



Factsheet Debt2Health

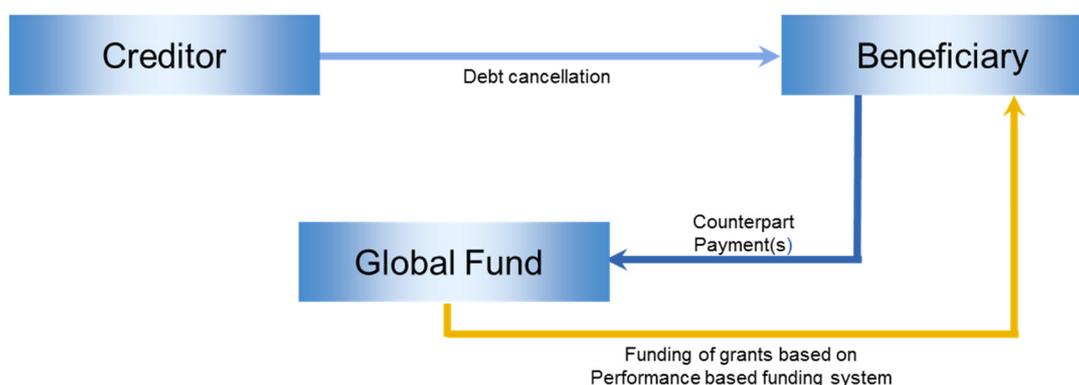
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Debt2Health is an innovative financing initiative of the Global Fund. It helps channel resources of developing countries away from debt repayment towards life-saving investments in health.

To bring about a Debt2Health agreement, the Global Fund identifies and negotiates debt conversion opportunities and then facilitates a three-party agreement among a creditor, the beneficiary country, and the Global Fund. Under a Debt2Health agreement, creditors forgo a portion of their claims on the condition that the beneficiary country invests an agreed-upon amount in health through a Global Fund-approved programme.

In Debt2Health, a creditor government cancels a certain amount of debt owed by a developing country with high debt and high disease burden. The beneficiary country makes the counterpart payment to the Global Fund. The Global Fund then disburses the counterpart funds through the same mechanisms and on the same principles as other funds to the beneficiary country.

Debt2Health Mechanism



As of November 2010, four Debt2Health agreements have been concluded:

- In September 2010, the fourth agreement was signed between Germany and Côte d'Ivoire. Under this agreement, Germany will cancel €19million of Côte d'Ivoire's debt. In return, Côte d'Ivoire will invest half of this amount in national programs to combat HIV/AIDS through the Global Fund.
- In July 2010, Australia and Indonesia signed the third Debt2Health agreement. Australia agreed to cancel a AUS\$ 75 million debt owed by Indonesia. Indonesia will pay half of that to the Global Fund to be used to fight tuberculosis in Indonesia through Global Fund approved programs.
- In December 2008, the second agreement was signed between Germany and Pakistan in which Germany cancelled €40 million and Pakistan invests €20 million in Global Fund approved programs in the country.
- In September 2007, Germany and Indonesia signed the first Debt2Health agreement, in which Germany forgoes €50 million and Indonesia will invest the equivalent of €25 million in health through approved Global Fund programs.

For more Information please see www.theglobalfund.org/en/innovativefinancing/