

NGOs Statement «on Innovative Sources of Financing for Development»

February 2006

The enlarged «quadripartite» group, that includes Algeria, Germany, Brazil, Chile, Spain and France, has been working since the beginning of 2004 on propositions for innovative development funding mechanisms, including international taxation mechanisms. More than 100 countries signed on to the «*New York Declaration on Action against Hunger and Poverty*», in September 2004 signalling initial support from the international community for the idea of launching such mechanisms.

In September 2005, 79 States supported the launching of a pilot mechanism in the form of a 'solidarity contribution' on plane tickets in a new statement titled the «*Declaration on Innovative Sources of Financing Development*». France and Chile have already adopted a plane ticket tax, to be launched in 2006. The Paris conference on innovative mechanisms must be a new step in this process, by gathering together all the States which support this process.

In September 2005, a broad coalition of civil society organisations representing thousands of NGOs and citizens movement from all over the world called upon States to join this initiative. They also demanded that certain conditions be fulfilled for the initiative to truly raise finance for development. On the occasion of the Paris conference, these organisations reiterate their call in the following statement :

1- Support to governmental initiatives in favour of international taxation

We take note of this intergovernmental initiative to implement a pilot mechanism of international taxation for development funding. We welcome the involvement of Head of States and governments working on additional and innovative mechanisms, specifically on international taxes. This is because it would create a useful precedent, an essential step to launch and bring legitimacy to more ambitious taxation mechanisms of a universal scope.

Along with a considerable increase in Overseas development aid (ODA), debt cancellation, a revision of world trade rules and regulations, and the reform of International Financial Institutions, the implementing of international taxation mechanisms represents an important element to fund the MDGs. While generating new resources for development, it will also serve to improve the quality of the flows of international funds. Currently, the volatility of the ODA undermines the efforts made by recipient countries to set up sustainable development strategies. Financial resources that are entirely concessional (grants), stable and predictable are essential to reach the MDGs.

Therefore, we call upon all the Heads of States and Governments to support this initiative, by endorsing the "Declaration on Innovative Sources of Financing Development" and to commit themselves to implement this pilot mechanism, in 2006.

2-Implementing genuine taxation mechanisms

However, the diplomatic strategy of the «quadripartite» group to rally a «critical mass» of countries to this initiative must not alter the proposed mechanisms. We are deeply concerned about the absence of fundamental principles in the declaration, without which this pilot mechanism can only very marginally contribute to the funding of the MDGs including :

- Resources should be raised by compulsory taxes and not voluntary contributions which negate the principle of an international taxation and prevent the new flows from being stable and predictable.
- The fixing of a taxation rate high enough to supply new and significant resources.
- The incremental nature of the tax (distinction between economy and business classes) must not be optional but compulsory to make the tax burden weigh as a priority on high income players.
- Stipulating the additional nature of the resources raised. They must not make the Northern States back away from their commitment to dedicate 0,7% of their GDP to ODA; instead, they must be considered as mechanisms that generate additional resources.

- A link between the nature of the resources (new, stable and predictable resources over the long term) and their allocation (production of global public goods and development of the human asset over the long term). The new mechanisms must be applied to essential actions and programmes for which there is the highest need for stable and predictable resources.
- A method of support that involves a three-fold responsibility: that of the United Nations (since it deals with the respect of universal rights), of Governments (since the responsibility for development lies in their hands) and of civil society organisations (since it is people and communities who are confronted by poverty who are at the forefront in the fight against underdevelopment, poverty and contempt of human rights).

It is essential for all of these elements to be integrated in the pilot mechanism.

3- Affirmation of the need to implement an international taxation system

Our support to the launching of pilot mechanisms is set in the wider framework of calling for the implementation of a real international taxation system. We do not consider pilot mechanisms as mere innovative tools to fund development but as an embryo for global redistribution mechanisms. The UN report of 2005 on social development once again states that economic and financial globalization is increasing disparities and making the poorest populations ever more vulnerable. As a consequence the launch of innovative mechanisms must go hand in hand with the implementation of financial and fiscal regulations and solidarity. Taxes on the gains of the main beneficiaries of globalization (multinational companies, financial industries) and those that act against the general interest (environmental taxes) can be seen from this point of view as measures of justice.

We therefore ask the Head of the States and Governments involved not to content themselves with the launching of a pilot mechanism but to pursue their endeavour to implement more ambitious international taxation mechanisms and an international legislation to support them. Thus, we must continue to think of how to implement:

- *An additional taxation system on the profits of transnational companies*
- *Taxation of international financial flows by both a currency transaction tax and a tax on bond transactions*
- *Environmental taxes that namely target the players who widely benefit from globalization and whose activity negatively impacts the environment.. This is the case, as an example, of air and sea transportation. In the same way, there is the need to tax the behaviour of economic actors that produce particularly negative environmental externalities in terms of the destruction of natural resources or the emission of greenhouse gases.*

Finally, efforts to collect new international resources must go hand-in-hand with the strengthening of national fiscal regimes that should remain the priority. This requires a resolute fight against tax evasion, dumping and tax havens. We are grateful for the mention in the declaration of the fight against tax evasion, and we ask the ratifying States to commit themselves to much more ambitious objectives to this end. Tax evasion and tax havens leads to the loss of fiscal revenues running into hundreds of billions of dollars annually for countries in the Global North and South, consequently weakening fragile democratic processes in the countries of the South and that deprives their budgets of vital income. In this respect, opposite to what this declaration could lead to believe, the fight against tax evasion and tax havens is at least as much the responsibility of the countries of the North as of the countries of the South.

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Signatory organisations :

-ABONG (National Platform of NGOs from Brazil, 270 members), Brazil.

-Asociación Chilena de ONGs (ACCION, National Platform of NGOs from Chile), Chile.

- AGEZ – Arbeitsgemeinschaft Entwicklungszusammenarbeit (Platform of Development Cooperation NGOs, 30 members), Austria
- Agir ici, France.
- AIDES, France.
- Alliance Sud (Platform of the 6 most important Swiss Development NGOs), Switzerland.
- Altermonde, Japan.
- AMC, Togo.
- AMEPOUH, Ivory Coast.
- ARCAD SIDA, Mali.
- Asociacion Latinoamericana de Organizaciones de Promocion (ALOP, Confederation of Latin American NGOs), Latin America.
- Association for Accountancy & Business Affairs, (UK professional organisation), United Kingdom.
- Associazione ONG Italiane (National Platform of Development NGOs from Italy, 160 members), Italy.
- ATF DCGE, Mali.
- ATTAC France.
- ATTAC Switzerland.
- Basc - Caritas Cameroon, Cameroon.
- BOF JEF, Senegal.
- Broederlijk Delen, Belgium.
- Canadian Council for International Co-operation (CCIC, National Platform of Development NGOs from Canada, 100 members), Canada.
- Caritas Espana, Spain.
- CDANE, Mali.
- CEFONG (National Platform of NGOs from Guinea), Guinea.
- Centre pour la Promotion des Alternatives Economiques et Sociales, Cameroon.
- Cercle de coopération (National Platform of Development NGOs from Luxemburg), Luxemburg.
- CNCD- Opération 11.11.11 (French speaking Belgium Platform of Development NGOs, 108 members), Belgium.
- CIDSE (International network, 15 members).

- Collectif des Federations et Reseaux d'ONG du Bénin (National Platform of NGOs from Benin, 15 members), Benin.
- Comité catholique contre la faim et pour le développement (CCFD), France.
- Comité de Liaison des ONG du Tchad (National Platform of NGOs from Tchad), Tchad.
- CONGAD (National Platform of NGOs from Senegal), Senegal.
- CRID, (Network of Development NGOs, 50 members), France.
- Coordination SUD (National Platform of Development NGOs from France, 120 members), France.
- Coordinadora de ONG de Desarrollo (National Platform of Development NGOs from Spain, 110 members), Spain.
- CRBM/Mani Tese, Italy.
- FONGTO (National platform of NGOs from Togo, 88 members), Togo.
- Foundation For Grassroots Initiatives in Africa, Ghana
- Friends of the Earth France, France.
- Global Aids Alliance, USA.
- Global Policy Forum, USA.
- Global Policy Forum Europe, Germany.
- IBON, Philippines.
- International NGO Forum on Indonesian Development (INFID, International of NGOs working in Indonesia, 100 members), Indonesia.
- Institut pour un autre monde (IPAM), France.
- KENDREN, Kenya.
- KEPA - Service Centre for Development Cooperation (National Platform of development NGOs from Finland), Finland.
- Koepel van de Vlaamse Noord-Zuidbeweging – 11.11.11 (Flemish Platform of Development NGOs, 110 members), Belgium.
- Koordineringsstell der Österreichischen Bischofskonferenz für Internationalae Entwicklung und Mission (KOO), 25 organisations, Austria.
- Liga Jubileu 2000 Angola (Network of Civil society organisations from Angola), Angola.
- Massive Effort Campaign, International network.
- Médecins du Monde, France.
- Mieux Vivre avec le Sida (MVS), Niger.
- Network Institute for Global Democratization, Finland.

- Norwegian Forum for Environment and Development, Norway.
- Oikos - Cooperação e Desenvolvimento, Portugal.
- Oikos, The Netherlands.
- Plataforma Portuguesa das ONGD, (National Platform of Development NGOs from Portugal), Portugal.
- Progresso, United Kingdom.
- Public Interest Research Centre, India.
- Réseau des ONG de développement et des associations des droits de l'Homme et de la démocratie (National Platform of NGOs from Niger, 78 members), Niger.
- RSB, Ivory Coast.
- Ruban Rouge Côte d'Ivoire, Ivory Coast.
- Save the Children UK, United Kingdom.
- Secours catholique – Caritas France.
- Sidaction – Ensemble contre le SIDA, France.
- Solidarité SIDA, France.
- Stamp Out Poverty Network in the UK, (UK network of more than 50 charities, trade unions and faith groups), United Kingdom.
- Tax Justice Network (Coalition of 54 organisations), international network.
- The Bern Declaration, Switzerland.
- Unión Nacional de Instituciones para el Trabajo de Acción Social (UNITAS, Network of NGOs from Bolivia), Bolivia.
- Volontari del mondo – FOCSIV, Italy.
- Voluntary Action Network India (National Platform of NGOs from India, 2200 members), India.
- WEED - World Economy, Ecology & Development, Germany
- World Care Council, International network.