



## CHAIR SUMMARY

### **ACTION AGAINST HUNGER AND POVERTY SANTIAGO MEETING OF THE TECHNICAL GROUP (TG-7) OF ALGERIA, BRAZIL, CHILE, FRANCE, GERMANY, SOUTH AFRICA, SPAIN**

The member states on the Initiative against Hunger and Poverty have reiterated their commitment to the implementation of the comprehensive menu of options identified in the Report submitted by the Technical Group on Innovative Financing Mechanisms in September 2004. A meeting of the Group (TG-7) was held in Santiago de Chile on the 10<sup>th</sup> and 11<sup>th</sup> of January 2007 to assess the progress being made and to examine the course of action to be taken by the Technical Group in the near future.

The meeting took place at the Chilean Ministry of Foreign Affairs, with the presence of its current seven member states, with the participation of the UN Secretariat, and Norway as observer in its capacity as President of the Leading Group of Countries on Solidarity Levies (LGS). The TG-7 also invited the Chilean Association of Non-Governmental Organizations (ACCION) and the "Tax Justice Network" (TJN) to make presentations and debate issues of mutual interest.

Since the Heads of State and the Government met in 2004, the Technical Group has continued its work to improve and develop its initial proposals.. So far, more than 119 countries have expressed their support for measures such as the ones proposed and have encouraged the Technical Group to forge ahead. Today 45 countries, currently presided by Norway, are part of the Leading Group of Countries on Solidarity Levies (LGCs), which aims at the promotion of Solidarity Taxes/ Levies. The LGCs provide a platform for support, cooperation, and discussion about the application of innovative financing mechanisms for development.

The meeting carried out a review of the work done by the TG-7. The participants recognized the significant progress achieved by the TG-7 at the international level on

the discussion of innovative financing mechanisms for development. The Group acknowledged the positive reception of these mechanisms at different international fora and their inclusion in the Declaration of the UN Summit on the Millennium Development Goals of September 2005, as well as in the follow-up process and implementation of the Monterrey Consensus for Financing for Development (FfD).

The Group congratulated itself on the success of the Pilot Project financed by a solidarity levy on international air tickets —applied at the national level and coordinated at the international level— implemented through UNITAID. This institution was created in September 2006, placed within the World Health Organization, with the aim of supporting the treatment of HIV/AIDS, Tuberculosis and Malaria. Some twenty countries have decided to apply the solidarity air ticket levy or are considering contributions to UNITAID using other sources of sustainable financing.

With the establishment of UNITAID at the initiative of the TG-7 countries, without distinction regarding their level of economic development and with a sense of commitment to the importance of international responsibility and solidarity, we have been able to advance in less than two years from a draft **proposal to concrete action.**

In this context, the TG-7 meeting in Santiago devoted its discussions to advancing the development of the menu of mechanisms proposed by the Technical Group to enable, based on solid technical and economic criteria, the identification, design, and implementation of other pilot projects.

Thus, the Santiago meeting focused on three key issues: 1. promoting international cooperation in tax matters, aimed at reducing tax evasion and elusion through the use of tax havens; 2. stressing the technical feasibility of having the IMF issue Special Drawing Rights (SDRs), by adopting the Fourth Amendment to its Articles of Agreement, as a counter-cyclical facility to limit the severe effects of financial crisis and allow developing countries to maintain the levels of domestic investment and the

level of expenditure on social programs; and 3. reducing the costs of remittances, promoting the access of migrants to formal financial institutions in the host countries, and facilitating access of recipients of remittances to the banking system of the home countries, in order to encourage and facilitate the productive use of these resources.

The Technical Group at its meeting in Santiago agreed to adopt, *ad-referendum*, an Annex to be used as “an indicative list” of possible measures to reduce tax evasion; to cooperate and consult on the promotion of the menu of options prepared by the TG-7 at the United Nations particularly on the High Level Dialogue between Economic and Social Council (ECOSOC), the Bretton Woods institutions, the World Trade Organization (WTO), the UN Conference on Trade and Development (UNCTAD), and the regional development banks; the follow-up process of the Monterrey Consensus for Financing Development; and the Substantive Sessions of the Economic and Social Council, and as well as the Organization of Economic Cooperation and Development (OECD).

The Chilean President, Madame Michelle Bachelet, hosted a working breakfast with the participants of the TG-7 meeting in Santiago, during which she recognized and welcomed the work done by the Technical Group. She also called for the Technical Group to further their efforts to identify and implement innovative financing mechanisms to respond to the challenges brought on by globalisation. In this regard, she emphasised that the work of the TG-7 constitutes a new form of international cooperation, and reiterated the strong commitment of her Government to assume increasing responsibility in economic and social development based on shared solidarity efforts by all.

In this context, President Bachelet highlighted the positive contribution made by Non-Governmental Organizations (NGOs) and Civil Society to strengthen the initiatives undertaken by the TG-7. She called on the Group to explore new pilot projects to deal with the most urgent needs of the poorest and most vulnerable groups, particularly children, by implementing a program to fight infant malnutrition in part with funds from innovative financing mechanisms.

The work of the TG-7 —which has been supported by a wide sector of the International Community— aims at contributing to the promotion of a “Globalisation with a human face” that calls for economic and social development in all countries, shared responsibility, and the promotion of peace and international security.

Santiago de Chile  
January 11, 2007