

Dr. Jim Yong Kim
President
The World Bank
1818 H Street, NW
Washington, DC 20433

Via email: jkim@worldbank.org

Re: Financial transaction taxes as a source of innovative finance

Dear Dr. Kim:

We, the undersigned organizations, congratulate you on your position as World Bank President. We are hopeful that with your impressive track record, you will bring fresh thinking to this important financial institution.

We are writing now to encourage you to use your prominent position of influence to become a vocal champion of innovative ways to ensure sufficient resources are available to tackle the most pressing problems faced by the world's poorest and most vulnerable people.

Given the budget constraints facing many of the largest donor countries, it is widely accepted that new sources of financing are needed. Our organizations are part of a growing international campaign to promote one of the most promising forms of innovative finance – small taxes on trades of stock, derivatives, currencies, and other financial instruments.

We have long advocated that such financial transaction taxes (FTTs) are a practical way to generate revenue to fill domestic and international financing gaps, discourage the type of short-term financial speculation that has little social value but poses high risks to the economy, and serve as a predictable and sustainable source of financing for health, climate, development, and job creation. In a recent paper, the UN Department of Economic and Social Affairs concluded that “financial and currency transaction taxes are technically feasible and economically sensible. They could readily provide the means of meeting global development financing needs.”

Over the past two years, we have been encouraged by significant shifts in the debate, with influential leaders such as Bill Gates, UNAIDS Executive Director Michel Sidibé, Bishop Desmond Tutu, Kofi Annan, and Pope Benedict XVI coming out in support. Now is a critical time to add your voice to the call.

A grouping of European governments appears on track to forge an EU agreement to implement a FTT by the end of 2012. However, with the exception of France, they have made no clear commitment yet on how the resources would be allocated. Your support could help ensure that a substantial portion of the revenue goes to meet the needs of the world's poorest people, rather than simply paying down deficits.

Recommendations:

1. Raise FTT in the context of your work to publicize the new *World Development Report* focusing on jobs. As governments look for sources of financing for job-creation strategies, FTT should be promoted as one potential source.

2. Promote the FTT as part of a plan to achieve internationally agreed global health, education and other development goals. For example, with the prospect of ending AIDS closer than ever, FTT revenues could help achieve Millennium Development Goal #6, aimed at reversing the spread of HIV/AIDS and ensuring universal access to treatment and help fully fund implementation of the [2011 Political Declaration on HIV/AIDS](#).

3. Promote FTT as a source of innovative finance for developing countries' efforts to address climate change. Such revenues are needed for the Green Climate Fund and other funds of the UN Framework Convention on Climate Change, including the Adaptation Fund, Least Developed Countries Fund, and the Special Climate Change Fund. Further, it would be helpful to promote FTT as a source of climate finance in the context of studies and reports mandated by international bodies such as the G20 and the UN.

4. Bring these messages to the general public and world leaders. At this key moment in their decision-making, it is particularly important to urge European leaders to allocate part of FTT revenue to development and climate. We also recommend that you publish an open letter on this theme in major newspapers.

5. Meet with civil society and independent experts on this timely issue. We would be very pleased to organize a briefing that would include participation by leading experts in the field. Over the past several years, many of our organizations have been involved in similar briefings with the International Monetary Fund, the Gates Foundation, the European Commission, and national governments. We would appreciate the opportunity to share research and analysis of the feasibility and potential benefits of this means of generating additional finance.

We look forward to hearing from you.

Sincerely, (signatories as of October 4)

1. AFL-CIO (USA)
2. Alliance for a Just Society (USA)
3. Balance Promoción para el Desarrollo y Juventud (Mexico)
4. Canadian HIV/AIDS Legal Network
5. Center for Economic and Social Rights (USA)
6. Chicago Political Economy Group (USA)
7. COALITION 15%, CAMEROON
8. CPATH (Center for Policy Analysis on Trade and Health) (USA)
9. Ecologistas en Acción (Spain)
10. Friends of the Earth U.S.
11. Gender Action (USA)
12. Global South Initiative (Nepal)
13. Greenpeace
14. Halifax Initiative (Canada)
15. Health GAP (USA)
16. INPUD (International Network of People who Use Drugs) (United Kingdom)
17. Institute for Policy Studies, Global Economy Project (USA)
18. Interagency Coalition on AIDS and Development (ICAD), Canada
19. International Civil Society Support
20. International HIV/AIDS Alliance
21. International NGO Forum on Indonesian Development

22. International Trade Union Confederation
23. KOO- Koordinierungsstelle der Österreichischen Bischofskonferenz f. internationale Entwicklung und Mission (Austria)
24. Main Street Alliance (USA)
25. Maryknoll Office for Global Concerns (USA)
26. National Union of Public and General Employees (Canada)
27. POSITIVE-GENERATION/CAMEROON
28. Public Services International
29. Réseau Accès aux Médicaments Essentiels (RAME) Burkina Faso
30. Salamander Trust
31. Stamp Out Poverty (United Kingdom)
32. TAW AFRICA
33. TAW-BURKINA
34. TAW-CAMEROON
35. Third World Network
36. Trades Union Congress (Great Britain)
37. Treatment Action Group
38. UBUNTU - World Forum of Civil Society Networks
39. United Methodist Church, General Board of Church and Society, USA
40. VOCAL-NY (USA)
41. Wealth for the Common Good (USA)
42. World AIDS Campaign International (South Africa and Kenya)
43. World Democratic Governance project Association