Information sheet on the airline-ticket levy

1. Details of the airline-ticket levy in France

On 1 July 2006, the airline-ticket levy, designed to provide finance to implement Millennium Development Goals (MDG), in particular in the health sector, entered into force in France. This obligatory levy goes from €1 to €10 per ticket for European flights and €4 to €40 for long haul flights, based on the category of tickets. The tax is levied on the passengers who boarded in France, is not applicable either on connecting flights or the transport of air freight.

The income from the levy is monitored and collected by the Directorate General for Civil Aviation (DGAC) which transfers it to the French Agency for development (AFD) Solidarity Fund for Development account (FSD). The collect and the use of the income from the levy is unique as it is not transferred to France's general budget. Its allocation has been formalized through a decree stating that it should finance organizations implementing health programs for developing countries.

2. An innovative financing mechanism, a source of more predictable income as a complement to ODA

The predictability of resources and their means of allocation are particularly consistent with the needs of development aid. This is particularly adapted to financing HIV/Aids programmes, a disease where patients must receive chronic daily treatments. Predictability also enables France to arrange multi-year contributions to organizations which develop international health programmes. Since 2010, revenues from the French air ticket levy account for ODA. However, France keeps promoting this instrument as a way to levy financial resources for development as a complement to budgetary efforts made each year for that purpose.

Since 2006, Cameroon, Chile, the Republic of the Congo, Madagascar, Mali, Mauritius, Niger and South Korea have also implemented an airline-ticket levy to finance development. Thus, the airline-ticket levy redefines the traditional approach of development assistance by changing traditional beneficiary's countries into donors.

The table below sums up UNITAID's cumulative contributions since its creation. The countries which are not listed above make budgetary contributions. Certain countries have adopted special mechanisms:

- Brazil, which pays from its budget but which calculates its annual contribution on what an airline-ticket levy would have potentially raised;
- Norway which allocates a portion of a carbon tax to UNITAID.

Other countries are in discussion to implement the levy (Benin, Burkina-Faso, Senegal, Cambodia…).

Operating Revenue - **Voluntary Contributions cumulative as at 31 December 2011**
(in thousands of US dollars)

	2006-2011	2011	2010	2009	2008	2006-2007
Bill & Melinda Gates Foundation	50,000	10,000	10,000	10,000	10,000	10,000
Brazil (Note 8)	37,202			9,982	11,075	16,145
Cameroon	1,018	1,018				
Chile	20,400	2,282	7,439	1,346	4,000	5,333
Congo	1,090	1,090				
Cyprus	1,578	488	488	(27)	629	
France	996,899	144,251	197,654	160,009	226,481	268,504
Guinea	49				49	
Luxembourg	1,961	611	611	93	647	
Madagascar	27	12	4	11		
Mali	928	526	402			
Mauritius	7,032	1,937	1,104	2,270	1,397	324
Niger	281			249		32
Norway	109,550	18,761	22,831	20,118	26,215	21,625
Republic of Korea	28,000	7,000	7,000	7,000	7,000	
Spain (Note 8)	81,603	(2,813)	21,097	20,920	21,962	20,436
United Kingdom of Great Britain and Northern Ireland	262,088	85,072	68,807	42,115	39,604	26,490
Total	**1,599,706**	**270,235**	**337,437**	**274,087**	**349,059**	**368,889**

3. A levy assessed as having no impact on air traffic or tourism

No impact has been observed on French air traffic or on tourism following the establishment of the airline-ticket levy. This was noted in several reports commissioned by the French authorities:

According to a Government assessment report submitted in early 2009 to the French parliament: "*The introduction of the levy had no apparent effect on the volume of air traffic passing through French airports nor on the volume of air traffic affecting France"* and *"the symbolic sum of €1 paid in 2007 by 72% of passengers explains that this initiative to boost development has shown itself to be relatively affordable for passengers and had no impact on purchasing power. Furthermore, once established, the levy did not raise any major objections from carriers.*"

In a 2010 assessment on the use of airline-ticket levy income, the French Court of Audit included a paragraph entitled "*an efficient collection with no negative consequences*", adding "*the levy has had none of the presumed negative effects: no loss of French air traffic or of paid employment in the aviation sector has been noted*".

Airline companies can benefit by reporting on the positive outcome of the airline-ticket levy, such as Air France which in January 2010 released an article entitled "*UNITAID says thanks*".

4. Organizations financed as a result of French income from the airline-ticket levy:

The airline-ticket levy has raised between €162 million and €175 million per year, totalling one billion euros since its creation. By 31 August 2012, this income had enabled the payment of:

- €716m to UNITAID;
- €125m to reimburse the loan from the International Financial Facility for Immunization (IFFIm), a lending mechanism which finances the Global Alliance for Vaccinations and Immunizations (GAVI);
- €60m to the Global Fund to fight AIDS, Tuberculosis and Malaria

a) UNITAID:

The UNITAID initiative was officially launched in September 2006 by Brazil, Chile, France, Norway and the United Kingdom. The airline-ticket levy represents the most important source of funding for UNITAID. France has contributed almost 60% of the organization's resources since the outset. UNITAID is hosted by the World Health Organization and finances programmes for access to health products (treatments, diagnostic tests and preventive tools) to treat the three major pandemics: HIV/Aids, Malaria and Tuberculosis. UNITAID is most active in Africa as at least 85% of its funding is channelled towards the least developed countries. What is unique about UNITAID is that it has chosen to act on public health by remedying market shortcomings such as high prices, supplier monopolies and stock shortages. UNITAID develops a product driven approach complementary to the country driven approach of the Global Fund. In practice, the aim of UNITAID's actions is to lower prices, speed up the development of more suitable medications and improve the quality and availability of health projects (market shaping).

Since 2006, funds from UNITAID, and thus from the French airline-ticket levy, have enabled:

- the creation of a previously non-existent market for anti-HIV paediatric medication;
- 400,000 children living with HIV to receive treatment, i.e. 75% of worldwide cases;
- the stabilization of a market for second-line anti-HIV reducing by up to 60% the price of medication;
- HIV screening for eight million pregnant women;
- the treatment of over 800,000 HIV-positive pregnant women in order to prevent mother to child transmission of HIV;
- the financing of high-tech laboratory facilities to detect forms of multi-drug-resistant tuberculosis in eight high-prevalence countries;
- the distribution of 1.5 million first and second-line treatments in 72 countries; UNITAID is the world's largest supplier of paediatric medication against tuberculosis;
- the provision of 200 million artemisinin-based combination therapies (ACTs), the most effective treatment against malaria;
- the creation of ACT markets in seven countries where malaria is endemic through an innovative subsidization approach which enables prices to be lowered from 25 cents to 2$ per ACT (as opposed to their former price of 6 to 8 euros);

One dollar invested in UNITAID represents:

- a HIV screening kit for a pregnant woman;
- vital anti-malaria treatment for two children;
- a day of HIV treatment for an adult;
- a week of treatment against tuberculosis;
- a week of HIV treatment for a child.

b) IFFIm/GAVI:

GAVI was launched in January 2000 in order to improve and facilitate vaccination in the poorest developing countries and to increase their access to new vaccinations. Since 2006, GAVI's major source of funding has been the IFFIm (International Finance Facility for Immunization). IFFIm uses pledges from donor governments to sell bonds in the capital markets, making funds immediately available for GAVI programmes.

By the end of 2011, GAVI:

- has contributed to avoid over 5.5 million deaths ;
- had supported the immunization of over 325 million additional children;

c) Global Fund to fight AIDS, Tuberculosis and Malaria:

The Global Fund is a Swiss foundation based on an international public-private partnership whose mission is to raise and disburse funds towards the prevention and treatment of AIDS, tuberculosis and malaria.

The Fund carries out vital work towards the achievement of the health-based MDGs, in particular MDG 6: “Combat HIV/Aids, malaria and other diseases”. The Global Fund alone accounts for 20% of international funding against HIV/Aids, 63% of international financing against tuberculosis and 60% of the financing against malaria.

In the past 10 years, the Global Fund has achieved impressive results:

- 3.3 million people receiving antiretroviral treatment;
- 8.6 million new cases of infectious tuberculosis detected and treated;
- 230 million insecticide-treated mosquito nets (ITNs) distributed to protect families against transmission.