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*Tessa*

Thank you for your letter of 19 March about the proposal for a Robin Hood Tax.

The Prime Minister set out in his speech to G20 finance ministers at St Andrews in November, the need to consider whether a stronger economic and social contract that better reflects the global responsibilities of financial institutions to society is needed.

Budget 2010 set out how the UK is supporting an internationally coordinated approach to the issue of the balance of risk and reward between the financial sector and society. A range of policy options has been put forward for discussion, including contingent capital, systemic levies and transaction taxes. In his speech in November the Prime Minister set out four core principles to guide consideration of any measures: the measures would have to be global; they would have to have minimal distortionary impact; they should complement - and ideally reinforce - action we are taking to enhance the stability of the global economy; and they must be fair, measured and enable financial services to contribute to future economic growth.

The G20 has asked the International Monetary Fund to report on possible ways to ensure that the financial sector makes a fair and substantial contribution to the wider costs associated with government interventions to repair the banking sector.

On development financing, Budget 2010 confirmed that the UK will meet the interim target of 0.56% Overseas Development Assistance as a proportion of Gross National Income (ODA/GNI) in 2010.

On climate change financing the Copenhagen Conference in December 2009 countries agreed to work to limit the increase in global temperatures to below 2°C. Developed countries agreed to provide fast start finance approaching \$30 billion for the period 2010 to 2012 with a longer-term goal of \$100 billion a year of public and private finance by 2020.

Yours sincerely



**ALISTAIR DARLING**