

**The Doha Review Conference and the
PROPOSAL TO SEEK THE APPROVAL OF AN
INTERNATIONAL POLITICAL AGREEMENT ON THE
IMPLEMENTATION OF A
CURRENCY TRANSACTION TAX (CTT),
which is intended as a source of FfD
in that the revenues would go to multilateral funds, the aim
for the initial period being to achieve the MDGs by 2015**

From paragraph 44 of the Monterrey Consensus (2002) Secretary General's Note for to the Special High-Level Meeting of the ECOSOC to be held in New York on 14 April:

**HALIFAX, CIDSE, SOCIAL WATCH, STAMP OUT POVERTY, THE
UBUNTU FORUM, ETC., AND IN LINE WITH THE WORK OF ACTION AGAINST HUNGER & POVERTY'S LEADING
GROUP ON SOLIDARITY LEVIES**

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The funds collected by each signatory country to the international treaty would be passed on to the UNDP, and would then be allocated on the basis solely and exclusively of development criteria and purposes, beginning with and giving priority to the development of the least advanced countries.

After the change of UN Secretary-General on 1 January 2007, some processes for the 2005 World Summit (reviewing the road towards the Millennium Development Goals [MDGs] and the reform of the UN itself) still remain open to some extent, though weakly so. There are also major crises within the Bretton Woods Institutions (BWI) and the World Trade Organization (WTO). In this context, the scheduled Review of the Monterrey Summit on Financing for Development will come, as we see it, as the time of the greatest tension, interest, attention and future concentration in the short term regarding the world of multilateral institutions, and thus the time for tackling one of the crucial issues facing humanity in these early years of the new century: development.

All that may result in extra momentum to make all parties working for the in-depth, substantive reform of international institutions muster their combined energies and that is indispensable in international policies to make sustainable human development possible in every corner of the planet. This change emerges as all the more indispensable now that we can see how we are still failing to move in the right direction even though we are half-way towards the date set for achieving the MDG.

The atmosphere of the forthcoming Doha meeting is already present in many forums. And the responsibility to get mobilised falls to internationally organised civil society, among other actors. This proactive working document seeks to go one step further in the vast and outstanding work that has been put in for years now by many organisations on present than ever over these months and at Doha.

We here at the UBUNTU Secretariat see that tax as an essential source of predictable [U]b'a cgh'VYbYÚh'Zfca 'h\Y'dfYgYbh'XUmibYc`JYfU`Wd]hU]gh[`cVU]gU]cb`UbX'h\cgY'k `c` are most harmed by it. And we would also like to see in it another step in a systemic transformation towards an increasing multilateralism in FfD.

H\Y' cZÚWU` Wza a i b]m cZ' Xcbcfj' a UXY' U' Wza a]ha Ybh' h\fc i [\ ` h\Y' A]`Ybb]i a` Development goals to lifting millions of people out of poverty by 2015. Now however, 8 years after the Millennium Summit, it seems clear that many countries will not achieve those goals

i b`Ygg`h\Ym\ Uj Y`g][b]ÚVWbh`UXX]h]cbU`CZÚVJU`8Yj Y`cda Ybh`5gg]ghUbW`fC85E`fYgci fWg`

To make matters worse still, far from having achieved the aim embraced three decades ago by the developed countries of collecting 0.7% of GDP, ODA has been falling again over fYVbh`mYUfg`" H\ Uh`]gž`]Z`XYVh`fY`]YZ`fk` \]W`k` Ug`j` Yfmg][b]ÚVWbh`]b`&\$)\$`ž`UbX`Ugc`]b`&\$*\$`ž` a`U]b`m`Zcf`=`fUe`UbX`B][`Yf]Uk`]g`YI`W`XYX`Zfca`h`Y`W`W`Uh]cbž`CZÚVJU`8Yj Y`cda Ybh`5]X`

It is also to be stressed that nearly 70% of total ODA is bilateral. Moreover, that bilateral Assistance seems to be concentrated on a small number of recipients, as noted by the Secretary General of the United Nations in *Follow-up and implementation of the outcome of the International conference on Financing for Development* (Document A/62/217 of 10 August 2007):

79. ...*The World Economic and Social Survey 2005 noted that the top 20 recipients received more than half of net bilateral ODA and less than 50 per cent of aid recipients received 90 per cent of all aid from DAC donors. There are many poor low-income countries that receive very little aid and a few that have experienced surges in aid flows.*

The forthcoming meeting of the International Conference on Financing for Development, to be held in Doha on 29 November - 2 December 2008, affords us an important opportunity to review all these situations and, in particular, to renew Vta`a`]ha`Ybhg`UbX`hc`WYUf`h`Y`k`Um`Zcf`bYk`gci`fWg`cZ`ÚbUbV]b[`Zcf`XYj`Y`cda`Ybh`] sources that are multilateral, transparent and sustainable, that aim for true development designed by the transforming agents themselves, and that are based on a fairer distribution of world resources. It is in this context that civil society must avail itself of the run-up to that meeting in Qatar and the Doha meeting itself to put pressure on the governments and international institutions involved in order to achieve the most satisfactory outcomes.

As noted in the Secretary General's recent Report *Follow-up and implementation of the outcome of the International conference on Financing for Development* (Document A/62/217 of 10 August 2007), the Millennium Declaration already set down back in 2000 U`Vta`a`]ha`Ybh`Vm`<YUXg`cZ`GhUy`UbX`;`cj`Yfba`Ybh`hc`ÚbX`bYk`gci`fWg`Zcf`ÚbUbV]b[` development. The Monterrey Consensus also paid attention to those mechanisms, and this was backed by subsequent inter-governmental initiatives seeking to develop them. Particularly notable in this respect is the work done by Action against Hunger and Poverty and by the Leading Group on Solidarity Levies to Fund Development.

Even though the initiatives launched so far by the Leading Group are probably not the best examples, a very important step did come in the form of the decision announced]b`GYci`]b`GYdhYa`VYf`&\$*\$`+`hc`gYh`i`d`U`bYk`k`cf`]b[`]g`V[`fci`d`cb`]`]Vh`Wd]hU`Ú][`hž`YX` by Norway. In line with the words of the Report of the UN's General Secretary *Follow-up and implementation of the outcome of the International conference on Financing for*

Development (Document A/62/217 of 10 August 2007), we are totally in favour of these issues being pursued wholly within the United Nations as soon as possible.

94. *Although it was very controversial just a few years ago and the funds that have so far been raised have been small, the topic of innovative sources of finance has been largely brought into the mainstream and most Member States now recognize it as an important aspect of financing for development. [...] At the 2005 World Summit, heads of State and Government recognized the value of developing innovative financing and took an interest in the ongoing international efforts.*

95. *It is thus encouraging that several projects have been implemented quickly and successfully and that various additional ideas are being discussed. [...] It appears important to devote attention to developing and scaling up existing pilot projects. Proposals might also be prioritized by the volume of flows they can leverage and new types of added value they can provide. Civil society and the private sector could play a visible role in the design of projects and in monitoring the use of resources. [...] The United Nations system has shown that it can be a catalyst for these approaches and an efficient instrument to discuss, obtain support for and help implement some of the initiatives.*

96. *Several innovative mechanisms for finance have been proposed and should continue to be explored. [...] Another issue that should be kept in mind is the appropriate balance required between international coordination and national implementation of these initiatives. As much as possible, the funds collected through innovative financing mechanisms should be pooled and disbursed through existing multilateral institutions with good track records in achieving development results, including organizations of the United Nations system. Specific multi-stakeholder task forces could also be set up by the Leading Group on Solidarity Levies to Fund Development and the group on Action Against Hunger and Poverty, or similar groupings, to study in-depth initiatives and proposals that may be ready for broader consideration and possible implementation.*

.....

In addition to the two plenary meetings envisaged by that Leading Group (in 8U_Uf`]b` h\Y` Úfgh` \UZ` cZ` &\$\$, `!` &&` UbX` &` `5df]!` `UbX`]b` 7cbU_fm]b` h\Y` gYW`bXlZ` h\]g` year's international political agenda offers other occasions for working on innovative a YW`Ub]ga` g`Zcf`ÚbUbV]b[.` h\ YmUfY`Ua` cb[`h\Y`]ggj` Yg`Ybj`]gU[YX`Vm`h\Y`GdYV]U` <] [\!` @] Y` Meeting of the Economic and Social Council with the Bretton Woods institutions, the WTO and the UNCTAD, and they will also be dealt with in the various working sessions gW`YXi` `YX` Ug`dUfh`cZ` h\Y` cZ`ÚV]U` dfc[fUa` a` Y`Zcf` h\Y` ;` YbYfU` 5ggYa` V`mk`]h\` fYZfYbW` hc` the Doha meeting, including the review of the chapters of the Monterrey Consensus, and hearings with civil society.

K` Y`k` ci` `X` `]Y` hc` \] [\ ` \ ` \ YfYž` Zfca` `h\` Uh` V`b`hYl` h`]b` [YbYfUž` h\Y` \] [\ ` mg] [b] ÚV]U`b`h` political evolution entailed in having moved on from paragraph 44 of the Monterrey Consensus or *Final Report of the International Conference on Financing for Development* (Document A/CONF.198/11 March 2002), viz:

After being collected at the country level by the Treaty's signatories, the funds would be passed on to the UNDP. Having them managed within the United Nations system would ensure the greatest possible degree of transparency and multilateralism, as well as ensuring respect for the sovereign right of the peoples concerned to decide on their own pathways to development. The application of the funds would be based solely and exclusively on development criteria and aims, giving priority to the development of the least advanced countries.

All this will also entail the necessary implementation of the recommendation made in the Report by the UNSG *Follow-up and implementation of the outcome of the International conference on Financing for Development* (Document A/62/217 of 10 August 2007)

126. In line with the existing broad mandate for enhancing international cooperation in tax matters, including with development objectives in mind, the United Nations should broaden and intensify its tax cooperation work and play a greater practical role in dealing with tax matters, including emerging issues that are not presently addressed in other organizations. Under the aegis of the follow-up process on financing for development, it would thus seem pertinent to undertake discussions exploring the potential for expanding tax cooperation activities at the multilateral level, including its institutional dimensions.

H\]g'g'V\]cb`cc_g'Uh'h\Y'Ú[i fYg'UbX'Uh'dcgg]V'Y'a YWUb]ga gž]b'cfXYf'hc'ZUW]hUhY'
]bhYbXYX'hc'VY'YI \ U gh]j Y'cf'hc'fYÚV\]h'h\Y'YI U\]h'XYhU]g'UbX'Yj c'i h]cb'cZ'h\Y'gci fWgž

H\Y' [`cVU' a Uf_Yhd'UW' Zcf' WffYbV\]h' hfUbgU\]cbg']' h\Y' : cfY][b' 9I WUb[Y' A Uf_Yh'
 fl cfYI Ł]'g'h\Y'Uf[Ygh'ÚbUbV\]U' a Uf_Yh']b'YI]ghYbW' "b' &\$ \$+ž'h\Y'Uj YfU[Y'j c'i a Y' hfUXYX'
 there amounted to "H\]g'Ú[i fY' \ Ug'VYyb'f]g]b' [' fUXi U'mig]bW'
 1970, with a sharper rise over the last few years, as can be seen in this table (summary of
 h\Y'cf][]bU'Ú[i fY'cb'h\Y'bYI h'dU[YŁ

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Source: BIS (Bank of International Settlements), *Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity in 2007 – Final results*¹

It is estimated that only a very small share of the total movement of currencies generated in this market stems from productive capital (e.g. funds coming from payments made by companies in purchasing products from other countries).

hfUX]b[]bj c'j Yg'gdYW'Uh]j Y'W\]hU'Úck gž'h\Y'cb'mU]a' cZ'k \]W']g'hc'fYUd'dfcÚhg'Zfca'
 Ubh]V\]dUHYX' X]ZZYfYbWg']b'YI WUb[Y' fUHyg' " < YbW' bYUf'mi h\Y' Ybh]fY' dfcÚh' [YbYfUHYX']b'
 h\Y'ÚbUbV\]U' a Uf_Yh' \ Ug'bc'YZZYV\]cb'h\Y'fYU'YV\]bca mfk \Yh\Yf']b'hYfa g'cZ'YV\]bca]W'
 [fck h\cfž'a cfY'dUfh]W' Uf'mž'g' ghU]bUW'Y' \ i a Ub'XY' Y'cda YbH'F'U\h'Yfž'h\Y'dfcÚhg'ghUm]b'
 a market in which the interaction is for the most part between big capital cities and the group of agents we might refer to as the "winners in globalisation".

: i fh\Yfa cfYžk \]Y'h\Y'WffYbV\]h'a Uf_Yh'h\cfk gi d' \ i [Y' dfcÚhg'h\Uh'UfY'h\Yb'g'UfYX'
 out among a small number of players, nearly 50% of humanity is still living below the poverty threshold of 2.15 USD PPP.

¹ Every three years, the *Bank of International Settlements* (BIS) coordinates a global survey among Central Banks on WffYbV\]h'YI WUb[Yg' h\Y'U]a' cZ'h\Y'g' f] Ym]g'hc'dfcj]XY'h\cfci [\]bZcfa Uh]cb'cb'Yj Ybhg']b' h\Uh'a Uf_Yh']' h\Y'6-G'Ugg]ghg'
)) '7YbhU'6Ub_g'UbX'ch\Yf'ÚbUbV\]U']bgh]h' h]cbg']b' \ UbX']b[' h\Y]f'WffYbV\]h'fYg'f] Yg': cf'h\Uh'fYUgcbžk \Yb'fYZYff]b['hc'h\Y'
 currency exchange market, mention must also be made of the role played by the BIS, since it is the institution that decides the policies governing the Forex.



Source: BIS (Bank of International Settlements), *Triennial*



[fck h\ 'gWbUf]c'' žcb`h\Y`ch\Yf` \UbXžbch`cb`mfYgj`hg`]b`gi ZÚWYbhfYj Ybi Yg`Zcf`a YYh]b[` the MDGs, it actually generates more money than the necessary. Thus in the event of the tax being applied on a market of that size, the money collected could be applied to going beyond the MDGs, or it could even be added to the general budget of the United Nations or some other initiative enabling the independent functioning of the multilateral system to be reinforced.

Championing the adoption of a tax on currency transactions arranged in the Forex is part of a broader aim to introduce regulatory mechanisms in a sector that is thoroughly dominated by private actors. In proposing a CTT, it is important to give States a priority role, both in enacting legislation for the tax and in managing the collection of its revenues. The Central Banks must retain a core role in the entire process, implementing the involvement of their governments and those governments' wishes to redistribute the revenues generated in a market in which they have so far played little part.

Having a Central Bank involved in applying the CTT is an assurance of success, because the banks that operate in a particular country cannot go against the desires of that

Vi b h f m g 7 Y b h f U ' 6 U b _ z g] b W h \ Y V Y b Y U h g h \ Y m [Y h i h f c i [\ ' d U f h] V d U h] c b '] b ' c d Y f U h] c b g Z U f ' exceed the costs of applying the CTT.

Despite its complexity, the predicament to be faced (the indispensable collection c Z b Y k z d f Y X] M U V ' Y ' U b X ' g i g h U] b U V ' Y ' U b U b V U ' f Y g c i f W g ' Z c f ' X Y] Y ' c d a Y b h ' l ' '] b] h] U ' m Z c f ' achieving the MDGs) is urgent, and the issue is politically ripe, as we can see merely from h \ Y ' d f c Z i g] c b ' c Z U M f c f g ' l '] b W X] b [' G h U h Y ' U M f c f g ' l ' h \ U h \ U j Y ' k c f _ Y X ' U b X ' U f Y ' g h] ' ' k c f _] b [' on it, and from the above-mentioned note I.6 from the General Secretary of the United B U h] c b g '] b ' A U f W ' & \$ \$, " K ' Y ' W b ' h i g ' ['] a d g Y ' l ' ' U b X ' X Y a U b X ' l ' ' U ' d U h \ ' V t a V] b] b [' h \ Y ' solidity of the process and its result with the greatest speed possible.

In view of all the considerations set out in this document, we believe that the right way to arrange the worldwide implementation of the CTT would be an International Treaty under the auspices of the United Nations: an *International Treaty Implementing a Tax on Currency Transactions*. The idea is to use the momentum (the time is ripe!) generated by

followed on 15 and 16 April by the General Assembly's review meeting on the matter of the Monterrey Consensus) could be the right point to launch the process. The Dakar meeting of the Leading Group on Solidarity Levies to Fund Development on 22 and 23 5df]`Vti`X`gYfj`Y`Ug`h`Y`Úfgh`a`i`h]UWcf`k`cf_]b[`a`YYh]b[`hc`[`Yh`h`Y`k`cf_]i`bXYf`k`Um`

Later on, the Hearings with civil society and the private sector on 18 June of the preparatory process towards the Doha 2008 and the meeting of the ECOSOC Development Cooperation Forum early in July might prove to be key intermediate points for reviewing the strategy and the degree of consensus achieved.

70% of total ODA is bilateral. Thus little contribution is made to multilateral harmonisation in achieving the most urgent goals for the development of a country. And usually little contribution is also made to the development of the least advanced countries.

8Yj`Y`cda`Ybh`WcdYfU]cb`bVgA

_VgA

are needed is something that has been a generally accepted as a political idea ever since globalisation burst onto the world economic and political arena back in the mid 1990s. What is known as the Tobin Tax emerged almost in parallel, and since then, various

This document, which cannot be exhaustive, will now be concluded with mentioning and explicitly recognising a number of initiatives we would like to see working together to achieve our shared objective.

The HALIFAX initiative (taking its name from the Canadian city in which it emerged) was founded in 1994 and now comprises 24 Canadian NGOs. Apart from its own website (www.halifaxinitiative.org) full-blown library covering the initiatives and projects that have been pursued over the years on this issue:

<http://www.currencytask.org/>

If any movement can claim to have got everyone talking about this issue, it must be ATTAC. In 1998 in its *Plateforme du mouvement international* ATTAC explicitly stated its

<http://www.attac.org/spip.php?article1&lang=en>

The *Network Institute for Global Democratization (NIGD) trabajó en una Campaign on Currency Transactions Tax*
