

Financing the Health MDGs

A Global Campaign for a Currency Transaction Levy



Meeting Report

12–14 July 2009

Washington, DC

Organised and hosted by International Civil Society Support (ICSS), the International HIV/AIDS Alliance (IHAA) and RESULTS, in collaboration with Partners In Health, Family Care International and Stamp Out Poverty.

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Contents

Acronyms and Abbreviations	2
1. Background and Overview	3
1.1 About meeting participants	3
1.2 About this report	4
2. Specifics about a CTL	4
2.1 What is a CTL?	4
2.2 How would a CTL work?	5
2.3 How much money a CTL for health could raise?	6
2.4 Why a CTL?	7
2.5 The UNITAID precedent.....	7
2.6 CTL-related steps and advocacy undertaken to date.....	8
3. Current and potential obstacles to a CTL for health	9
4. CTL Campaign Action Steps	11
4.1 Defining 'CTL for health'	11
4.2 Principles and structure	11
4.2.1 Briefing paper to identify core principles	11
4.2.2 Technical review of existing mechanisms	12
4.3 Establishment of a Global Advisory Group	12
4.4. Communications and media outreach	13
4.5 Civil society and network outreach.....	13
4.5.1 Europe.....	13
4.5.2 United States.....	13
5. Initial campaign timelines: Key upcoming meetings and dates	13
Annex 1. List of Participants	15
Annex 2. CTL Fact Sheet from Stamp Out Poverty	17

Acronyms and Abbreviations

CTL =	currency transaction levy
CSO =	civil society organization
ECB =	European Central Bank
Global Fund =	Global Fund to Fight AIDS, Tuberculosis and Malaria
HLTF =	High Level Taskforce on Innovative International Financing for Health Systems
ICSS =	International Civil Society Support
IHAA =	International HIV/AIDS Alliance
IHP+ =	International Health Partnership and related initiatives
FX=	Foreign Exchange
Leading Group=	Leading Group on Solidarity Levies to Fund Development
MDG =	Millennium Development Goal
NGO =	non-governmental organization
ODA =	official development assistance
SRHR =	sexual and reproductive health and rights

Note on text: All figures marked in \$ are US dollar amounts.

1. Background and Overview

This report is based on a meeting held on 13 and 14 July 2009 in Washington, DC. Organized and hosted jointly by the International HIV/AIDS Alliance (IHAA), International Civil Society Support (ICSS) and RESULTS, the meeting aimed to develop strategies to increase support for, and the ultimate implementation of, a currency transaction levy (CTL) whose revenues would be used to expand and improve global health. The overall goal was to inaugurate a new civil society-led campaign for a CTL for health.

The meeting built on the momentum of the recently finalised Stony Point Declaration – which outlines the commitment of organizations working in all aspects of health to form a strong global coalition to advocate for the realization of the health MDGs. The meeting was the first demonstration of this recent commitment of health MDG's to unify global advocacy efforts to secure additional financing needed if we are to support the attainment of the right to health.

A CTL is not a new idea. Renewed attention has been placed on it over the past few years, however, especially since the onset of the global recession one year ago. The economic crisis has prompted concern about donors' ability and inclination to meet global health commitments—including, most importantly, in regards to the health-related Millennium Development Goals (MDGs). Current trends indicate that significant increases in sustainable resources for global health cannot and may not be provided through official development assistance (ODA) alone. Recent high-level meetings such as the G8 delivered no significant increase in donor commitments to meet the health MDGs, whilst the impact of the global financial crisis is likely to be felt most by the increased number of people pushed into poverty, increased child and maternal mortality and lack of progress in scaling up the response to HIV, TB and malaria.

A CTL is seen as a relatively simple, straightforward way to raise additional funds from a source, currency transactions, that has not been taxed to date. A carefully calibrated CTL is also considered viable because it would have a negligible direct financial or economic impact on foreign currency markets, thereby neutralizing potential claims that it would have a destabilizing effect.

What is currently lacking is political will. That obstacle, many advocates believe, can be overcome through targeted advocacy aimed at debunking misconceptions about a CTL. An effective campaign in this regard would stress ease of implementation and that the proposed rate of the levy at 0.005% would not adversely affect the way in which the foreign exchange market operates.

1.1 About meeting participants

In attendance at the meeting were more than 20 representatives of civil society organizations (CSOs) and networks that focus on issues related to global health. Some CSOs represented work on health in a relatively broad sense, such as in terms of increasing resources for public health systems in the developing world, while others focus more specifically on certain diseases (such as HIV and TB infection) or sectors (maternal and child health).

The first part of the meeting consisted of a public seminar in which various specifics regarding a proposed CTL were summarized. Washington, DC-based global health and development advocates attended the seminar along with some Congressional staffers. They were invited as part of an effort to raise further awareness about a CTL and to build current and future support for the new campaign in the US in particular.

Annex 1 contains a list of all participants, both for the entire meeting and for the seminar only. Each participant's organizational affiliation is noted which reflects the range of health MDG organizations and networks engaged.

1.2 About this report

This report is intended to serve more as a summary than a comprehensive, in-depth account of all proceedings. The main focus is not on the process, but on the outcomes. Section 4 discusses the action steps agreed to by meeting participants. The steps are listed in more detail in a separate, more action-oriented document, to be used by the participants for follow-up.

Section 2 summarizes some of the key CTL-related concepts, terms and issues discussed during the opening seminar. Due to space limitations, it was not possible in this report to refer specifically to all presentations made by participants at the meeting, including during the seminar. Section 3 discusses some of the current and potential future obstacles to a CTL. Many of the issues discussed in that section were raised following the opening seminar.

More extensive information about a proposed CTL may be found in supporting materials available on the Stamp Out Poverty website (www.stampoutpoverty.org) and will be available on the ICSS website (www.icssupport.org) as well as on the websites of several other organizations directly involved in advocating for a CTL. The Canadian research organization North-South Institute (www.nsi-ins.ca) have commissioned and published CTL-specific reports and advocacy materials in recent years.

2. Specifics about a CTL

This section contains basic background information about a CTL. Similar data, observations and rationale may be found in Annex 2, which reprints the text of a fact sheet produced by Stamp Out Poverty, one of the leading civil society groups advocating for a CTL.

2.1 What is a CTL?

Simply put, a CTL is a charge levied at a tiny fraction of a per cent (0.005%) on currency transactions (ie dollars for pounds, euro for yen) that due to the enormous quantities traded (\$3.2 trillion a day in 2007) will raise substantial revenue on a predictable, ongoing basis. Put slightly more technically, a CTL "would take the form

of a small percentage levy on individual foreign exchange transactions, assessed on dealers in the market and collected by financial clearing or settlement systems.”¹

A CTL would be applied to the wholesale foreign exchange market, not the retail one, so would not have an impact on migrant remittances. So-called dealer banks operate in the massive global wholesale market, constantly arranging and “settling” currency exchanges with each other. There has been standardization over the past couple of decades, notably the introduction of the universal messaging infrastructure: SWIFT (Society for Worldwide Interbank Financial Telecommunication).

In theory, a CTL could be levied at any percentage. Most advocates currently propose a rate of half a basis point (0.005%) of the value of each trade. That rate has been carefully selected because it is small enough to have no practical “distorting” impact on the currency trading market. Given the volume of transactions in the foreign exchange (FX) market, however, even a CTL levied at such a small rate would raise significant quantities of revenue.

2.2 How would a CTL work?

Most advocates currently focus on the four currencies in which the vast majority of foreign exchange transactions are undertaken: the US dollar, the euro, the British pound and the Japanese yen. This does not detract from the fact that a CTL could be applied by any sovereign nation to their currency.

A CTL can be implemented through a series of unilateral steps in a similar way to UNITAID, by a number of willing countries moving forward with the initiative at the same time. In the case of UNITAID more than \$1 billion has now been raised by pooling the proceeds of aviation levies into a 'solidarity' fund to both purchase, and bring down the costs of, HIV/AIDS, TB and malaria treatments. The argument that a CTL requires multilateral participation so that it is implemented across all currencies simultaneously is both not technically true and also entirely impractical politically. Policymakers in any individual country (with control of their own currency²) could decide to apply a CTL to all foreign exchange transactions in the global wholesale market involving their particular currency. Implementing one would require legislation in the currency's home country mandating the financial clearing or settlement systems to collect the levy automatically. Such legislation would also specify the CTL rate and where the income goes (most likely to a special account).

Requirements are more complex regarding the euro which is the legal currency of 16 sovereign nations.³ It is likely that a CTL on the euro would need to be approved by the Grouping of euro countries at the Commission and/or the European Parliament in Brussels and subsequently each euro country would need to pass similar CTL implementing laws directed at the European Central Bank (ECB). It should be noted that France and Belgium already have the necessary domestic legislation in place.

¹ “The Currency Transaction Tax: A Bold Idea for Financing Development”, briefing paper from the North-South Institute. Available online: www.nsi-ins.ca.

² Some countries especially in Europe do not have their own currency but share in a regional currency: the euro.

³ The 16 eurozone nations as of July 2009 are: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain. All 16 nations are members of the European Union (EU). However, the converse is not true: 11 of the EU's 27 members have not adopted the euro as their currency. Nine of those countries—the exceptions are Denmark and the United Kingdom—have committed to eventually adopting the euro, with accession dates dependent mostly on when they meet certain economic and fiscal criteria.

Contrary to some opponents' assertions, a CTL would be, in the words of an economist who attended the meeting, "simple, safe and sound". Its simplicity is based on the standardized settlement systems in the wholesale foreign exchange market. Because the international currency trading settlement infrastructure is highly centralized, automated and technical, it would be easy to collect a CTL by tweaking the SWIFT software so that the levy is automatically deducted from the value of each trade and directed to a bank account. The technical ability to do this already exists and could be completed quickly and at a minimal cost. The report of the High-Level Task Force on Innovative Financing for Health Systems, with input from the World Bank, concluded that a CTL would be technically simple and cheap to apply and acknowledged that political will was the greatest barrier to its implementation.⁴

A CTL would be "safe", "sound" and eminently feasible because the market is fully computerized. This means that it is easy to track and control all exchanges in the wholesale market and, correspondingly, there is little scope for avoidance. It would, for example, be impossible for dealer banks to evade the tax by "moving offshore" because there is no such thing as "offshore" in this market. For ease of transfer and settlement, dealer banks contract with banks abroad to hold foreign currencies for them; therefore, they rarely store such currencies in their own accounts. Evading a CTL would be costly and complicated, and would make no sense for two reasons. Firstly, it would be far more expensive for a financial institution to get around the CTL than to pay it.⁵ Secondly, evasion carries serious consequences (include penalties, suspension of trading licence and risk to reputation). The CTL would be no different to corporation tax or VAT, companies are obliged to comply with their legal duty to pay.

2.3 How much money a CTL for health could raise?

The amount of money traded daily on the global wholesale foreign exchange market has surged over the past couple of decades, though the FX market recently has also shown to be somewhat affected by the global economic crisis. But the volume of trading is still staggering; in 2004, for example, about \$1.9 trillion was traded per day, an amount that had reached \$3.2 trillion by 2007, a 70% increase, and it is estimated to have passed \$4 trillion a day in 2008.

Based on the 2008 total, conservative estimates indicate that a CTL of 0.5 basis points (0.005%) on the major currencies—the dollar, euro, pound and yen—would

⁴<http://www.internationalhealthpartnership.net/pdf/IHP%20Update%2013/Taskforce/Johansbourg/Taskforce%20Working%20Group%202%20Report.pdf>

"Levies and taxes can generate clear benefits in terms of resource flows, low transactions costs (estimated to be 1-3% of revenues), and sustainability. At the same time, these mechanisms can be complex and difficult to implement both technically and politically. This last consideration may be exacerbated during the current economic climate. Levies or taxes may be implemented by a single country and, where appropriate, coordinated internationally. If backed by the necessary political support, levies may be implemented quickly in individual countries. Coordination among countries can create additional leverage, including political support for introducing "solidarity" levies in other countries, including developing countries.

The precedent for this approach is the solidarity levy on airline tickets. This programme, introduced in 2006, now generates about €180 million per year in France. Additional revenues, about €22 million annually, come from domestic sources in other participating countries (Chile, Congo, Cote d'Ivoire, Madagascar, Mauritius, Niger and South Korea). UNITAID is the primary but not only recipient of the proceeds of the tax."

⁵ See p.47 "A Sterling Solution" (Stephen Spratt) where it is shown that it is 17 times more expensive to evade the levy than to pay it. Available online: <http://www.stampoutpoverty.org/?id=9889>

raise at least \$33-\$60 billion every year.⁶ A CTL applied just to the US dollar will raise \$28 billion a year.

2.4 Why a CTL?

A CTL is an example of the sort of innovative financing mechanism that many civil society advocates and policymakers around the world have been considering in recent years. Such initiatives have been proposed for a variety of purposes, including to raise funds to address climate change, expand and improve education opportunities, and support other key development priorities.

A growing number of health and development advocates are focusing on a CTL because it is clear that neither committed nor allocated levels of ODA are sufficient to meet the developing world's health needs. Strengthening poorer nations' health systems and helping them make better progress toward meeting the MDGs can only be obtained with greater resources provided in a consistent, sustainable manner.

A CTL is seen by many as a viable solution. As noted in Section 2.1, economists who have studied CTL proposals confirm that a levy of half a basis point would have no significant distorting effect on foreign exchange markets. That levy would, however, raise huge amounts of money nonetheless because the market itself is so massive.

Advocates cite two other key points: i) predictability and ii) fairness. The first point refers to the fact that the global currency exchange market has grown steadily in recent years and, though it has been affected somewhat during the current global economic crisis, it appears to be a relatively stable, consistent and sustainable source of funds.

Advocates also note that the foreign exchange market is unique for having remained untaxed. Transaction charges levied on various financial sectors, such as the sale of bonds and stocks, are commonplace. In the US, the Securities and Exchange Commission (SEC) is paid for by a very small transaction levy; in the UK the duty on share transactions raises more than £5 billion per year. Financial transaction levies are also found in China, India and across many countries in South America.

It is worth noting as well that most banks and dealers are concerned primarily with competition equality. Thus, they are not likely to care too much about a levy with a negligible impact on their activities as long as all banks are treated exactly the same way in regards to their deals involving one or more specific currencies.

2.5 The UNITAID precedent

One innovative financing mechanism in recent years offers a useful model for those advocating for a CTL. In 2006, a small group of countries agreed to levy a tax on airline tickets to fund what became known as UNITAID. The funds raised are used to support existing efforts to achieve the MDGs, in particular the health-related goals (MDGs 4, 5 and 6). UNITAID does not spend the money itself; instead, it disburses

⁶ Rodney Schmidt, "The Currency Transaction Tax: Rate and Revenue Estimates", North-South Institute, October 2007. Available online: www.nsi-ins.ca.

funds to international partners working in global health and health commodities procurement.

UNITAID serves as a particularly valid precedent for a CTL because funds are nationally collected and internationally disbursed to support a global social good (treatment and diagnostics for HIV, TB and Malaria) and is an excellent example of a solidarity levy. Moreover, it shows that multilateral action is not required. Countries have decided to participate only when willing and able. Some 30 nations currently support the initiative.

2.6 CTL-related steps and advocacy undertaken to date

Some key recent developments underscore the timeliness of a more assertive civil society campaign for a CTL. Most notable was the creation, in 2008, of the High-Level Taskforce on Innovative International Financing for Health Systems (HLTF), as part of the IHP+ process. Chaired by UK Prime Minister Gordon Brown and World Bank President Robert Zoellick, the Taskforce “is focused on finding innovative financing mechanisms to strengthen health systems in the poorest countries in the world. By mobilizing additional resources and increasing the efficiency of health financing and the use of funds, the Taskforce can play an exceptional role in meeting the health Millennium Development Goals (MDGs).”⁷

The Taskforce considers a CTL to be a potentially useful and important mechanism for its overall strategy. At a meeting in Paris in May 2009, the Taskforce released a report that included several recommendations aimed at raising additional funds for global health. Recommendation 2 stated the following: “Expand the mandatory solidarity levy on airline tickets and explore the technical viability of other solidarity levies on tobacco and currency transactions.”

That recommendation and others will be considered at a forum in September 2009 prior to the UN General Assembly meeting in New York. To be facilitated by the World Health Organization (WHO) and the World Bank, the forum is intended “to allow countries and partners, including civil society, to monitor progress.”⁸

Also of note is the Leading Group on Solidarity Levies to Fund Development (“the Leading Group”), founded in 2006, which currently comprises more than 50 countries and several multilateral and civil society organizations. The Leading Group seeks to “move forward discussions” about setting up innovative development financing mechanisms. It has played a significant role in the development and expansion of initiatives such as the UNITAID drug purchase facility (see Section 2.5), the International Financing Facility for Immunisation (IFFIm), and the Advanced Market Commitment (AMC) for pneumococcal vaccines.

At the May 2009 sixth plenary meeting of the Leading Group, in Paris, French Foreign Minister Bernard Kouchner said that France was prepared to help establish a “pioneer group of states” to study the feasibility of a CTL. To that end, one of the plenary meeting’s conclusions stated the following: “A working group has been set up to assess the technical and legal feasibility of a currency transaction levy and voluntary contributions based on international financial transactions, and to explore all options

⁷ Additional information about the Taskforce may be found online: www.internationalhealthpartnership.net/en/taskforce.

⁸ As cited on the Taskforce’s website: www.internationalhealthpartnership.net/en/taskforce.

in that regard." A handful of other countries, including Brazil, Chile, Germany, Norway and Spain, reportedly have already expressed interest in participating in the working group. A CTL is expected to remain a high priority for the Leading Group over the next several months because its new president, Chile, is a strong supporter of such a mechanism.

Some individual countries have in fact already taken specific steps toward the eventual implementation of a CTL. Two eurozone countries, Belgium and France, have already passed CTL implementing legislation. Both laws specifically state that authorities will only begin collecting the levy once all countries in the eurozone pass similar legislation. The laws also specify that eurozone leaders must share responsibility for developing and implementing a disbursement mechanism and deciding where to target the funds raised.

Awareness of and support for a CTL specifically, and for similar innovative financing mechanisms in general, is less extensive elsewhere. Advocates have had only limited success in prodding governments to focus on how and why to significantly boost resources for global health.

Due to the current global financial crisis the UK, US and Europe governments, and therefore citizens, now own a significant stake in the major banks. The impact of the global financial crisis is being felt most by the poorest. We are seeing increased proportion of people driven into poverty and an undermining of our progress to achieve the health millennium development goals. There is a compelling argument that says the banking industry should not be resistant to a CTL which can help raise the resources to mitigate the impact on the global financial crisis on the poorest and most vulnerable.

3. Current and potential obstacles to a CTL for health

All meeting participants supported a campaign to implement a CTL for health, with exact details to be hammered out over time. They also recognized the importance of acknowledging and seeking to address important obstacles early in the process. The most notable is lack of political will, a barrier that can only be tackled through a targeted advocacy campaign.

Among the other important issues addressed in this regard were the following:

- **A CTL should be viewed as "additional" by donors.** Resources raised from a CTL should not be included or accounted for in ODA; instead, they should be viewed as additional funds. There are worrying signs, however, that some governments would not comply with such a principle. One meeting participant noted, for example, that the German government had considered using moving revenues from innovative financing mechanisms such as a CTL into its central budget to use for ODA.

According to one French activist, the French government's approach to UNITAID provides another worrying example. The implementing legislation specifically states that the UNITAID solidarity levy does not apply to ODA and budget support. The activist noted, however, that in reality the government had "fudged" the numbers a bit. Such developments reinforce the need for

CTL-supporting advocates to have principled positions that revenues raised from innovative financing mechanisms must always be considered additional—and never folded into ODA.

- **Competing constituencies may seek all or a significant share of CTL revenues.** Other important issues, such as climate change and education, demand attention and resources from civil society advocates and policymakers. How can or should organizations and individuals advocating for global health issues seek to ensure that funds go to their priority focus areas? And, in times of economic hardship, how can or should advocates respond to decisions by developed nations' governments to redirect more resources to domestic needs?

Meeting participants agreed that their most effective strategy would be to “brand” a CTL so that it could only be seen as going for health, and in particular to the high-profile issue of the health-related MDGs. Some noted, for example, that UNITAID advocates worked hard—and successfully—to ensure that the entire concept centered on raising money for health commodities. As a result, there was hardly any subsequent discussion further on in the process as to where the funds should be targeted.

- **Lack of clarity or consensus as to how CTL funds might be channelled.** Little attention has been paid by any advocates as to the mechanism and process through which CTL revenues would be disbursed. Some participants argued that developing a mechanism is far less a priority than obtaining agreements and commitment to implement a CTL. In their view, decisions on specific process steps are of little value early on.

Others, though, contended that it is important to do some preliminary work on proposed architecture and governance in tandem with advocacy to implement a CTL. This argument, which eventually was accepted by participants, was based on the belief that it is necessary to have undertaken some basic consideration of a framework in order to help win the initial political battle. It is important and advisable not to have committed to a specific structure or mechanism, but at the same time be able to discuss possible options with political leaders.

Such questions also prompted considerations as to whether CTL resources might best be allocated to existing mechanisms, such as the Global Fund (which is chronically short of funds), or to entirely new mechanisms. It may be, for example, that some CTL funds should be specifically directed to bridging funding gaps in initiatives such as the Global Fund and GAVI that are broadly supported by most civil society health advocates.

The following are other potential obstacles that may require specific attention during the campaign:

- Robust and realistic needs assessments would be helpful. Otherwise, decision-makers may not feel compelled to direct all or most of CTL resources to health.
- It is important to ensure that a CTL unites advocates across the spectrum of health MDGs, not split them. Ongoing efforts to build common cause among

- HIV/AIDS and maternal health advocates, for example, could be jeopardized unless they commit to continue working together for overall health issues.
- A common misconception about a CTL is that it would distort the foreign exchange market. With the assistance of economists, advocates must stress that their proposed CTL is not similar to the earlier Tobin tax proposal, which was specifically aimed at limiting the FX market to the cross-boarder trade of goods and services, this significantly reducing market volume. A health CTL would be set at much lower rate and would have an entirely different purpose; to raise substantial quantities of funds on an ongoing sustainable basis which would make a significant contribution to the health financing gap.

4. CTL Campaign Action Steps

The discussions summarized in Sections 2 and 3 formed the basis of thinking around a broad and targeted civil society campaign for a CTL. Participants agreed on several priority action steps, many of which are considered particularly urgent given upcoming developments of relevance to global development meetings and innovative financing mechanisms. This section lists the main action steps.

4.1 Defining 'CTL for health'

It is important to define clearly and concisely what "a CTL for health" actually means. Should "health" include issues such as food security and access to clean water, for example? Or should the term be defined more narrowly?

It was agreed that the most appropriate strategy for the time being would be to focus more specifically on the health MDGs (4, 5, and 6). As part of a "branding" exercise, a comprehensive and inclusive definition will be drafted.

4.2 Principles and structure

4.2.1 Briefing paper to identify core principles

A working group was commissioned to draft a briefing paper that outlines core principles for the campaign and for a CTL for health. The briefing paper will focus primarily on listing and providing the rationale for inviolable overall principles. Two overarching ones are that: i) CTL revenues must be used to support achievement of MDGs 4, 5 and 6 as part of a comprehensive global health effort, and ii) a CTL must provoke additional investments in-country to ensure universal coverage. Participants also agreed that the briefing paper must emphasize a handful of principles that are "non-controversial" and "neutral", such as the following: additionality; predictability; efficiency; and ease of implementation. (Working group participants were further advised to review existing documentation, such as materials already drafted by Stamp Out Poverty, to identify other such basic core principles.)

Participants also agreed on the importance of including two main recommendations in the briefing paper. They would not be identified specifically as principles, but instead as ultimate goals for an ideal CTL. One would be for a CTL for health to be implemented for all four leading currencies (US dollar, euro, pound and yen) as well

as currencies from as many other G20 nations as possible. The other recommendation would be to have buy-in achieved by mid-2010, with eventual implementation completed shortly thereafter.

4.2.2 Technical review of existing mechanisms

Participants also agreed on the importance of drafting materials that consider issues regarding architecture, governance and mechanism guidelines for a CTL. The best option, they decided, would be to commission an individual or small group of experts to undertake an in-depth technical review of existing mechanisms. The goal would be to gauge effectiveness, ease of implementation and flow, and accountability, among other factors. The commissioned paper would be used to: i) buttress advocates' case for a CTL, and ii) influence the campaign's eventual decision of what type of mechanism(s) to recommend.

The working group discussed in Section 4.2.1 would assume responsibility for developing terms of reference (ToR) for the commissioned paper and guiding the process, including the setting of deadlines. It was suggested that the principles they outline be used to guide the commissioned work. For example, an overarching focus for the commissioned paper might be: "Based on these principles, what is the best way to move forward based on your close examination of the technical elements and practical application of existing initiatives", etc.

The commissioned paper might also consider questions such as the following: Should CTL revenues flow through existing initiatives such as the Global Fund? Or should an entirely new structure be created? Might it be appropriate if all or some CTL revenues are allocated for direct budget support for recipient country governments? Should models such as UNITAID be replicated closely, or not at all? Should the campaign take a position on SWAPs and national health plans?

Such scenarios ideally would be presented in a flexible manner, however, as the main idea is to indicate that advocates have begun to think seriously about such issues prior to in-depth discussion with policymaking partners after implementation is assured. The working group has been urged to clearly indicate that existing models, such as the Global Fund and UNITAID, should be considered a starting point for discussions on architecture and disbursement mechanisms.

4.3 Establishment of a Global Advisory Group

A Global Advisory Group will be established to provide credibility for the CTL idea and help influence and guide achievement of a CTL for health. It will include individuals from academia and finance, including high-profile economists, development experts and civil society funders.

Members of the group will essentially serve as "messengers" to politicians as part of an effort to get them to commit to supporting and implementing a CTL for health. This group could also be useful in working with the campaign to anticipate opponents' arguments, especially those of bureaucrats and central bankers, and identify strategies to effectively defend the idea and neutralize such opposition.

It is anticipated that one of its first activities of the Global Advisory Group will be to draft itself (or perhaps adapt a draft prepared by the campaign) a letter for “luminaries” or “elites” such as themselves to sign on to. Such a letter could be placed in leading newspapers prior to the September 2009 G20 meeting and perhaps even be distributed at that gathering.

4.4. Communications and media outreach

Communications and media outreach will be integral parts of a campaign for a CTL for health. The outcomes discussed in Section 4.2 are somewhat similar, but are expected to have a narrower audience—they are primarily for intra-campaign purposes and eventual mechanism-developers.

4.5 Civil society and network outreach

Although a campaign for a CTL for health will be global, meeting participants acknowledged that different approaches and strategies might be needed, at least initially, in Europe and the United States. Participants at the July 2009 meeting in Washington therefore organized two separate break-out groups to identify potential campaign supporters, from civil society and other sectors, and to determine who would take responsibility for soliciting support.

4.5.1 Europe

A number of meeting participants agreed to share overall responsibility for bringing all relevant European groups and individuals together. They will determine what needs to be done regarding the campaign in Europe, both in the eurozone and the United Kingdom.

4.5.2 United States

A number of meeting participants agreed to share overall responsibility for bringing all relevant US groups and individuals together. One of their first priorities, before US-based participants begin their outreach efforts, will be to invite a leading economic expert on currency exchange and a CTL to brief them more fully.

5. Initial campaign timelines: Key upcoming meetings and dates

Several upcoming events were flagged as being potentially useful for civil society CTL campaigners to influence and participate in.

Participants agreed that specific strategies should be developed for each of these events. For some meetings, such as the G20 gatherings in September and November 2009, the campaign would focus on getting discussion of a CTL on the agenda.

At the very least, the campaign would seek to distribute information on a proposed CTL and outline the goals and objectives of the campaign. Among the materials expected to be available by mid-September, the date of the first notable event, are:

i) a clear, concise description of the overall goal (see Section 4.1); ii) a briefing paper outlining the core principles (see Section 4.2.1); and iii) information about the creation of a Global Advisory Group comprising notable economists, current and former politicians, and other influential individuals (see Section 4.3).

Annex 1. List of Participants

The following individuals participated in the full meeting over two days. They are listed alphabetically by last name. The country listed refers to where the individual is based, not his or her nationality or citizenship.

Name	Organization	Country
Katy Athersuch	Stop AIDS Campaign	UK
Donna Barry	Partners in Health	USA
Chris Bennett	Global Health Council	USA
David Bryden	Infectious Diseases Society of America	USA
Joanne Carter	RESULTS	USA
Suzanne Ehlers	Population Action International	USA
Lyndon Haviland	World AIDS Campaign	USA
David Hillman	Stamp Out Poverty	UK
Coco Jervis	Treatment Action Group	USA
Matt Kavanagh	Health GAP	USA
Anton Kerr	International HIV/AIDS Alliance	UK
Joanne Manrique	Global Health Council	USA
John McCormick	Energy Policy Center	USA
Marta Monteso	Action for Global Health - Brussels	Belgium
Leila Nimatallah	Global Action for Children	USA
Aki Ogawa	Africa Japan Forum	Japan
Devyn Paros	Institute for Policy Studies	USA
Nabin Pati	White Ribbon Alliance	India
Sue Perez	Treatment Action Group	USA
Asia Russell	Health GAP	USA
Natasha Sakolsky	International HIV/AIDS Alliance	USA
Rodney Schmidt	North-South Institute	Canada
Ann Starrs	Family Care International	USA
Peter van Rooijen	International Civil Society Support	Netherlands
Eric Williams	Physicians for Human Rights	USA
Jacqueline Wittebrood	International Civil Society Support	Netherlands

The following individual participated electronically, via Skype video, for part of the meeting:

Khalil Elouardighi	Coalition Plus	France
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The following individuals attended only the seminar part of the meeting, the morning session on 13 July. They are listed in alphabetical order by last name.

Name	Organization	Country
Brian Ackerman	Advocates for Youth	USA
Lisa Carty	Global Health Policy Center	USA
Emily Fletcher	ELCA	USA
Sara Friedman	Independent consultant	USA
Bonnie Gillespie	Global Program on Malaria - JHU	USA
Rebecca Hamel	Global Health Council	USA
Craig Jagers	World Vision	USA
Jennifer Lyons	Global Health Technologies Coalition	USA
Karen Orenstein	Friends of the Earth	USA
Janet Redman	Sustainable Energy & Economy Network	USA

Gregory Smiley	UNAIDS	USA
Kevin Starace	United Nations Foundation	USA
Katie Steckler	Global Health Policy Center	USA
David Wendt	Center for Global Development	USA
Karen Wong	American Medical Student Association	USA

Note on acronyms in Annex 2:

ELCA = Evangelical Lutheran Church in America
JHU = John Hopkins University
UNAIDS = Joint UN Programme on HIV/AIDS

Annex 2. CTL Fact Sheet from Stamp Out Poverty

The text in Annex 2 is from a fact sheet on a proposed CTL produced and distributed by one of its leading civil society advocates, Stamp Out Poverty. The fact sheet provides a succinct explanation of some of the key issues, as well as compelling rationales and implementation guidelines.

The Currency Transaction Levy: Harnessing foreign exchange transactions to create new and additional revenue

Purpose and requirement: A significant financing gap exists to meet the Millennium Development Goals by 2015, particularly Goals 4, 5 and 6: reducing child mortality, improving maternal health and combating the major diseases. There is an urgent requirement for a substantial source of hitherto untapped income that constitutes new and additional revenue.

Why—the foreign exchange (FX) market?

The volume of the foreign exchange market is immense and growing. In 2004, the market was worth \$1,900 billion a day (\$1.9 trillion), which equates to \$500 trillion a year. By 2007: \$800 trillion a year—a 71% increase. In 2008: more than \$4 trillion a day or \$1,000 trillion a year. Though affected somewhat by the financial crisis, the volume of trading is still staggering. This is, therefore, a very robust income base.

Technically feasible

1) The **market is fully electronic**. Collection is computerised. Payment is automatic when a currency trade is settled. It is, therefore, efficient and inexpensive to implement with little scope for avoidance.

2) The **rate** of [a] currency transaction levy at half of one hundredth of 1% (0.005%) is **too small to alter decision-making in the market** and yet high enough to yield a substantial revenue stream. The rate was proposed by a City of London think tank, Intelligence Capital, whose president, Avinash Persaud, has just been appointed to the UN President's taskforce on the Financial Crisis under the leadership of Professor Joseph Stiglitz. In work for the UN University last year, Professor Rodney Schmidt undertook the most detailed econometric modelling to date, showing that at a rate of 0.005%, the levy is too low to affect decisions to trade, whilst at the same time producing **potential revenue of the order of \$33 billion to \$60 billion a year**.

3) **Precedent: UNITAID**, which is principally financed through aviation levies (and has helped drive down drug prices and develop new treatments for HIV/AIDS, TB and malaria) **exemplifies the use of nationally collected tax revenue, pooled internationally, and spent on a global public good**. Importantly, it has not required universal participation to work. Countries that wish to participate work together to harness the income stream.

Critics have stated historically that a currency levy requires all countries to take part or it cannot be done. This is not so—countries can apply a currency duty on transactions of their own currencies on a unilateral basis and the tax can be captured wherever the trade takes place in the world. Avoidance is difficult in today's

computerised marketplace, apart from being illegal and therefore a considerable risk to an institution's reputation. There is no technical barrier to a currency transaction levy—what is required for implementation is sufficient political will.

Indeed, **financial transaction taxes are commonplace** throughout the world on bonds, stocks and ordinary transfers. Examples include the UK stamp duty on share transactions that raises more than £5 billion (\$8.1 billion) each year and in the US a small transaction tax that pays for the Securities Exchange Commission. Indeed, it is an anomaly that currency transactions have remained exempt from taxation.

Window of opportunity: The financial crisis is an opportunity to re-examine the rules, regulations and boundaries of the banking industry. At the same time as implementing greater financial oversight and restrictions on the kinds of products that have caused such losses in the finance world, it would also be possible to look to the one area of the industry that has historically remained exempt from taxation, foreign exchange transactions, to generate a substantial new source of revenue. A more flexible policy space due to the change of president in the United States may allow a more open-minded approach to possible financing solutions.

Conclusion: Two of the principal criteria that need to be met re financing for health systems are sufficiency and predictability. In comparison to other proposals put before Working Group 2 [of the High Level Taskforce on Innovative International Financing for Health Systems], the currency transaction levy stands out as having the potential to raise the volume of finance required to meet the aspirations of the International Taskforce.

For more information, also see: www.stampoutpoverty.org