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## Innovative financing and the health MDGs

- AfGH and the Financial Transaction Tax
- Political support?
- Upcoming policy opportunities
- Collecting and disbursing FTT revenue



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## AfGH and the Financial Transaction Tax

### Why the FTT for MDGs?

- Urgent need for innovative sources of financing to reach the MDGs by 2015 - 168-180 billion USD gap per year
- In 2009-2015 the estimated resource gap for health is 488 billion USD (including gaps for specific diseases, for MCH and for human resources for health)
- Unregulated financial markets are the cause of the crisis and a great income source



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## AfGH and the Financial Transaction Tax

### **AFGH involvement in campaigning?**

- Robin Hood Tax campaign in the UK
- Informal NGO coalitions in Brussels and in partner countries (France, Germany, Spain, Italy)
- European cross-networking space



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## Political support?

- MDG Summit pledges: France, Spain, Greece, Austria, Italy, Belgium, Portugal and Cyprus stated their support for innovative financing for development, specifically through an FTT
- The Taskforce on Innovative International Financing for Health Systems in support of a currency transaction tax (CTT) for health (2009), the Leading Group on Innovative Financing to Fund Development in support of a CTT for development (2010)

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## Political support?

- EC Communication 7.10.2010: “Taxation of the Financial Sector” in support for a global FTT as a potential revenue source for development
- EP supportive for further studies (resolution in March 2010)
- No global consensus - what is needed now is political will



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## Upcoming policy opportunities

- Informal Development Ministers meeting 21-22 October
- European Council on 28-29 October
- European Commission working group on innovative financing for development
- G20 in South Korea in November, G20 in France June 2011



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## Collecting and disbursing FTT Revenues?

- UK and US to collect and retain all taxes collected on in-country transactions
- Major portion of tax collected to be distributed to all countries that participate via their proportional participation in the taxed transactions or based on their share of the gross global product
- Direct funding outside of country treasuries

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# Direct funding mechanisms

- Precedents: International Finance Facility for Immunizations; UNITAID airline tax
- Direct funding should not free donors from their obligation to invest 0.7% of GDP for ODA
- Might impact donors decisions to allocate their bilateral ODA to other multilateral institutions, general budget support etc.





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## FTT for health?

- GFATM or broadened GFATM; World Bank; GAVI; UNITAID; EC MDG Contracts; IHP+; Joint HSS Platform; bilateral funding (PEPFAR)
- Are existing health mechanisms adaptable, do they adhere to the PD and aid effectiveness principles, to they have capacity to channel money efficiently and accountably into effective and equitable health programming by both public and non-public health sector?
- Will these mechanisms be country driven and partnership oriented?
- Will particular mechanisms be more or less inclusive of civil society in policy-setting , implementation, and oversight activities?
- Will particular mechanisms build sustainable capacity and resilient health systems?



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## Useful reading

- Baker, Brook: *A Currency Transaction Levy or Financial Transaction Tax for Health: Resource Needs Estimates and an Assessment of Funding Modalities*, 2010.
- Leading Group on Innovative Financing to Fund Development: *Globalizing Solidarity: The Case for Financial Levies*, 2010.
- Taskforce on Innovative International Financing for Health Systems: *Report - More money for health, and more health for the money*, 2009.
- Taskforce on Innovative International Financing for Health Systems: *Taskforce factsheet - Currency Transaction Levy*

**This paper was produced for a meeting organized by Health & Consumers DG and represents the views of its author on the subject. These views have not been adopted or in any way approved by the Commission and should not be relied upon as a statement of the Commission's or Health & Consumers DG's views. The European Commission does not guarantee the accuracy of the data included in this paper, nor does it accept responsibility for any use made thereof.**