

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

October 9, 2012

Via email: jkim@worldbank.org

Re: Financial transaction taxes as a source of innovative finance

Dear Dr. Kim:

We, the undersigned 58 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 financing for health, climate, development, education, 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 group of at least 11 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,

AFL-CIO, USA

Alliance for a Just Society, USA

Australian Council of Trade Unions (ACTU)

Balance Promoción para el Desarrollo y Juventud, Mexico

Campaign for the Welfare State, Norway

Canadian HIV/AIDS Legal Network

Center for Economic and Social Rights, USA

Chicago Political Economy Group, USA

Coalition 15%, Cameroon

Comisiones Obreras (CCOO), Spain

Confederazione Generale Italiana del Lavoro (Italian General Confederation on Labour)

CPATH (Center for Policy Analysis on Trade and Health), USA

Ecologistas en Acción, Spain

Education International

Europeans for Financial Reform

Friends of the Earth U.S.

Gender Action, USA

Global Health Advocates France

Global South Initiative, Nepal

Greenpeace

Halifax Initiative, Canada
Health GAP, USA
IG Bauen-Agrar-Umwelt (Trade Union for Building, Forestry, Agriculture and the Environment), Germany
INPUUD (International Network of People who Use Drugs), United Kingdom
Institute for Policy Studies, Global Economy Project, USA
Interagency Coalition on AIDS and Development (ICAD), Canada
International Civil Society Support
International HIV/AIDS Alliance
International NGO Forum on Indonesian Development (INFID)
International Trade Union Confederation
Kampagne: Steuer gegen Armut (Tax Against Poverty Campaign), Germany
KOO-Koordinierungsstelle der Österreichischen Bischofskonferenz f. internationale Entwicklung und Mission, Austria
Main Street Alliance, USA
Maryknoll Office for Global Concerns, USA
National Union of Public and General Employees, Canada
NSW Nurses and Midwives' Association, Australia
Oxfam International
Positive-Generation, Cameroon
Public Services International
Réseau Accès aux Médicaments Essentiels (RAME), Burkina Faso
Robin Hood Tax Campaign, United Kingdom
Salamander Trust
Stamp Out Poverty, United Kingdom
TAW AFRICA
TAW-BURKINA
TAW-CAMEROON
Trades Union Congress, Great Britain
Treatment Action Group, USA
UBUNTU - World Forum of Civil Society Networks
Unión Sindical Obrera (USO), Spain
United Methodist Church, General Board of Church and Society, USA
VOCAL-NY, USA
Wealth for the Common Good, USA
Women in Europe and Central Asia Regions plus (WECARe+), Germany
World AIDS Campaign International, South Africa and Kenya
World Democratic Governance project Association
World Federalist Movement Japan
WWF International