Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

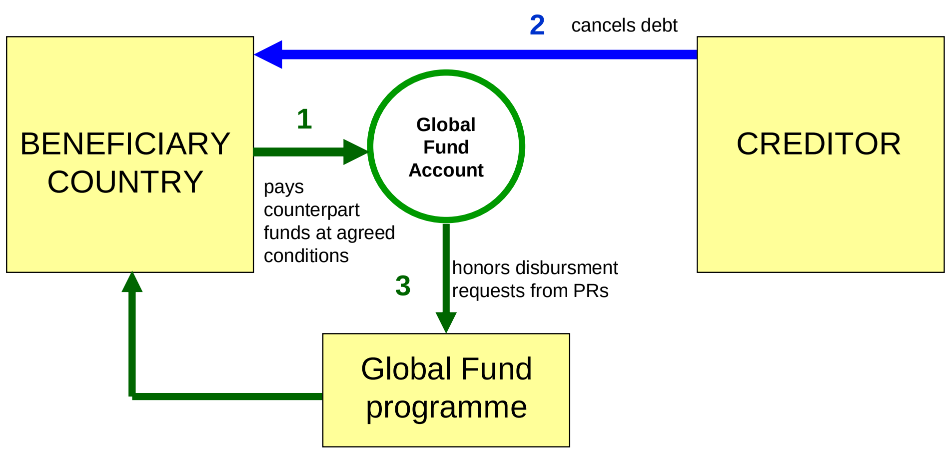
BASIC INFORMATION
Debt2Health

(August 2007)

Debt2Health is aimed at freeing up domestic resources through debt relief that can be invested in urgent public health needs in the fight against HIV/AIDS, TB and malaria. Based on a feasibility study which showed that debt conversion has the potential to generate hundreds of millions of dollars, the Global Fund Board approved a two-year Debt2Health pilot phase that is now being implemented.

The Global Fund identifies and negotiates debt conversion opportunities and then facilitates a three-party agreement among creditors, 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. This counterpart payment is made to the Global Fund in the form of cash or a promissory note (step 1). In return, the creditor cancels the debt amount as specified in the agreement (step 2). The Global Fund then disburses the counterpart funds through the same mechanisms and on the same principles as other funds (step 3).

Debt2Health Mechanism



Based on the decision at the Fifteenth Global Fund Board meeting in April 2007, the Debt2Health pilot phase is being implemented in Indonesia, Kenya, Pakistan and Peru. Germany has made the first offer to forgo claims of 50 million Euro on the condition that Indonesia invests the equivalent of 25 million Euro in health through approved Global Fund programmes. More pilot projects shall follow suit.