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THE WASHINGTON OFFICE ON AFRICA

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Export-import

Monday, July 31, 2000

President William Clinton
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear President Clinton,

I am writing out of my concern over the announcement of Export-Import Bank loans to African nations for AIDS medications. I fear that it will do little to address the pandemic on the continent and will only worsen Africa's current debt spiral.

The US, through loans from the Export-Import Bank, is asking African governments to mortgage the future of Africans by taking on increased debt, at commercial rates, to pay for badly needed medicines to address the HIV/AIDS pandemic. Indeed, many African countries suffering from the pandemic are so poor they do not even qualify for loans at commercial rates.

At a time when international pressure, and G8 commitments, have focused on lifting Africa's crippling debt, what Africa needs is grants, not new loans, to increase prevention, testing and treatment programs, build its social service infrastructure, purchase medicines and increase the capacity of communities to cope with the crisis.

Because loan recipients would be required to purchase US-made drugs under this plan, the primary beneficiaries would be the US pharmaceutical giants, even if AIDS drugs are sold at a substantial discount. The minimum wage for many Africans affected by HIV/AIDS is less than $50 per month (as is the case of Kenya); thus, even the slashed prices which the Export-Import Bank presumes will prove inadequate.

What pharmaceutical companies are keen to avoid is the entirely-legal prospect of local manufacture or import of generic versions of their drugs. Their announcement two months ago of plans to cut drug prices can be seen in that regard. Details have yet to be provided. Perhaps, instead of this mistaken Export-Import Bank initiative, your administration should be urging pharmaceutical companies to demonstrate a long-term commitment to addressing the crisis with concrete action and real benefits on the ground.

The US would do well to come through on its debt relief commitments – as you have pressed for so consistently – and pledge substantial new *grant* resources to address the pandemic. This plan fails on both counts.

Yours faithfully,

LPS

Leon P. Spencer
(The Revd Dr.)
Executive Director

Cc:
James A. Harmon, President and Chairman of Export-Import Bank
Jackie M. Clegg, Vice Chair and Chief Operating Officer, Export-Import Bank
Charlene Barshefsky, U.S. Trade Representative
Rosa Whitaker, Asst. U.S. Trade Representative for Africa
Susan Rice, Assistant Secretary of State for African Affairs
Sandy Thurman, National AIDS Policy Director ✓

EXPORT-IMPORT BANK OF THE UNITED STATES

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Telex/Fax Center Fax No.: (202) 565-3505

FAX COVER SHEET

DATE:	February 14, 2000
PAGES TO FOLLOW:	-5-
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ORGANIZATION:	WH/AIDS Policy
FAX NUMBER:	456-2439
FROM:	James A. Harmon President & Chairman
TELEPHONE NUMBER:	202-565-3500
FAX NUMBER:	202-565-3513

MESSAGE:

AMERICAN INTERESTS IN EXPANDING TRADE WITH AFRICA

James A. Harmon
President and Chairman
Export-Import Bank of the United States
Remarks to the
Corporate Council on Africa
January 25, 2000

It is an honor and a pleasure to speak to such a distinguished group about our common interest in advancing the economic partnership between the United States and the nations of Africa. Trade and investment are the essential means of expanding that partnership.

We share a mutual interest in increasing our economic ties. As beneficiaries of the world's largest economy, we Americans have a vested interest in expanding international trade. Clearly, increasing foreign trade is one important way of maintaining growth for the U.S. economy. And it is just as clear that through foreign trade the world economy will grow, global wealth will increase, and African nations will be able to develop their economies, raise their standard of living and improve their quality of life.

The historic paradigm of economic development dictated that new emerging economies would move from agrarian economies to light manufacturing such as textiles, to medium industries such as tools and machinery, to heavy industries such as steel, and continue working up the value added chain of industry. This was the successful model of Japan, Korea and a number of other economies.

Technology may alter this paradigm. Now it may be possible for newly emerging nations to leapfrog certain stages of development. For example, wireless communication and new cost-effective telephonic and fiber-optic infrastructure will allow developing nations to join the information age in a more cost effective and immediate way, potentially accelerating productivity and ultimately creating wealth.

We are already seeing the recognition of technology development at work in Africa. Three months ago on a visit to West Africa, I noted with interest the lines to enter cyber cafes on the streets of Accra, Ghana. Last week I was in Silicon Valley to make the case that Africa is a market worthy of the attention of U.S. technology companies and that Ex-Im Bank is willing and anxious to finance exports of technology to this market.

Before I comment on Ex-Im Bank activities in Africa, I want to recognize here tonight the progress already made in the region. Many African countries have embarked upon profound economic and political transitions during the past several years. Nearly thirty African countries have recently demonstrated positive track records of reform and growth. In these reforming countries: inflation is under control; currencies float in a reasonably narrow range; public and private investment is increasing; exports are rebounding; state owned enterprises are privatizing; and, business environments are being liberalized.

Government subsidies and barriers to trade and investment are being reduced.

Consequently, net foreign direct investment in the region has increased four-fold from 1990 to 1997. Sub-Saharan Africa has over 750 million people, tremendous natural resources and the potential to make a major marketplace for American business. Aircraft and aircraft parts, oil and gas equipment and machinery are leading the way, but there has been recent strong growth in sales of telecommunications equipment and motor vehicles. The World Bank is forecasting a 4.2 percent annual growth rate for sub-Saharan Africa during the next 20 years. Africa's time has come.

President Obasanjo of Nigeria has spoken of economic advancement as a democracy dividend. I like that term and I assured him that there is such a dividend. Where there is economic and political stability of the kind that promotes transparency and good corporate governance, the investment climate becomes attractive and the country prospers. In that sense, export credit agency (ECA) programs may be considered democracy dividends.

For those of you who do not know us, the Export-Import Bank (Ex-Im Bank) is the United States government's official export credit agency. Established in 1934, the Export-Import Bank has provided financing to support $400 billion in purchases of goods and services from the U.S. In the past 7 years, under the Clinton Administration, the pace of Ex-Im Bank activity has accelerated. During this period, we have supported $100 billion of exports to the developing world. In 1999, we supported $16.7 billion of U.S. exports worldwide.

But until recently, the level of Export-Import Bank activity in Africa was very modest. We have begun to change that. In sub-Saharan Africa last year we provided loans and guarantees of $600 million, more than ten times the $50 million amount of business we did the previous year. In the current year, we expect to exceed $1 billion. In 1998, when President Clinton went to Africa, the Ex-Im Bank was open for business in only 18 of the 48 sub-Saharan African countries. We are now open in 32 for traditional financing and are open in substantially all sub-Saharan countries for project finance.

Credit goes to President Clinton and the First Lady for focusing the attention of the Administration on the vast and important potential of U.S. economic and commercial relations with Africa. The President's trip to Africa and his call for the United States government to become more involved in the region inspired missions by Commerce Secretary Daley, Transportation Secretary Slater, Secretary of State Albright, Energy Secretary Richardson, and Labor Secretary Herman. In addition, the Trade and Development Agency, the Overseas Private Investment Corporation and Ex-Im Bank expanded their efforts in Africa in response to the President's call to action. The President also deserves credit for appointing so many senior officials–like the late Commerce Secretary Ron Brown--who were already committed to improving U.S. relations in Africa.

I was proud to be the first Export-Import Bank President ever to visit southern Africa and to lead the Export-Import Bank's efforts to improve and greatly expand our programs there. I was surprised by what I found. American exporters lag far behind the Europeans in market share. Currently only six percent of African imports come from the United States. To a certain extent this in understandable, given the proximity of Europe and the legacy of colonization. But even in South Africa, where I thought our sanctions policy during Apartheid would now benefit

American businesses returning to that market, I found U.S. firms at a great disadvantage. European firms had simply used the sanctions period to cement their own positions in the South African economy. So our increased efforts come none too soon. Ex-Im Bank was too narrowly focused and conservative to see the full potential of the region. In many cases, we were closed in countries, not for political reasons, but because we thought the commercial risk was too great. But we are now committed to developing more innovative programs for the region. We know we can do more business there; and we know there is more good business to be done.

We have developed a strategic plan to expand our partnership with African nations. I am pleased to outline today some of the highlights. **First**, we will continue to open in more sub-Saharan African countries. I have already commented on increasing the number of countries from 18 to 32 during the past year. Included among these are Mozambique and Nigeria, where we opened three months ago. We had been closed in Mozambique for 30 years and now we will provide short-, medium- and long-term financing for credit worthy buyers in the country. Mozambique's progress in fiscal and public sector reform, as well as its market liberalization and an ambitious privatization program, is impressive. The Export-Import Bank is very pleased to be able to recognize this progress by our return to the Mozambique market.

Conversely, where there is conflict or political instability it is difficult to open our programs. In such countries we still seek to support projects with off-shore structures. For example, in Angola we are able to finance acquisition of drilling equipment for off-shore drilling programs.

Second, we are seeking to reach small and medium-sized private sector African companies that wish to buy goods or services from the United States. With only 400 Ex-Im Bank employees in Washington, D.C., how can we do this? The answer is...we will need African banks to market our programs and share some of the risk. In this regard, we announced last October that Ex-Im Bank will for the first time guarantee loans in South African rand. Private companies in South Africa and hopefully in other countries will now be able to borrow rand to buy U.S. goods. Someday, we will be able to do the same with currencies such as the CFA franc. We also look to African nations to assist us in finding appropriate vehicles–public or private–to borrow funds from Ex-Im Bank in order to on-lend these funds to small and medium-sized buyers in their countries.

Third, we will expand our marketing program to U.S. exporters and African buyers. We have already established an African email address. We are also accepting applications over the Internet. And in time, we will have a representative based in sub-Saharan Africa. Until then we will be sending representatives to Africa on a regular basis. I will visit Africa again this year.

Our activities in Ghana are an excellent example of what we have begun to achieve in Africa. We approved 29 transactions, $145 million in financing last year, to businesses large and small. In one case, we supported the sale of $1.6 million in refrigerator trucks to enable a family fishing company, owned by three generations of women, to get their catch to the markets inland. Just in the first three months of this fiscal year Ex-Im Bank approved 16 new transactions in Ghana.

Let me reiterate that while Ex-Im Bank may be most widely known for financing large sales–particularly aircraft...we are now dedicated to assist small and medium-sized businesses in their purchase of U.S. goods. For example, last year we supported the sale of new business books to Kenya and South Africa. Some of the shipments of books have been as small as $250.

We are also pursuing innovative financial structures in Africa. Last year we approved $10 million in export credit insurance to support the sale of Cessna Aircraft to Tanzania Air Services and Zambia Flying Doctor Service. Although Ex-Im Bank financing was technically unavailable in both countries, we worked out an arrangement where the regional Eastern Development and Trade Bank (PTA Bank), based in Kenya, served as the guarantor on the transaction.

In sum, the Ex-Im Bank has seized the initiative and has begun to advance a real partnership between U.S. exporters and African customers; our goal is to continue to expand that partnership to our mutual benefit. In keeping with that goal, I take the liberty to offer the African nations represented here tonight my personal advice, based on both my role as Chairman of the Ex-Im Bank and my 38 years' experience as an investment banker. **First**, we cannot overstate the importance of technology to the future of the world's economy. As I said earlier, technology has the potential to offer great advantages to developing nations. But this will happen only if you have planned and are prepared to seize the maximum benefit from ever-advancing technologies.

Second, I advise you to focus on how you can best attract long-term capital to your countries. This is essential to your future development and long-term economic well-being. I can also advise you that any strategy you develop to raise long-term capital should include the export credit agencies. Export credit agencies today have more capital to provide to the developing world than do the multi-lateral development banks. I encourage you to work with us, not just the Export-Import Bank of the United States, but all ECAs.

As I noted earlier, Ex-Im Bank's activities are part of a broad Clinton Administration initiative on Africa. You may be interested to learn that we do not have such initiatives in any other part of the world. I have sometimes been critical of how the U.S. government fails to maximize its efforts through a lack of coordination and cooperation. This has not been the case with Africa. We are all working together, coordinating our efforts, and it shows in the progress we have made. President Clinton hosted an Africa Ministerial in Washington last March, attended by groups of ministers from sub-Saharan African countries. Transportation Secretary Slater hosted a meeting with all transportation ministers in Atlanta last September; and Secretary Richardson hosted a meeting with all energy ministers in November.

Our efforts in Africa represent the first stage of a new relationship that will achieve maximum results for ourselves and the countries of Africa. I believe the achievements and benefits will extend far beyond this Administration. Together we will seize the opportunity to establish a strong and lasting, mutually rewarding, partnership in the next decade.

this important marketing tool.

In addition to discussing the financing and marketing programs unveiled in 1999, Ex-Im Bank and the SAAC discussed whether to develop new initiatives aimed at increasing trade to Africa for U.S. exporters. This included exploring whether Ex-Im Bank can find a way to support and extend financing to African micro businesses and traditionally disadvantaged African groups, and also the advantages of a closer relationship with the three regional organizations: SADC,. COMESA, and ECOWAS, including conducting training seminars in each of the regions. Domestically the SAAC proposed expanding the marketing effort aimed at African American businesses to include marketing to Africa-based association like the U.S./ Nigerian Associations in Atlanta, GA and Houston, TX. Ex-Im Bank and the SAAC discussed the opportunities and challenges presented by each proposal.

In summary, there are two fundamental challenges to increasing Ex-Im Bank support for trade to Africa. One is to deliver the message to U.S. exporters and African buyers that Ex-Im Bank is interested in, and committed to, trade with Africa. The second is to devise innovative financing techniques and approaches to support sales to Africa to give U.S. exporters a competitive edge in these markets.

To meet these challenges, the SAAC emphasized the need to build on successful efforts implemented in 1999. The SAAC believes that Ex-Im Bank must continue the initiatives begun this year and devote the financial and human resources necessary to achieve long-term rewards in sub-Saharan Africa. In addition, the SAAC recommends Ex-Im Bank consider new programs and initiatives to meet the challenges of increasing Ex-Im Bank support for trade to sub-Saharan Africa and to take advantage of opportunities presented by these markets.

EXPORT-IMPORT BANK OF THE UNITED STATES

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FAX COVER SHEET

DATE:	September 6, 2000
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TELEPHONE NUMBER:	202-565-3525
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MESSAGE:

Sandy-

These are the brief remarks Mr. Harmon made yesterday to the SADC heads of State and their ministers at the luncheon sponsored by the CCA and UNDP.

He was <u>very</u> well received. Several from UNDP and SADC came up to me afterwards to say very supportive things. Peter Piot was also very positive in his comments about the role of EX-IM.

EXPORT-IMPORT BANK
OF THE UNITED STATES

Remarks of Ex-Im Bank Chairman James Harmon
To the Southern African Development Community
New York, New York---September 5, 2000

Thank you for the opportunity to speak before this esteemed audience. I am especially honored to follow Dr. Piot who dedicates his life to winning the war on HIV/AIDS.

As many of you know, Ex-Im Bank is by law, a trade finance agency, limited in our authority to providing credit for the developing world to buy what they need in goods and services from the United States.

Like many international institutions, for too long Ex-Im Bank did not focus on sub-Saharan Africa. But under the leadership of President Clinton, we changed. Two years ago, Ex-Im Bank provided sub-Saharan Africa only $50 million of credit to buy US goods and services. Last year we did $600 million and this year we expect to do as much as $800 million---from upgrading hospitals to providing farm equipment and other building blocks for stronger economies and stronger African nations.

This increase reflects the deep commitment of the US to a brighter future for sub-Saharan Africa. It also is a testament to the growing strength of the region. The 21st century could be Africa's century. But to achieve this vision the world must unite to defeat this terrible threat. It is a race against time. It is a race for maximum, sustainable resources, and it is a race that we only can win together through a broad international effort.

That is why Ex-Im Bank is here. We are new to this issue. The Bank became involved only months ago, by asking a simple question: how can we help? We are not an aid agency with money to give. We are not a drug company with medicines to donate. But we had a choice: find a way to help or do nothing. The first choice could make a contribution; the second choice would be unconscionable.

So we looked at what we can do under our Congressional mandate. For many years Ex-Im Bank has financed hospitals, medical equipment and pharmaceuticals. ---But only on a short term basis, for medicines. Longer terms and sustainable resources were identified at the Durban Conference as one piece of a broader effort needed to build a strong, permanent infrastructure. So we decided that was the role we could play—helping build a sustainable, effective medical infrastructure of health care across sub-Saharan Africa.

So we have committed to make available $1 billion a year in financing for the region's war on HIV/AIDS -- on the most flexible and least costly terms allowed -- to purchase whatever is needed -- medical equipment, advisor services, hospitals or pharmaceuticals. We hope the export credit agencies in Europe and Japan will do the same. We're moving aggressively to bend our programs as far as they can go – extending financing terms and working to drive the cost of leading medicines down as close to zero as possible. Without question the humanitarian need challenges all of us to abandon business as usual and do what is right. And, already we are in negotiations with several African countries to begin using these resources.

We are working with the U.N., the World Bank and a host of US agencies to supplement their efforts. But our role can help ensure that adequate supplies of modern, effective medicines and related services are consistently available when they are needed, not solely when they are donated.

Clearly, Ex-Im Bank is only one piece of a far broader solution. Debt forgiveness can clear the slate so countries can acquire what they need to build a stronger future – be it medical equipment or goods to build their economy. Without question, the international community should give more direct aid. But the need of others to do more does not negate the moral obligation of all parties to find a way to be a part of this broad solution and meet the profound need for resources.

I want to thank all of you who have been frank and open with your ideas and advice. Be assured that Ex-Im Bank will continue to listen and respond and hopefully, add value.

Berward

D - Ex-Im bank

INTERNATIONAL AIDS EPIDEMIC
July 19, 2000

Background: *The human toll of AIDS is staggering: 50 million people worldwide have been infected, and AIDS is now the leading cause of death in Africa. HIV/AIDS has begun to reverse recent advances in life expectancy and economic growth, while perpetuating the cycle of sickness and poverty in the hardest hit regions. We have been pushing for increased international resources to fight this epidemic for over a decade – with USAID alone spending over $1.4 billion in the last 15 years in foreign assistance for AIDS. The U.S. continues to provide more bilateral assistance for AI DS than all other donors combined. In the last two years, the President has more than doubled our investment in international prevention and care programs. This year he is asking Congress for $325 million for international AIDS programs. Plans for further increases for prevention, and especially for treatment and care are under discussion.*

The Wall Street Journal and the New York Times both report that the Ex-Im Bank will offer $1.0 billion in loans and guarantees to Sub-Saharan African countries to purchase HIV/AIDS drugs and services. Will this help?

- President Clinton takes the issue of accessibility to drugs for HIV/AIDS affected populations in Africa very seriously. On May 10, he signed an Executive Order to reduce trade barriers and make HIV/AIDS related drugs more affordable and accessible in Sub-Saharan African countries. The Administration welcomes the new initiatives by pharmaceutical manufacturers to deeply discount prices of anti-retroviral drugs for developing countries. And the US-sponsored Cologne Debt Initiative specifically makes resources freed from debt obligations in HIPC countries available for health, especially AIDS prevention and treatment.

- The Ex-Im announcement, expected today, is another positive step in increasing access and availability of HIV/AIDS medicines and services in Africa. ExIm's initiative represents the kind of innovative proposals that are needed to make a real difference – especially when taken together with the President's call for increased bilateral assistance for AIDS, and increased World Bank, foundation, and private sector resources devoted to care and treatment.

We understand that the Administration was skeptical of the proposal and tried to block the announcement. Is this true?

- No. This is a new proposal from Ex-Im, and we, along with State, Treasury and others, support efforts to make needed drugs more accessible to Africa. However, the issues involved in creating innovative financing packages to make drugs and services more accessible and affordable in developing countries are complex and require careful consideration. We support the Ex-Im Bank's efforts within the context of its pilot program to explore new approaches that might be effective in this regard. We will closely monitor the progress of the initial pilot program and continue to work with developing countries in expanding the range of our cooperation on AIDS prevention and treatment efforts, guided by developing countries themselves on this issue.

O - Ex Im

OFFICE of NATIONAL AIDS POLICY
Attention Sandra Thurman
202.456.2438

EX-IM BANK
JOBS THROUGH EXPORTS

News Release

MEDIA ADVISORY
JULY 17, 2000
CONTACT: Linda Formella or Marianna Ohe
(202) 565-3200

EX-IM BANK TO ANNOUNCE SPECIAL INITIATIVE TO FINANCE U.S. SALES TO SUB-SAHARAN AFRICA OF HIV/AIDS-RELATED MEDICINES, EQUIPMENT AND SERVICES

WASHINGTON, D.C.: At a news conference scheduled for 10:30 a.m., on Wednesday, July 19, Chairman James A. Harmon of the Export-Import Bank of the United States (Ex-Im Bank) will announce a special program to provide financing that will support sub-Saharan Africa's purchases of HIV/AIDS-related medicines, equipment and services from U.S. suppliers. In attendance will be representatives from major pharmaceutical companies and ambassadors from several sub-Saharan African countries.

Ex-Im Bank News Conference – HIV/AIDS Assistance Financing Program
811 Vermont Avenue, N.W.
Room 1141
Washington, D.C.
Wednesday, July 19
10:30 a.m.
Please call Ex-Im Bank's Office of Communications (202) 565-3200, to notify of attendance.

The news conference is being held in conjunction with the second quarterly meeting of Ex-Im Bank's Sub-Saharan Africa Advisory Committee, a congressionally-mandated group of government and industry leaders who advise Ex-Im Bank in its efforts to increase U.S. exports to the region. **Following the news conference, there will be a panel discussion at Ex-Im Bank featuring representatives from a pharmaceutical manufacturer and UNAIDS.**

Ex-Im Bank is an independent federal government agency that provides export credit insurance, working capital guarantees, loans and loan guarantees to help finance exports of U.S. goods and services around the world, particularly to developing markets. In fiscal year 1999, Ex-Im Bank supported nearly $17 billion of U.S. exports worldwide.

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Visit Ex-Im Bank's Web site at www.exim.gov.

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O - ExIm

TITLE I--EXPORT AND INVESTMENT ASSISTANCE

Export-Import Bank of the United States

Subsidy Appropriation

The conference agreement appropriates $865,000,000 for the subsidy appropriation of the Export-Import Bank instead of $768,000,000 as proposed by the Senate and $742,500,000 as proposed by the House.

Administrative Expenses

The conference agreement appropriates $62,000,000 for administrative expenses of the Export-Import Bank instead of $58,000,000 as proposed by the Senate and $55,000,000 as proposed by the House. The conferees also have included a limitation of $30,000 on representation expenses of members of the Bank's Board of Directors.

The managers are very concerned by the Bank's recent consideration of a change to its regulations that would reduce the volume of U.S. exports financed by the Bank that are subject to cargo preference regulations. The managers direct that none of the funds provided under this heading in this or prior year appropriation acts shall be used to plan, finalize, or implement any notice, regulation, or change in policy with regard to Public Resolution 17 (46 App. U.S.C. 1241-1)(1998).

Overseas Private Investment Corporation

Non-Credit Account

The conference agreement provides $38,000,000 for administrative expenses of the Overseas Private Investment Corporation (OPIC) as proposed by the Senate instead of $37,000,000 as proposed by the House.

The managers urge OPIC to refrain from entering into contracts involving the Palestinian Authority until the Committees have been informed that contract disputes between the Authority and United States corporate entities have been resolved.

Trade and Development Agency

The conference agreement appropriates $50,000,000 for the Trade and Development Agency instead of $46,000,000 as proposed by the Senate and the House. It does not include language regarding reimbursements as proposed by the Senate.

TITLE II--BILATERAL ECONOMIC ASSISTANCE

Agency for International Development

Child Survival and Disease Programs Fund

The conference agreement appropriates ~~$958,000,000~~ 963,000,000 for the Child

Survival and Disease Programs Fund instead of $886,000,000 as proposed by the House. The Senate bill contained no provision on this matter, but included regular and emergency funds for these activities under "Development Assistance" and "Global Health". The conference agreement also continues limitations on the use of the Fund for non-project assistance.

The managers include a United States contribution to UNICEF, and AID's program to promote basic education for children, within the Child Survival and Disease Programs Fund, as proposed by the House.

The conference agreement includes language allocating ~~$958,000,000~~ (963,000,000 among six program categories in the Child Survival and Disease Programs Fund: 5) $29~~0~~,000,000 for child survival and maternal health, including vaccine-preventable diseases such as polio; $30,000,000 for vulnerable children; $300,000,000 for HIV/AIDS; $125,000,000 for other infectious diseases; $103,000,000 for children's basic education; and $110,000,000 for UNICEF. The ~~Committee~~ conferee expects that any change proposed subsequent to the allocation as directed in bill language will be subject to the requirements of section 515 of the Act. A full definition of these program categories and their components can be found on pages 8 through 10 of House Report 106-270.

Within the child survival and maternal health program, authority is provided to transfer up to $50,000,000 as proposed by the Senate to a fund established for child immunization by the Global Alliance for Vaccines and Immunization (GAVI). The House bill provided authority to transfer up to $37,500,000 to GAVI. The managers are supportive of the GAVI and direct that the Committees be informed in writing 20 days prior to the obligation of any funds for GAVI on the proposed use of any U.S. contribution, particularly with regard to the amount to be donated for procurement of vaccines for children.

The managers note that a large part of the vulnerable children program assists AIDS orphans, who also benefit from the HIV/AIDS program. Although the conference agreement does not include bill language regarding funding for blind children, as proposed by the Senate, the managers recommend not less than $1,200,000 for assistance for blind children. The managers also support a total of $5,000,000 for the Kiwanis/UNICEF Iodine Deficiency program, with $2,500,000 from the Child Survival and Disease Programs account and $2,500,000 from regional accounts for Europe and Eurasia. AID is also encouraged to provide up to $2,000,000 to support non-governmental organizations, such as Special Olympics, that work with older children, including those with cognitive disabilities and mild mental retardation, to teach life and job skills. The vulnerable children program and AID's Office of Privatte Voluntary Cooperation are encouraged to provide small matching grants to American-led volunteer programs in India and other nations that seek to remedy physical disabilities through reconstructive surgery.

The conference agreement includes $315,000,000 for HIV/AIDS, of which $300,000,000 is allocated within this account and not less than $15,000,000 in other accounts and programs. The conference agreement does not include bill language concerning microbicides. However, the managers endorse the Senate report language on microbicides and direct that not less than $15,000,000 from the HIV/AIDS program and the "Development Assistance" account be made available to the Office of Health and Nutrition for microbicide research and development. These funds are to be managed by the Director of the HIV/AIDS Division. In addition, the managers support the International AIDS Vaccine Initiative (IAVI), which seeks to accelerate the development and distribution of an effective AIDS vaccine for use in developing countries. The managers urge that not less than $10,000,000 be provided as a contribution to the International AIDS Vaccine Initiative~~, and strongly recommend that additional funding be provided to IAVI from other Federal health agencies~~.

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The expected results of funds to develop and promote the use of vaccines in developing countries will also assist international travelers to endemic areas. The managers urge the Department of State and AID to require staff, grantees, and contractors to take all feasible steps to reduce the importation of vaccine-preventible infectious diseases, such as hepatitis, into the United States.

6A

In addition, the managers direct AID to make available $500,000 for a proposal from the University of California at San Francisco to develop detailed epidemiological HIV/AIDS profiles for priority countries and an online, searchable database of key comparative indicators. The managers also encourage AID to collaborate with the Peace Corps' HIV/AIDS initiative, especially in supporting training activities.

The managers note that the Global AIDS and Tuberculosis Relief Act of 2000 (P.L. 106-264) authorized that 65 percent of the HIV/AIDS funding be provided through non-governmental organizations (NGOs). The managers concur that NGOs, including religious institutions and faith based organizations, provide invaluable services in the fight against HIV/AIDS. In anticipation of an increasing involvement of the public sector, particularly in the areas of treatment and the provision of interventions to reduce mother-to-child transmission, the managers agree that assistance provided through NGOs in cooperation with a foreign government or using government facilities may be counted against the 65 percent target in AID's strategy to implement the Act.

Within the HIV/AIDS program, authority is provided to transfer $20,000,000 to the fund authorized by section 141 of the Global AIDS and Tuberculosis Relief Act. The managers expect the Secretary of the Treasury and the Administrator of the Agency for International Development to report to the Committees no later than April 30, 2001 on progress toward establishment of an international AIDS Trust Fund administered by the World Bank.

The managers urge that expanded resources be made available to mother-to-child transmission (MTCT) programs. As effective implementation of MTCT programs will take time, during which health care workers will be trained, laboratory and testing facilities established, and community based care services for

HIV positive mothers developed, AID may not be able to meet the Global AIDS Act's 8.3 percent MTCT funding target in fiscal year 2001. The managers expect that USAID will achieve the MTCT target by the end of fiscal year 2002.

The conference agreement includes at least $60,000,000 from all accounts to address the global health threat from tuberculosis, including not less than $45,000,000 from the other infectious diseases program in the Child Survival and Disease Programs Fund. The managers urge AID to continue to work in close collaboration with organizations such as the U.S. Centers for Disease Control, the World Health Organization, the Gorgas Memorial Institute, and the Global STOP TB Initiative to implement effective tuberculosis control programs at the local level. The managers direct AID to continue and expand TB programs undertaken in cooperation with federal and state governments in Mexico, especially along Mexico's borders with Texas, California, Arizona, New Mexico, and Guatemala.

The other infectious diseases program also includes $30,000,000 for antimicrobial resistance and infectious disease surveillance, and $50,000,000 for international efforts to reduce the incidence of malaria. Drug resistant parasites and insecticide-resistant mosquitoes exacerbate malaria transmission and place millions throughout the world at risk of a crippling and often fatal disease. For this reason, the managers encourage USAID to designate $2,000,000 to support the establishment of coordinated centers of excellence for malaria research, to focus on tropical and sub-tropical regions. The managers support and urge AID to favorably consider proposals for a concerted approach to limiting the resurgence of malaria that are submitted jointly by the University of Notre Dame's Vector Biology Laboratory, Tulane University's Department of Tropical Medicine in New Orleans, and Latin American and African counterpart institutions.

The managers are aware that the HIV/AIDS and tuberculosis crises require extraordinary efforts on the part of the U.S. Government. USAID is encouraged to use, as appropriate, its existing waiver authorities regarding financing and procurement of goods and services, and grant making, in order to expedite the provision of HIV/AIDS and tuberculosis assistance and enhance the efficiency of that assistance.

The managers support and urge AID to favorably consider proposals by Carelift International. The managers anticipate that the ongoing, multiyear collaboration between AID and Carelift International will be expanded and require $7,000,000, including future year appropriations. The conference agreement does not include Senate language directing AID to make available to Carelift International up to $7,000,000 from fiscal year 2001 funds only.

The managers also direct AID to continue to provide the Committees with a detailed annual report not later than February 15, 2001, on the programs, projects, and activities undertaken by the Child Survival and Disease Programs Fund during fiscal year 2000.

Funds appropriated for the Child Survival and Disease Programs Fund are intended to be used for programs, projects and activities. Funds for administrative expenses to manage Fund activities are provided in a separate account, with two exceptions included in the conference agreement: authority for AID's central and regional bureaus to use up to $125,000 from program funds for Operating Expense-funded personnel to better monitor and provide oversight of the Fund; and, in section 522, authority to use up to $16,000,000 to reimburse other government agencies and private institutions for professional services. Any proposed transfer of appropriations from the Fund for administrative expenses of AID under any other authority shall be subject to section 515 of this Act.

territorial integrity and required special notification for Russia and Ukraine only. The Senate amendment was essentially the same as current law.

Sec. 520. Special Notification Requirements

The conference agreement adds "Ethiopia", "Eritrea", and "Zimbabwe" as proposed by the House bill and retains "Pakistan" as proposed by the Senate amendment, to the list of countries subject to the special notification procedures of this section. The managers are encouraged that on June 8, 2000, a cease-fire agreement was signed by Ethiopia and Eritrea and that efforts are underway to reach a permanent settlement of the border conflict.

Sec. 522. Child Survival and Disease Prevention Activities

The conference agreement authorizes AID to use $16,000,000 from the "Child Survival and Disease Programs Fund" for technical experts from other government agencies, universities, and other institutions. The Senate proposed $10,000,000 and the House $10,500,000 for this purpose. The managers have increased this authority on an interim basis in order to accelerate implementation of the expanded HIV/AIDS and tuberculosis activities. AID is directed to replace the additional temporary personnel as

Sec. 584. Voluntary Separation Incentives ~~for Employees of the U.S. Agency for International Development~~

The conference agreement provides for the payment of voluntary separation incentives to AID employees for the purpose of eliminating positions and functions at AID, as proposed by the House bill and the Senate amendment.

Sec. 585. Contributions to the United Nations Population Fund

As proposed by the House bill, the conference agreement provides that not more than $25,000,000 from the "International Organizations and Programs" account shall be made available for the United Nations Fund for Population Activities. This assistance is subject to a number of conditions regarding UNFPA activities. The Senate amendment contained a similar provision.

Sec. 586. Indochinese Parolees

Insert 79A

~~The conference agreement includes language allowing any national of Vietnam, Cambodia, or Laos who was paroled into the United States before~~

84A1

The conference agreement provides a ceiling of $425,000,000 for population planning activities or other population assistance but prohibits any of such funds from being obligated or expended until February 15, 2001. The managers believe this will afford adequate time for the exercise of the authority of the President under the Foreign Assistance Act and other law to determine what terms and conditions, if any, should be imposed on assistance for population planning and other population activities.