

FST introductory speech for Plenary Session on
“Social Justice and Inequality”

I am very pleased to be here today to speak and take part in this Forum on Human Development, and to be on a panel with such distinguished development experts. And I welcome the focus of this session on the challenge of human development and the need to promote social justice and reduce inequality across all countries – the most important challenge of our time.

The wake of the Tsunami disaster, and the International reaction to it, shows this is a good time to be having this discussion.

Our response in both developed and developing countries needs to be comprehensive and inclusive, tackling the underlying causes of poverty and focusing on meeting the commitments and targets that we have set, avoiding any repeat of the failures of the past.

Central to this is the compact made five years ago at the Millennium Summit in New York between developed and developing countries. A compact to accept jointly the challenge and agree the changes necessary to fulfil it, embodied in the eight Millennium Development Goals. By 2015:

- every child would go to primary school
- avoidable infant deaths would be prevented
- poverty would be halved.

We know already that the first goal due to be met this year –to close the gender gap in primary and secondary education – will not be achieved. The vast majority - 60 per cent – of developing countries are unlikely to meet the target, most, on present trends, won't meet it even by 2015.

We have seen some progress, but on present rates, in sub Saharan Africa:

- primary education for all - will be delivered not in 2015 but 2130 – 115 years late;

- the halving of poverty will be 135 years late; and
- the elimination of avoidable infant deaths will be 150 years late.

We have to do much much better, and so the UK has concluded that human development and social justice must be prioritised through this year's UK Presidencies of the European Union and the G8.

We believe that this year presents a unique opportunity to for all of us to deliver on these challenges, and we are calling on all countries to work together on three essential elements of a 2005 development plan for a new deal:

- first, that we take the final step in delivering full debt relief for the debt burdened countries;
- second, that we deliver a world trade round that benefits the poorest countries and ensures they have the capacity to benefit from new trade; and
- third – alongside timetables on increasing development aid to 0.7 per cent of national income – that we implement a new international finance facility to offer immediate, predictable, long term aid for investment and development --- building on commitments by individual governments, leveraging in additional funds from the international capital markets, raising an additional \$50 billion a year each year for the next ten years, effectively doubling aid to halve poverty. And to achieve the Millennium Development Goals.

At the UN Monterrey Financing for Development Conference, donor countries pledged an additional \$16 billion a year from 2006. For the UK's part, our level of Official Development Assistance will increase to £6.4 billion - 0.47 per cent of our national income – by 2008. Beyond that we want to maintain those rates of growth which, on this timetable, would lift the ODA ratio beyond 0.5 per cent after 2008 and to 0.7 per cent by 2013 – and over the next year we plan to ask other countries to join us and nine others in becoming countries which have either already reached 0.7% or have set a timetable towards it.

But we know that even if one or two of the G7 could overcome fiscal constraints and go to 0.7 per cent tomorrow, we still won't reach the scale of the resources needed to achieve the Millennium Development Goals - at least \$50 billion more a year - not in 2015 but now. We need to move faster to keep our side of the promise made at the Millennium Summit.

The scale of the resources needed immediately to tackle disease, illiteracy and global poverty is far beyond what traditional funding can offer today. But it is not beyond our reach.

We need new and innovative ideas to raise additional development financing for fighting poverty. The challenge is being increasingly recognized across the world. I would particularly like to pay tribute to the central role that Jean-Pierre Landau has played in his work on innovative financing solutions, and it is an area in which the UK and France, and other international partners, have been able to work together very effectively.

Over the course of 2005, we will be continuing to work to build support for such solutions, including the proposal for stable, predictable, long-term funds frontloaded to tackle today's problems of poverty, disease and illiteracy through an International Finance Facility.

The IFF is founded upon long-term, binding donor commitments from the richest countries, and builds upon the additional \$16 billion already pledged at Monterrey. On the basis of these commitments it leverages in additional money from the international capital markets to raise the amount of development aid we need for the years to 2015, in order to secure the Millennium Development Goals.

I would like to hand over to Rob Ward, the co-ordinator of the International Finance Facility in the UK Treasury, to describe in more detail how the IFF will work and current progress towards launching the Facility.

