

UN eyes Africa oil levy to fight disease

May 20 2014, by Jonathan Fowler

The United Nations has begun talks with African leaders over a levy on oil that could rake in huge sums to fight disease in developing countries, a top official said Tuesday.

"This year I will be working with African leaders for a tax on natural resource extraction, a very important development," said Philippe Douste-Blazy, chairman of UNITAID, the UN's drug purchase facility.

"The idea is to levy a microscopic solidarity contribution on the country's side, 10 cents per barrel. It's totally painless," he told reporters.

He explained that the money would be tapped from national revenues, rather than directly from the often foreign companies that help African nations drill for and trade in oil.

The former French health and foreign minister said a levy would help African countries help each other.

"This idea of South-South solidarity is really interesting in Africa," he said.

"You have a scissor effect. You have the needs increasing with extreme poverty, and you have official development aid, which is decreasing. So we have to create new funding," he added.

Douste-Blazy said the programme would also cover gas and mining and that discussions were ongoing with "three or four" African leaders, but

declined to elaborate.

Africa's oil giants are Nigeria, Algeria and Angola.

According to consultants KPMG, the continent's other exporters are Sudan, South Sudan, Equatorial Guinea, Congo, Gabon, Chad, Egypt, Tunisia, Cameroon, Ivory Coast, Libya, Democratic Republic of Congo and Mauritania.

Africa's total oil output in 2011 was almost 9.4 million barrels per day, KPMG said.

Douste-Blazy was in Geneva for the World Health Organization's annual assembly.

Also attending was Christine Kaseba-Sata, first lady of copper-mining hub Zambia and a UN women's health ambassador.

She welcomed the tax idea, noting that Zambia was already eyeing ways to harness a domestic levy on mining and construction.

"The government has been in talks with health bodies to see how we can get a percentage of the funding from the ongoing projects, as a way of mobilising resources, especially for HIV," she told reporters.

In addition, Zambia's bank depositors pay a one percent charge to fund the health sector, she said.

Plane ticket tax

The commodities plan echoes the surcharge of a few dollars per plane ticket that helps UNITAID battle AIDS, malaria and tuberculosis, which was introduced in 2006.

The nine countries involved so far—Cameroon, Chile, Congo, France, Madagascar, Mali, Mauritius, Niger and South Korea—have together injected \$1.4 billion into UNITAID's coffers since then.

Morocco is bringing in a similar tax, Douste-Blazy said, adding that he was also in talks with Japan.

Currently, UNITAID gets \$160 million a year from the air ticket levy, or 60 percent of its funding.

It also aims to cash in on a financial transactions tax levied in Europe.

France paved the way in 2012 with a levy of 0.2 percent per share sale.

Eleven others, among them Austria, Belgium, Germany and Spain, have agreed to follow suit.

Douste-Blazy, who also advises UN Secretary General Ban Ki-moon on innovative funding methods, said he also aimed to involve sectors such as mobile telephone and Internet firms.

It was time to spread the financial tax globally, given the revenue-raising potential, he said.

"With the progress in algorithms a trader can do 10,000 transactions per minute," he said.

Aid group Oxfam estimates that even a 0.05 percent tax on financial transactions could generate \$500 billion a year, four times what the UN has said is needed to spur development and fight disease.

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