

Sixth ministerial meeting of the Leading Group on Solidarity Levies to Fund Development – Speech by Bernard Kouchner, Minister of Foreign and European Affairs

Paris, 28 May 2009

(...) We are gathered here because we are deeply concerned about a single question: do we wish to continue to talk indefinitely about the Millennium Development Goals? Or do we wish one day to be able to talk about the Millennium “achievements”?

We are gathered here because we all share the same conviction, which the Secretary-General mentioned in passing: it is possible to change the world by force of will, by unwavering will, and with imagination! Innovative financing has passed its test. It is no longer in the experimental stage. It has already produced over \$2 billion dollars in three years.

But there is still an enormous need for financing: to ensure primary education for all, improve maternal health, combat hunger and the great pandemics, guarantee environmentally-friendly development, etc. We know that \$175 billion is needed every year at the global level to finance climate mitigation policy. We all know that \$35 billion is needed to achieve the Millennium Development Goals in the health sector alone.

These needs are not met by conventional financing. Times are difficult, as we know, so we need to show imagination by taking advantage, if I dare put it this way, of this difficult period which has badly affected our countries.

We need a change of vision today: in the face of the financial crisis, it is in our interest to supplement the traditional aid flows which nevertheless reached a record level of \$119 billion in 2008. We also need to be able to take advantage of the world’s growing interdependence, of globalization, of this globalization that some fear and others hope for, and so it is in our interest to pool the resources of States and private actors.

Innovative financing is indispensable. I am convinced that we need to set out to gain new participants, new sectors and new instruments. It is important for an ever-growing number of States to join us in such initiatives as the tax on plane tickets. This innovation has already been put in place, productively, in 13 countries. It funds the paediatric treatment of HIV-AIDS in 100,000 children a year through UNITAID’s programmes – thank you Philippe [Douste-Blazy, the UN Secretary-General’s special adviser in charge of innovative financing]. This is very good indeed, but obviously it is not enough.

We also need to go for new sectors. We must keep in mind that innovative financing has so far focused on health goals – I’m not criticizing this, and it has been a great success! But this must encourage us to broaden the field of action, particularly to include education and climate change.

We need to gain new mechanisms which bring intervention from countries in the North and South. Paradoxically, the financial crisis, as I said, gives us the opportunity to upset concepts that used to be certain! In this context, innovative financing can also contribute to better regulation of the economy. It is a valuable tool in globalization, a globalization which, it has often been said, would be more just and more humane. France, a pioneer in introducing many innovative instruments, wishes today to continue to propose to her partners new ambitions to help the poorest. It remains imperative to persuade everyone of the utility of innovative financing and to explore mechanisms appropriate for global needs, for the developing world, based on the principle of economic rationality. These two worlds, development and economic rationality, are not contradictory. We need today to foster bold and ambitious thinking which can make the most of the growing financial interdependence of international markets.

The future Chilean presidency of the Leading Group, which I welcome here, faces an impressive workload! It will take over at a decisive time characterized by our resolve to reject resignation.

The need for scaling up – as it is referred to in the language of the UN – innovative financing is now on the international community agenda, this too being a UN expression. It was recognized by the United Nations at the Doha Conference. It was recognized by the European Union in the latest Council conclusions. Now we must act.

To this end, I would like to invite you in the coming hours, days and months, invite us collectively, to give practical effect to our commitment by taking several decisions. Because we cannot be content with just goals, generous though they may be. It is the Leading Group's role to mobilize the international community for these issues; it is also our duty, it seems to me, to give them a way forward by taking decisions.

What are these practical steps? This is not an exhaustive list:

- ▶ Firstly, for each member country next year to implement one innovative financing mechanism from among the range of mechanisms proposed during these two working days;
- ▶ Secondly, for existing initiatives to be adopted by new countries to increase the resources for development, and there is no shortage of projects. I have mentioned the plane ticket tax financing UNITAID, IFFIm, the so-called “D.tax” mechanism, the voluntary solidarity levies set up by the Millennium Foundation, the “Advanced Market Commitments” and so on.
- ▶ Thirdly, that we should extend our work to include the fight against tax evasion which deprives the developing countries of considerable resources, a step the Leading Group took in response to the Norwegian presidency, and I thank it for that:
- ▶ Fourthly, that we stipulate the need to reduce the costs of migrants' transfers and encourage these to be used as effectively as possible. Do not believe that innovating financing is separate from taking political positions – it is directly at the heart of politics. If we talk about the need to reduce or eliminate tax havens, if we talk about migrations, it is because it is absolutely necessary. If we fail to address these issues, we would be being very superficial and would remain so;
- ▶ Fifthly, let us begin a debate on climate change, in particular on allocating for development, on a voluntary basis, part of the revenue from bids for carbon credits. It wouldn't be understood why we want to reduce greenhouse gas emissions – which we will succeed in doing – if the countries most in need of these reductions do not benefit from them;
- ▶ Lastly, in a personal capacity, I would like to see the Leading Group explore new forms of levy, no doubt on a voluntary basis initially, given the success of innovative taxation mechanisms. Such projects for taxation like the one on non-monetary financial transactions presuppose broad adherence and will be effective only if several States, obviously those where the main currencies circulate, decide to coordinate their implementation of them on all markets. And to do this, banks and their clients – and the task is enormous – have to be convinced. I have already proposed this repeatedly, and each time the finance ministers have all said “it's not possible.” Well, I will tell you, “nothing is impossible!” Nothing, especially not that. Because you all know perfectly well it will be achieved one day even if it begins on a voluntary basis like the ethical funds, for example. Banks at some point in time will propose it to their clients, and a tiny part of financial transactions will be released for development. I promise you, and our country, France, is ready to assist a pioneer group of States in applying this type of tax which was already adopted in our parliament in 2001. So it is possible to implement such a measure, which could perhaps be applied to the European market initially. Let us think about all this in practical terms, not to say it's difficult; obviously everything is difficult but once you do it, it becomes less difficult. I am convinced that a working group must be assigned this.

Ladies and gentlemen, we need today to make the best of the growing interdependence of financial markets by using non-onerous mechanisms to tax, as I said earlier, a tiny fraction of the transactions which take place every day. This will probably happen on a voluntary basis to begin with because financing development must become a moral imperative. These amounts

would then be paid to a fund receiving public and private resources so that human-scale projects selected by a group representative of the private and public sectors and NGOs, and selected for their innovativeness and efficacy, on the model of the ethical funds in particular, are actually realized.

These goals will, I hope, appear in the progress table at our next session. We will be helped in this by the major international meetings where the Leading Group will advocate for innovative financing: at the G8 very soon in Italy, at the UN General Assembly in New York next September where we will renew the Declaration [on Action] Against Hunger and Poverty. At the meeting in September, the UN Secretary-General will receive a report on innovative financing that may also be inspired by the work we are doing with our British friends. The conclusions of our work will, I hope, inspire this report.

It is up to us now, Secretary-General, to be equal to these promises and perspectives. And I would like to thank you for the excellent organization of this first meeting and those that will follow. Thank you./.