2010a.

entity or by using the services of multilateral implementing entities, must be endorsed by the national authority designated by the relevant Government to make such endorsements.

C. Predictability and sustainability

52. Predictability of innovative financing poses some challenges, as delivery is contingent upon results. Despite the promise of funding that will last for multiple years, results-based funding means that the performance of recipient countries influences subsequent releases from vertical funds, and reduces predictability.[57] OECD reports that, for a large number of countries and regardless of sector, proposals for results-based funding do not ensure the predictability and sustainability of access to development finance.[58] This was reaffirmed in the recent evaluation commissioned by the GAVI secretariat.[59]

53. With respect to sustainability, all three public-private partnerships in the health sector face challenges in securing sufficient funding, not only from innovative financing mechanisms, but also from traditional sources of contributions to expand their operations and make greater contributions to the achievement of the Millennium Development Goals.

54. For the International Finance Facility for Immunization, which thus far demonstrates the greatest potential, future funding from this mechanism is in decline, while GAVI is embarking on ambitious programmes amid concerns that their grants will become inflexible and thus distort national priorities. The potential of the International Finance Facility for Immunization in terms of frontloading and predictability have also not been fully realized.[60]

55. The GAVI co-financing policy is key for its financial sustainability. The level of co-financing contributions under GAVI-funded programmes depends on recipients' ability to pay, but their share should be increased gradually.

56. The contribution of the clean development mechanism to the predictability and sustainability of development finance in developing countries is unclear, not least amid the uncertainty about the second commitment period of the Protocol. Like the health sector, payments are based on project performance and project approval is the first hurdle that developing countries have to clear. Furthermore, the level of revenues generated by the clean development mechanism and certified emissions reductions depends on the valuation of the market, which is subject to uncertainty and beyond the control of both channelling mechanisms (e.g. the Adaptation Fund) and developing countries hosting clean development mechanism or Adaptation Fund projects.

[57] Isenman and others, 2010.
[58] OECD, *2010 DAC Report on Multilateral Aid*, DCD/DAC(2010)32/REV1.
[59] Pearson and others, 2011.
[60] Ibid.

D. Monitoring and evaluation

57. Monitoring and evaluation are key for vertical funds, as delivery is results-based. This frequently imposes additional requirements on recipient countries. In the health sector, both GAVI and GFATM have created their own mechanisms and procedures for monitoring the implementation of their approved programmes at the country level and for evaluating their performance against the agreed performance indicators and expected outcomes. Recipient countries must follow specific procedures, formats and timetables imposed by the global funds and provide additional information, leading to increasing transaction costs and fragmentation of national systems.[61]

58. Except for the advance market commitment and the Affordable Medicines Facility for Malaria, there is no monitoring or evaluation mechanism unique to innovative financing mechanisms. The advance market commitment secretariat has prepared the monitoring and evaluation plan for 2009-2021 for the commitment, with a total estimated cost of close to $4 million, by setting up an evaluation steering committee in cooperation with the GAVI evaluation unit.[62] To ensure that recipient countries have adequate monitoring and evaluation systems, GFATM recommends that they invest 5 to 10 per cent of their grant budget in monitoring and evaluation.[63] GFATM has set up procedures to enhance financial safeguards and strengthen fraud prevention.[64]

59. As a collective effort to address fragmentation in the health sector, the establishment of the Health System Funding Platform was announced in 2009. The creation of this platform was agreed by GAVI, GFATM, the World Bank and WHO, to streamline health system strengthening support (including the existing planning, financing, procurement and monitoring procedures). The platform is expected to reduce transaction costs for countries and the number of duplicative initiatives. Improvements may include a common reporting system and a common set of performance indicators, as well as common processes for financial management, such as joint audits and simplified procurement systems.[65] A joint proposal form for GAVI and GFATM support to health system strengthening is scheduled to start in 2011.

60. Monitoring and reporting of climate change finance flows and verification of results are also a central topic of the climate negotiations.[66] In the clean development mechanism, each individual project uses different approaches and investment appraisal criteria, making the task of assessing impacts, of both specific

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[61] Sridhar and Tamashiro, 2009.

[62] Advance market commitments for vaccines, "Advance Market Commitment for Pneumococcal Vaccines Report of the Monitoring and Evaluability Study", 13 November 2008 (www.vaccineamc.org/files/amc_mont_eval_stdy.pdf).

[63] GFATM, "Affordable Medicines Facility — malaria: innovating in financing, access and public-private partnership", December 2010.

[64] GFATM, press release 4 February 2011.

[65] GAVI Alliance, GFATM, the World Bank and WHO, "The Health Systems Funding Platform" not dated (http://siteresources.worldbank.org/INTHSD/Resources/topics/415176-1251914777461/HealthSystemFundingPlatform_BackgroundUNSGGlobalStrategy_10Sept2010.pdf).

[66] World Bank, 2010, chap. 6.

and overall projects from a global perspective, challenging.[67] The World Bank recommends simplifying the existing approaches for the clean development mechanism and the joint initiative to achieve more efficient and effective assessments of baseline methodologies, and additionality on emission reductions.

61. It is also suggested that financial flows into climate change projects from different sources, together with the delivery of committed funds, be monitored by the identification of a common methodology.[68]

E. Governance

62. A salient feature of the governance structure of the three public-private partnerships that channel innovative financing in the health sector is the inclusion of a wide range of stakeholders. All three executive boards include representatives from multilateral organizations, developing countries, the private sector and civil society organizations. Implementation of programmes funded by GAVI or GFATM requires effective and strong leadership at the country level for the successful design, implementation and monitoring of projects, in coordination with designated multilateral organizations and other stakeholders.

63. Although the composition of the Adaptation Fund Board signifies an advance in developing country representation, there remain difficulties in establishing operational and objective criteria for the allocation of funds, as the methodology for identifying “the level of vulnerability” and “the level of urgency and risks arising from delay”, as well as criteria for “adaptive capacity to the adverse effects of climate change” are still to be determined.[69]

64. In response to criticisms, the Executive Board of the clean development mechanism has adopted revised procedures for registration of projects and issuance of certified emissions reduction credits, along with revised procedures for the Board’s review of requests for improved efficiency in registration and certified emissions reduction issuance in the clean development mechanism processes. Moreover, during 2010, a performance monitoring framework for designated operational entities was introduced to support a system-wide quality assessment process.

V. Other initiatives and mechanisms under consideration and their potential

65. Apart from the innovative financing mechanisms in operation, other proposals are under consideration for their potential and effectiveness. The Leading Group on Innovative Financing for Development has played a very important role in spearheading the debate on new proposals and initiatives.

66. The Task Force on International Financial Transactions and Development of the Leading Group presented its study on such a tax in July 2010, to fill the funding

[67] World Bank, 2010a.
[68] Ghosh, 2010.
[69] Richard J. T. Klein and Annette Moehner, “The Political Dimension of Vulnerability: Implications for the Green Climate Fund”, IDS Bulletin, Vol. 42, No. 3, May 2011.

gap for international development and environmental challenges, complementing ODA.[70] The Task Force concluded that a nationally applied, but internationally coordinated, currency transaction tax, with a potential of raising $25 to $34 billion annually (at the rate of 0.005 per cent), would be a very effective mechanism to fund global public goods and to share the wealth generated by globalized economies. As a channelling mechanism, the Task Force recommended the establishment of a dedicated financial facility, called the "Global Solidarity Fund", governed by the levy-raising authorities and responsible for the distributions and administration of the funds.

67. Subsequently, in November 2010, the Secretary-General's High-level Advisory Group on Climate Change Financing included financial transaction taxes as one of many options to finance a part of the Copenhagen Accord commitments. According to the Advisory Group, auctions of emissions allowances and new carbon taxes in developed countries have the greatest revenue contribution potential among the new public instruments examined by generating $30 billion annually. Another $10 billion could be raised annually from taxing carbon emissions from international (maritime and aviation) transportation, and up to $10 billion could be mobilized from some form of financial transaction tax implemented among interested countries at the national or regional level.[71] These numbers indicate that innovative financing mechanisms could finance about one half of the annual commitment of $100 billion under the Copenhagen Accord.

68. The European Union supports the financial transaction tax at a global level and is expected to propose a Europe-wide financial activities tax to curb speculative trading as well as to use the revenues for its 2014-2020 budgets.[72]

69. With regard to education, in March 2010, the Leading Group created the Task Force on Innovative Financing for Education, which explored two avenues to fill an estimated annual resource gap of $16 billion for achieving basic education goals in low-income countries. Nine mechanisms were short-listed and classified into two categories: (a) tax on international financial transactions, local currency education bonds, education venture bonds, diaspora bonds, voluntary contributions from migrants and debt-for-education swaps; and (b) sports levy, public-private partnerships and microdonations from individual bank transactions.[73] For the delivery mechanism, it identified the Education for All-Fast Track Initiative, a vertical fund in the education sector, as the most suitable candidate to channel resources generated by innovative financing mechanisms, by stressing its advantage of having inclusive partnership and avoiding proliferation and fragmentation, pronounced in the health sector.

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[70] Leading Group, *Globalizing Solidarity: the Case for Financial Levies*, Report of the Committee of Experts to the Taskforce on International Financial Transactions for Development, 2010.

[71] United Nations, "Report of the Secretary-General's High-level Advisory Group on Climate Change Financing", 5 November 2010 (http://www.un.org/wcm/webdav/site/climatechange/shared/Documents/AGF_reports/AGF%20Report.pdf).

[72] "Update: EU expects financial transaction tax to raise EUR31.5B annually — report", 4 July 2011, www.wsj.com; "EU looks to financial-sector tax", 28 June 2011, wsj.com.

[73] Leading Group, *2+3=8: Innovating in Financing Education*, Report of the Writing Committee to the Task Force on Innovative Financing for Education (Paris, French Ministry of Foreign and European Affairs, Permanent Secretariat of the Leading Group, 2010).

70. The Leading Group stressed the role of remittances, including South-South remittances, especially in Africa, and suggested that future efforts focus on improving the regulatory framework and developing electronic payment and remote banking services.[74] The Food and Agriculture Organization of the United Nations (FAO) has proposed fostering migrants' remittances to the agricultural sector with a matching grants system for food security, along with the use of an advance market commitment (for stimulating public-private research and development in agriculture) and lotteries or voluntary contributions.[75] On food security and agriculture, the Leading Group announced the creation of a new task force after its plenary meeting held in Mali in June 2011.[76]

71. To curb money-laundering and compact corruption, the Leading Group's Task Force on Illicit Flows and Tax Evasion stresses that transparency and information sharing are the key and calls for strengthening international cooperation in tax matters and more efforts on developing countries' capacity-building.

72. In the health sector, UNITAID has established a voluntary patent pool mechanism, called "the Medicines Patent Pool Foundation". A successful Patent Pool will accelerate the availability of generic versions of new antiretroviral treatments and the development of adapted formulations for children. In September 2010, the United States National Institutes of Health became the first patent-holder to share its intellectual property.[77] The Leading Group created another task force on health in December 2010 to examine tobacco tax, which could raise over $7 billion annually with a 1 to 5 per cent tax on a package of cigarettes,[78] and new forms of public-private partnerships.

VI. Conclusions

73. **Considerable progress has been made since the Monterrey Consensus in raising resources through innovative financing. While the potential to raise additional resources for development remains significant, appropriate measures need to be taken to make innovative financing mechanisms more durable, predictable and effective. Moreover, possibilities for initiating new innovative financing schemes for development should be systematically explored.**

74. **To correctly record the scale of revenues raised, an international agreement is needed on the precise definition and scope of the term. Such an agreed definition would then provide the appropriate reference point for standardized reporting and accounting frameworks, which can be set up for recording reliable and coherent data over time.**

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[74] Permanent Secretariat of the Leading Group on Innovative Financing for Development "Executive summary of workshops [held in Tokyo, Japan, on 16-17 December 2010]", 13 January 2011.

[75] Ibid.

[76] Leading Group, "Bamako Declaration: following the Ninth Plenary Session", 25 June 2011.

[77] UNITAID, "US National Institutes of Health (NIH) First to Share Patents with Medicines Patent Pool", 30 September 2010 (http://www.unitaid.eu/en/20100930290/News/US-National-Institutes-of-Health-NIH-First-to-Share-Patents-with-Medicines-Patent-Pool.html).

[78] Simon Wreford-Howard, "WHO support to Innovative Financing for Health", presentation slides for the Leading Group 8th Plenary Meeting, Tokyo, 16 December 2010.

75. **Several issues warrant further discussion and analysis, particularly questions related to "additionality", the relationship of innovative finance to ODA and its effectiveness.**

76. **The delivery and monitoring mechanisms in the health sector need to be reviewed and streamlined. The setting up of parallel systems and complicated structures for innovative financing should be minimized while maintaining effective controls and consideration given to allocation through globally inclusive institutions, such as the United Nations. To fully align interventions with national systems, the case for general budget support remains strong.**

77. **Harmonization of fragmented monitoring and evaluation mechanisms is needed to reduce transaction costs. There is also a need for independent monitoring and evaluation at the international level to assess delivery, allocation and impact of innovative financing on development outcomes.**

78. **Vertical funds should be encouraged to incorporate more flexibility into their strategies and financing modalities to ensure country ownership. With regard to climate change finance, innovative funding models should provide flexible resources to support interventions anchored in recipient countries' national development goals.**

79. **The General Assembly may wish to consider setting up a working group 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; improving delivery and monitoring; and enhancing their effectiveness in contributing to development goals, including the Millennium Development Goals, as well as climate change mitigation and adaptation.**

Annex

Table 1

Revenues raised by innovative finance, based on the Organization for Economic Cooperation and Development framework, by sector, 2002-2011[a]

(in millions of United States dollars)

Mechanisms and initiatives	*Estimated revenues*
Health	
Affordable Medicines Facility for Malaria	212
Debt2Health	119
Global Fund Investment Products	N/A
IBRD loan buy-downs	57
IDA credit buy-downs	146
International Finance Facility for Immunization	3 400
MASSIVEGOOD	0.2
Pilot advance market commitment for pneumococcal vaccines	396
PRODUCT(RED)	173
Solidarity levy on airline tickets	1 009
Subtotal	**5 512**
Climate change/environment	
Carbon Emissions Trading under the Kyoto Protocol	28 000
Caribbean Catastrophe Risk Insurance Facility	68
Germany's auctioning/sales of emission permits under the European Union Emissions Trading Scheme	810
Sovereign Index Insurance	2
Two per cent share of proceeds from sales of certified emissions reductions for the Adaptation Fund	154
World Bank Eco 3Plus Notes	333
World Bank Green Bond	2 000
Subtotal	**31 367**
Education	
IBRD loan buy-downs	34
Subtotal	**34**

Mechanisms and initiatives	*Estimated revenues*
Rural development	
IBRD loan buy-downs	32
Subtotal	**32**
Total	**36 946**

Source: Compiled by the Department for Economic and Social Development based on the OECD Working Party on Statistics, “Mapping of some important innovative finance for development mechanisms”, 7 February 2011, DCD/DAC/STAT/RD(2011)1/RD1, annex tables; GFATM, “Pledges and Contributions”, as at 31 May 2011 (www.theglobalfund.org); World Bank as Trustee for the Adaptation Fund, “Financial Status of the Adaptation Fund Trust Fund (as at 30 April 2011)”, AFB/EFC.5/8, 20 May 2011; The World Bank Group, Innovative Finance for Development Solutions: Initiative of the World Bank Group, not dated (http://siteresources.worldbank.org/CFPEXT/Resources/IF-for-Development-Solutions.pdf) (21 June 2011); World Bank, *State and Trends of the Carbon Market 2011*; information provided by the World Bank Treasury (23 May 2011) and the World Food Programme (23 May 2011).

[a] This table refers to amounts raised. The charts in the main report show the amounts received by GAVI, GFATM and UNITAID from the resources raised.

Table 2

Revenues raised by innovative finance, based on the World Bank framework, by sector, 2000-2008

(in millions of United States dollars)

Mechanisms and instruments by source	*Revenues*
Health	
Airline ticket tax	580[a]
Frontloading of official development assistance (e.g. International Finance Facility for Immunization)	1 223[b]
Subtotal	**1,803**
Climate change/environment	
Adaptation Fund	68
Carbon finance	1 615[b]
World Bank sustainable investments (climate)	769
Subtotal	**2 452**
Other or unspecified	
Emerging donors	10 744[c]
Local currency bonds	40 116
National lottery	187
Stolen Asset Recovery Global Programme	134
World Bank sustainable investments (general)	527
World Bank World Supporter Fund	850

Mechanisms and instruments by source	*Revenues*
World Bank pooling with private donors	268
Subtotal	**52 826**
Total	**57 082**

Source: Navin Girishankar, “Innovating Development Finance: From Financing Sources to Financial Solutions”. CFP Working Paper Series, No. 1, June 2009 (Washington, D.C.: The World Bank), annex tables 2.1a and 2.2a.

Notes:

[a] No data for 2008.

[b] Linked to global programme.

[c] Data for 2007-2008 are not comprehensive.

Table 3

Scale of innovative finance, 2000-2011

(in millions of United States dollars)

	OECD		*World Bank*
Total estimates from annex, tables 1 and 2	**36 946**		**57 082**
Mechanisms not included by OECD or the World Bank			
Norway’s carbon dioxide tax on aviation fuel			91[a]
European Union Millennium Development Goals Contract			2 386[b]
Range of estimation	**36 946**	**~**	**59 559**

Source: Compiled by the Department for Economic and Social Affairs based on UNITAID, *Annual Reports*, 2007-2009; UNITAID, “2010 Voluntary Contributions as at 31 December 2010” (www.unitaid.eu); and European Commission, “MDG Contract”, 20 April 2011 (http://ec.europa.eu/europeaid/what/millenium-development-goals/contract_mdg_en.htm).

Notes:

[a] Only counting contributions to UNITAID in 2006-2010.

[b] €1.8 billion converted at the 2010 annual average exchange rate of 1.3257.