



# ACTION FOR GLOBAL HEALTH

FULL FUNDING  
STRONG SYSTEMS  
FAIR ACCESS

Brussels, 27 September 2010

Dear Minister of Finance,

Following the ECOFIN meeting of 7 September 2010, Action for Global Health welcomes the fact that the discussion regarding a Financial Transaction Tax (FTT) will continue in the forthcoming ECOFIN on 30 September and 1 October. At the recent High Level United Nations Millennium Development Goals Review Summit in New York, EU Member States including France, Spain, Greece, Austria, Italy, Belgium, Portugal and Cyprus stated their support for innovative financing for development, specifically through an FTT. Along with many civil society actors, these governments have acknowledged that an FTT presents a real opportunity for developing an open, rule-based, and predictable financial system, as envisioned in Millennium Development Goal 8, by regulating the mostly untaxed financial markets that have wide impacts on developing countries. Equally important is that an FTT could generate up to 400 billion USD annually if applied globally with a tax range from 0,5 to 0,005%.

The slow progress in reaching the MDGs is a result of various factors. However, it is clear that the financial crisis caused by banks in the global North has severely affected developing countries. It has also caused many EU Member States decrease their Official Development Aid (ODA) and move away from reaching their commitment to provide 0.7% of their GNI to ODA by 2015.

The resources generated through an FTT would help bridging the current financing gap for reaching the MDGs. The report recently released by the Leading Group on Innovative Financing for Development has estimated that the resource gap for reaching the eight MDGs amounts to 168-180 billion USD per year in 2012-2017.<sup>1</sup> For global health alone, the World Health Organisation reports that an additional 37 billion USD needs to be allocated every year in order to meet the health-related MDGs 4, 5 and 6 by 2015.

Remarkable results have already been achieved with using innovative financing sources from the private sector for health care in developing countries. Current measures for innovative financing include, among others, taxes on airline tickets to finance access to essential medicines through UNITAID, and bonds secured by government pledges to finance for immunization (GAVI). Such measures have mobilized resources to combat HIV/AIDS, tuberculosis and malaria and to scale up immunization programs.

We therefore ask that you continue to work with other European Governments to enable the EU to play a leading role in the implementation of a global Financial Transaction Tax. If the G20 fails to find an agreement, we urge you to agree on the adoption of a Europe-wide Financial Transaction Tax by 2011, of which part of the revenues raised should go towards funding the MDGs. With only five years left to meet the commitments made at the MDG Review Summit, the EU could make a significant difference in the lives of millions of men, women and children living in poverty around the world.

Yours sincerely,

Action for Global Health Brussels  
European Public Health Alliance  
Stop AIDS Alliance

<sup>1</sup> Leading Group on Innovative Financing to Fund Development: *Globalizing Solidarity: The Case for Financial Levies*, 2010.