

The Voluntary Solidarity Contribution on travel products (VSC)

What is it?

When paying for airline tickets or other travel products such as hotel rooms, rail tickets or car rentals, individuals and corporations are given an opportunity to make a small donation (for example \$2, €2, or £2) to improve access to essential drugs in poor countries. The process is simple and convenient – for example, checking a box while making an online booking.

The VSC on travel products is being developed by the Millennium Foundation for Innovative Finance for Health, with financial support from UNITAID. UNITAID is an international drug purchase facility focused on treatments for HIV, malaria and tuberculosis. It was founded in 2006 by the Bill & Melinda Gates Foundation, Brazil, Chile, France, Norway and the United Kingdom.

The latest assessments undertaken by the Millennium Foundation staff concluded that the Airline Ticket VSC has the potential to raise up to US\$ 960 million a year by 2014 from worldwide contributions. According to the Millennium Foundation, once up and running, the transaction and administrative costs should be low (about 1 to 3% of revenues).

Some 65% of airline ticket reservations worldwide go through global distribution systems, so success depends on the long-term participation of the three largest of these (Amadeus, Sabre and Travelport).

The launch is planned for the first quarter of 2010, with an initial focus on the largest markets for air ticket sales: the United States, the United Kingdom, Germany Spain and Switzerland.

Why is the Taskforce supporting it?

Improving access to life-saving medicines is one of the core functions of all national health systems. However, some of these treatments cost hundreds or even thousands of dollars per patient per year, which puts them far beyond the reach of health systems in poor countries where average per capita health spending is only \$25. This is clearly an area where international financing can mean the difference between life and death.

The VSC on travel products complements another innovative finance mechanism: a compulsory tax on airline tickets. This tax already exists in 32 countries that are members of UNITAID, and more countries are being encouraged to implement the tax. The Airline Ticket VSC will give citizens in non-member countries the opportunity to contribute on a voluntary basis.

The VSC on travel products is a promising option for raising additional “new” resources for health systems that is almost ready to be rolled out. There are few other products like this that fund development, and in particular health, so crowding out from competition is likely to be low.

For further information contact: Colleen Harris, Communication Adviser to the Taskforce
Colleen@harrisprivate.com

See also presentations by UNITAID available at: www.oecd.org/dataoecd/7/57/41466538.pdf and www.who.int/phi/UNITAID_Jan09.ppt

www.millenniumfoundation.org.