Debt2Health
Collaboration Through Financial Innovation

Debt2Health (D2H) is an innovative financing mechanism designed to increase domestic financing in health by converting debt repayments into investments in public health. Under individually negotiated debt swaps, a creditor nation foregoes repayment of a loan if the debtor nation invests all or part of the freed-up resources into a Global Fund-supported program. Aligning with its national health strategy, the debtor nation channels the proceeds towards HIV, tuberculosis (TB), malaria and resilient and sustainable systems for health (RSSH) programs.

D2H allows donor governments to support the Global Fund through innovative financing. In addition to conventional contributions, **donor governments can invest through debt swaps,** such as Germany's pledge at the Global Fund's Seventh Replenishment Conference,[1] which consisted of a €1.2 billion core pledge and an additional €100 million D2H pledge. This translated into two distinct debt swaps. Germany has been the leading supporter of D2H, both in piloting the concept in 2007 and in supporting the scheme as a creditor in multiple subsequent transactions.

The Global Fund has **a worldwide track record in debt conversions for health,** with 14 transactions involving three donors (Australia, Germany and Spain), generating close to US$330 million in health funding for 11 debtor countries.

How it works

Consider the Cameroon-Spain D2H transaction:

1. At the request of Spain, the Global Fund proposed and negotiated a debt swap whereby Cameroon would contribute the equivalent of €9.3 million to its own programs in the country.
2. This investment provided an additional 30,000 people living with HIV with lifesaving antiretroviral therapy (ART), complementing the Global Fund's support for HIV programs in Cameroon. The Global Fund integrated the debt swap proceeds into its grants to implement, monitor, audit and report results.
3. Spain canceled the equivalent of €24.1 million in official development assistance (ODA) owed by Cameroon.

Spain
Ministry of Economy
Canceled a total amount of €24.1 million-equivalent in outstanding debt, upon confirmation that…

→

Cameroon
Ministry of Finance
…contributed approx. 40% of that amount (€9.3 million-equivalent) to the Global Fund.

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The Global Fund
These funds count as **Spain's additional contribution to the Global Fund** through D2H.

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Impact
ART to an additional 30,000 patients
Global Fund HIV and AIDS grant in Cameroon (€81.7 million)

The Global Fund manages the grant as a whole and reports results

Debt2Health offers unique advantages

A win-win-win proposition: The creditor country converts a bilateral claim into targeted funding for health to selected recipients and gains global visibility as a sponsor of innovative financing for health. The debtor country converts debts into additional funding for lifesaving programs in line with its national health strategy. Lives are saved by boosting programs against HIV, TB, malaria and/or RSSH; and by encouraging debtor countries to invest more in health.

Transaction-sourcing capabilities: When requested by a creditor country, the D2H team undertakes prospecting efforts and harnesses the Global Fund's contacts in the debtor country to initiate and structure a debt swap. Once details have been agreed, creditor and debtor countries, with the Global Fund, sign a debt swap agreement.

1 See article: https://www.bmz.de/de/aktuelles/aktuelle-meldungen/deutschland-erhoeht-beitrag-an-den-globalen-fonds-121064.

A cost-efficient, proven platform: The Global Fund uses its established and proven grant implementation systems for the disbursement, execution, monitoring, auditing and reporting of the D2H-supported programs.

A solid track record: There have been 14 transactions, 14 countries, just under US$330 million invested in health programs and US$470 million in debt canceled through D2H swaps since the program began:

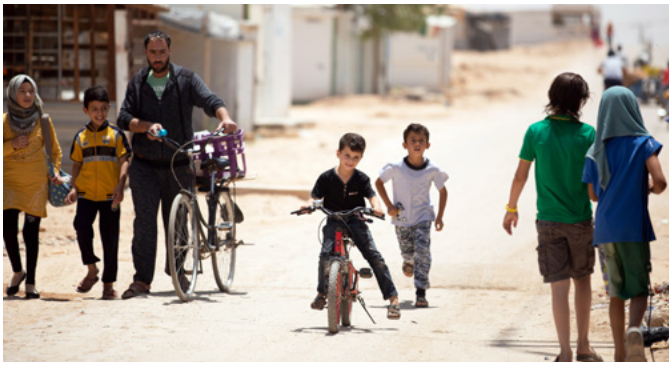
Debt2Health Agreement	Signed	Health Investments	Debt Swap Amount	Benefiting Program
Germany – Indonesia	Sept. 2007	US$35M	US$70M	HIV and AIDS
Germany – Pakistan	Nov. 2007	US$26M	US$53M	Tuberculosis
Australia – Indonesia	July 2010	US$35M	US$71M	Tuberculosis
Germany – Côte d'Ivoire	Sept. 2010	US$13M	US$25M	HIV and AIDS
Germany – Egypt	June 2011	US$5M	US$10M	Malaria (Ethiopia)
Spain – Cameroon	Nov. 2017	US$10M	US$27M	HIV and AIDS
Spain – Democratic Republic of the Congo	Nov. 2017	US$3M	US$9M	Malaria
Spain – Ethiopia	Nov. 2017	US$4M	US$8M	RSSH
Germany – El Salvador	Feb. 2019	US$11M	US$11M	RSSH
Germany – Jordan	Nov. 2020	US$11M	US$11M	MER[2]
Germany – Indonesia	April 2021	US$56M	US$56M	Tuberculosis
Germany – Sri Lanka	June 2021	US$16M	US$16M	RSSH
Germany – Mongolia	Dec. 2024	US$29M	US$29M	HIV/AIDS, TB, RSSH
Germany – Indonesia	Dec. 2024	US$75M	US$75M	TB, Malaria, RSSH

Adaptability of the model to fit banks and regional initiatives: The D2H model can be adapted to the requirements of creditor governments or their mandated entities, such as multilateral or bilateral development finance institutions. D2H can also serve a multicountry intervention like the Global Fund Middle East Response (MER).[2] Finally, D2H can complement other sources of funding for a specific project, such as the US$20 million investment to relocate and refurbish El Salvador's national reference laboratory, funded 40% by the World Bank[3] and 60% by a D2H swap with Germany.

Transparency of the debt swap process from inception: In most D2H transactions, the underlying claims are ODA debts, already earmarked for development cooperation. Transparency is ensured by rigorous compliance standards in creditor countries. In a non-ODA debt swap (i.e., a debt on commercial terms), such as the 2010 Australia-Indonesia debt swap, the Global Fund worked with Export Finance Australia and the Australian Department of Foreign Affairs and Trade (DFAT), as well as with an Indonesian non-governmental organization,[4] to ensure the convertibility of the underlying credits, which had originally funded large public infrastructure projects in Indonesia. Australia canceled 50% of those claims and Indonesia channeled the remaining 50% into universal access to quality treatment against TB in Indonesia. An estimated 115,000 more people received TB care and treatment and over 20,000 additional infections were prevented.

Case study

Health interventions for Syrian refugees in Jordan



Za'atari Refugee Camp for Syrian refugees, Jordan.
Global Fund/Vincent Becker

In November 2020, KfW Development Bank, representing Germany, and the government of Jordan signed a D2H agreement, converting €10 million in ODA claims into support for Syrian refugees in Jordan through the Global Fund's Middle East Response program. This debt swap increased resources available for TB diagnosis, surveillance and staffing. It provided additional training of medical and community actors; funded laboratory equipment and staff, allowing for better pandemic preparedness and responses to other endemic diseases like HIV and TB; and strengthened Jordan's Health Management Information System, relied upon for national strategy coordination and management and critical for timely reporting and surveillance of disease outbreaks.

2 The Middle East Response Initiative, or MER, is a multicountry grant in six countries (Yemen, Iraq, Syria, Palestine, Lebanon, Jordan) to support the health systems and HIV, TB and malaria programs in zones in conflict and the countries that are hosting large numbers of refugees from conflict.

3 Source: Debt2Health transaction origination documents and World Bank Report RES29001.

4 In the case of the Australia-Indonesia debt swap, the nongovernmental organization counterpart was the International Network on Indonesian Development (INFID).