

## France and Britain agree deal to boost aid

- Paris backs plan for bonds to help fund development
- Brown won round to idea of levy on air passengers

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Gordon Brown's plan to increase aid for poor countries received a hefty boost yesterday when France and Britain agreed to raise billions of dollars for health and education by floating bonds on the world's financial markets.

After weeks of behind-the-scenes haggling, Paris and London struck a compromise deal yesterday in which France backed Britain's international finance facility in return for British support for a levy on air travel.

The two countries said they wanted to move rapidly to set up an IFF, announcing yesterday that a working party would report back before the annual meetings of the International Monetary Fund and World Bank in Singapore in September.

At a conference in Paris, more than 100 countries agreed to look at new ways of funding development in the hope of meeting the United Nations' goals of halving the number of people living on less than \$1 a day by 2015, cutting infant mortality by two-thirds and providing primary education for every child.

British sources said France had been won round to the concept of an IFF - a scheme to "frontload" development aid over the next decade - by the success of a pilot scheme (IFFm), which has successfully raised cash for immunisation.

But French doubts about the long-term effects of Mr Brown's live-now, pay-later scheme mean the working party will report back on the feasibility of an IFF to be funded by a tax on airline passengers or other ways of raising revenue, including a stamp duty on foreign exchange. This would prevent future aid having to be used to pay back bondholders, thereby diverting resources from poor countries.

Campaign groups said the Anglo-French agreement was a breakthrough in generating the extra \$50bn (£29bn) in aid pledged by the G8 at last year's Gleneagles summit, and said the challenge now would be to bring Germany and Italy on board. The US is opposed to the concept of an IFF.

Mr Brown said: "2006 should be the year when the world fashions a long-term strategy for the empowerment of developing countries. So I am pleased that France and the UK have agreed to work together to implement the international finance facility, which will be financed in part from our respective air ticket levies and other sources.

"The working group we have implemented today should report back in advance of the September IMF and World Bank meetings and I call on countries present here to join this path-breaking project for change and for good."

Under the terms of the Anglo-French agreement, France will contribute to the IFFm an average of \$100m a year over 20 years and Britain will use part of the £1bn a year raised by the government's air passenger duty to provide a long-term stream of finance for the IFF and the IFFm.

In addition, Britain said it expected its spending of £1.5bn a year on fighting HIV/Aids "to continue over the long term" and supported the proposal of the French president, Jacques Chirac, for an international drug-purchasing facility - a scheme for bulk-buying medicines for poor countries at low cost.

Paul Zeitz, director of the Global Aids Alliance, said: "This grand alliance between the UK and France is welcome. They must exercise bold leadership and unite the world in financing the global fund for Aids and swiftly ending the holocaust."

Mr Chirac, opening the conference yesterday, called on rich states to follow France's lead and adopt a €1 (68p) levy on plane tickets to raise money for development. From July 1, a French law will levy €1 on domestic and European flights and €4 on long-haul flights. Business and first-class travellers will be charged €10, rising to €40 on international flights.

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