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UN-backed fund lauds Australia's offer to convert debt into health initiatives



28 May 2009 – The United Nations-backed Global Fund to Fight AIDS, Tuberculosis and Malaria today welcomed Australia's decision to join an innovative debt conversion scheme which enables poor countries to free up more resources to fight the three deadly diseases.

Australia, the second country to join the Global Fund's Debt2Health initiative, [said](#) today that it was offering to write off AUS\$75 million in commercial debt to Indonesia in return for Jakarta investing half that amount in domestic tuberculosis programmes that are supported by Fund.

In doing so, Australia will be the first to offer to cancel commercial debt under the initiative, according to a news release issued by the Fund. Germany was the first country to join the initiative and has already struck deals with Indonesia and Pakistan to forgive development aid loans.

[The Global Fund's](#) Executive Director, Michel Kazatchkine, noted that Debt2Health goes beyond traditional development financing.

"In order to reach and sustain the level of funding we need to succeed in the fight against the most deadly epidemics of our time, we must make use of innovative financing instruments like the Debt2Health Initiative," he stated.

"We are delighted that Australia has joined the initiative and are very grateful for the trust that it shows in our work," Mr. Kazatchkine added.

[Debt2Health](#) is one of the key mechanisms that the Taskforce on Innovative International Financing for Health Systems is considering as part of a broader mix of financing solutions needed to help reduce the impact of the global recession in poor countries and reach the health-related Millennium Development Goals (MDGs) – the eight global anti-poverty targets with a 2015 deadline.

The Fund noted that debt conversion not only enables poorer countries to free up more resources to fight HIV/AIDS, tuberculosis and malaria, but also helps them strengthen their own health systems.

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