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the multilateral institutions was equivalent to 69% of the amount budgeted by the GRZ from its own resources for the social sectors. The annual debt servicing burden severely compromises the ability of GRZ and the civil NGO sector to effectively respond to the HIV-AIDS crisis. For example, District Health Boards only received 30% of their expected budget in 1998, therefore they were unable to effectively implement HIV-AIDS prevention and control activities, TB control, or control of sexually-transmitted infections. The GRZ currently has no formal mechanism for providing financial support to civil society NGOs that are at the front lines in the battles against HIV-AIDS.

### ***Accelerating Action Through a Multidonor Debt Swap/Relief***

The GRZ is in the final stages of developing a proposal for "Accelerating the Zambia HIV-AIDS Response Using a Multidonor Debt Swap/Relief Agreement." This proposal will be presented to bilateral and multilateral cooperating partners during the May 26-28, 1999 Consultative Group Meeting in Paris. To accelerate the Zambia development process, by accelerating the national response to the HIV-AIDS pandemic, a multidonor debt swap/relief agreement is proposed. This agreement is based on the following implementation steps:

- ◆ **Plans of Action:** Government of the Republic of Zambia (GRZ) finalizes HIV-AIDS Response Plans of Action (GRZ Ministries and NGO Response Plans). These plans will include a multiple year strategic plan, budget, and a monitoring and evaluation framework;
- ◆ **Creditor Countries Join:** GRZ negotiate with creditor countries to participate in the Multidonor Debt Swap/Relief Agreement;
- ◆ **HIV-AIDS Response Fund:** GRZ establishes a "HIV-AIDS Response Fund" to receive agreed upon debt servicing obligations from creditor countries. This fund shifts GRZ obligations of debt servicing towards *supplementary* domestic investment in the national HIV-AIDS response. Actual GRZ expenditures will serve as the baseline for monitoring supplementary investments in the HIV-AIDS response;
- ◆ **Performance Milestones:** The "HIV-AIDS Debt Swap/Relief Agreement" is based on agreed upon performance milestones that support the Zambia HIV-AIDS Plan of Actions. Performance milestones will be developed to establish targets for legal, policy, and technical performance, as well as, the establishment and implementation of systems of financial accountability;
- ◆ **Signing Ceremony:** The GRZ is planning to convene a signing ceremony for the "Multidonor Debt Swap/Relief Agreement" in conjunction with the upcoming XIth International Conference on AIDS and STDs in Africa (ICASA), which is being held in Lusaka from 12-16 September 1999. A total of 5,000 delegates from all SSA countries, international and African political leaders, and key stakeholders in African development

will be in attendance.

### ***Options for Creditors***

Bilateral and multilateral cooperating partners will have different options for channeling resources into the "Debt for HIV-AIDS Response Fund." These include, but are not limited to:

1. Debt Servicing Swap--so that principle and interest due to creditor countries would be paid into the HIV-AIDS Response Fund instead of to creditor countries;
2. Moratorium of Debt Servicing--creditor countries have the option of issuing a moratorium on debt servicing which would defer debt servicing obligations (principle and interest) into the HIV-AIDS Response Fund;
3. Debt for Development Mechanisms--creditor countries can transfer debt obligations into the HIV-AIDS Response Fund;
4. Direct Contributions--creditor countries and multilateral institutions could provide direct contributions to the HIV-AIDS Response Fund as part of their overall assistance to the GRZ.

#### **IV. RATIONALE FOR US PRESIDENTIAL INITIATIVE**

##### ***HIV/AIDS Crisis in Africa***

Most countries in Eastern and Central Africa are facing large scale HIV-AIDS epidemics and secondary large orphan and vulnerable children pandemics. While there have been some gains in reproductive health, child health and nutrition indices are very poor. Uganda is one of the countries hardest hit by the HIV-AIDS. An aggressive effort to reduce HIV transmission has resulted in a significant reduction in HIV incidence in youth 15-24 years of age over the past 5 years, making Uganda the first country in Africa to demonstrate a sustained impact of HIV-AIDS interventions.

Countries throughout Southern Africa are experiencing large population-wide HIV/AIDS pandemics. Behavior change interventions have been slow to reduce HIV transmission. Many of these countries are projecting large decreases in life expectancy and large secondary epidemics of orphaned and vulnerable children. At the same time, most countries in Southern Africa are experiencing economic downturns, which is leading to severe constraints on national budgets.

HIV-2 is the predominant strain circulating in West Africa. HIV-2 as being characterized slower rates of transmission and slower progression from HIV illness to AIDS. HIV prevalence is moderately high in most West African countries, however the limited impact of current HIV-AIDS control programs puts countries throughout the region at great risk for expanding epidemics.

Many SSA countries are now experiencing the emergence of a rapidly expanding orphan and vulnerable children pandemic as a result of the AIDS. It is expected that this situation will eliminate gains made in child survival and that there will be an immense economic dislocation. These orphaned children are at high risk for exacerbating and sustaining the cycle of poverty in SSA countries.

##### ***The Devastating Impact of HIV-AIDS on Development***

There is compelling evidence that demonstrates that a severe negative impact that HIV-AIDS is having on societal development and economic growth. Also, the economic potential of consumption industries that rely on a critical growth rate within a population will be weakened. Overall labor productivity will be reduced, especially as highly trained and skilled workers are difficult to replace. Efforts are needed to enhance the capacity of the private sector to improve decision-making and implementation strategies to avert productivity losses through multi-skilling and workforce planning.

President Clinton's PEGO is intended to promote and sustain rapid economic growth in SSA countries. This growth will likely have a significant, and sometimes unexpected, impact on health, especially the spread of HIV-AIDS. Several key factors are expected to accompany

expanding economic growth: 1. acceleration of labor migration; 2. acceleration of transborder commerce; 3. rapid urbanization. Each of "economic growth" factors have the potential to exacerbate the spread of infectious diseases, especially HIV-AIDS, and antimicrobial resistance--especially due to poor or inadequate treatment of STDs, malaria, and tuberculosis.

The "Blueprint for the US-Africa Partnership in the 21st Century" states that the excessive debt burden in SSA impedes development and the transfer of new resources. African Ministers stated that current debt relief programs were inadequate to address the problems in many countries. The United States announced a major debt reduction initiative that includes components providing for deeper and accelerated debt reduction and inclusion of additional countries into debt reduction schemes. At the same time many SSA countries are calling for sweeping reform to eliminate debt, it is clear that "Debt for Development" will be needed as a complementary strategy to ensure increased investment in the social sectors.

### THE CASE FOR PRESIDENTIAL LEADERSHIP

The AHDPI is a novel and unprecedented approach to the HIV-AIDS pandemic that *requires US Presidential leadership* for implementation---in order to optimize the likelihood that sustainable economic development will be achieved. The AHDPI has the following features:

1. The magnitude and application of the "Debt-Swap/Reliefs for Accelerating the HIV-AIDS Response" is the only proposed strategy that will **rapidly accelerate a scaled-up** African response to the pandemic;
2. The primary focus of the program is scale-up a response at the **community-level** in Africa where the epidemic is being fought. The strengthening of the non-governmental organization (NGO) response has the potential for significantly strengthening civil society in the emerging democracies of SSA;
3. Through US Presidential leadership, the competing interests of international and target-country **multisectoral stakeholders can be unified** in support of accelerating the response to the HIV-AIDS pandemic. For example, at the international level, creditor countries can join together to alleviate the burden of debt while at the same time ensuring increased social sector investments. At the country-level the potentially competing interests of the education, community development and health-sector partners are mitigated as each sector will gain benefits from the implementation of AHDPI;
4. The AHDPI has a strong emphasis on target country/beneficiary leadership, accountability, ownership, and **RESULTS**;
5. The **moral and developmental imperative** to accelerate the response to the HIV-AIDS pandemic is indisputable. The costs of acting now are far less than the costs of NOT acting.

US Presidential leadership is required for the successful implementation of AHDPI because of the complex political, financial, economic, and development trade-offs and priorities which are inherent in efforts scale-up the response to the HIV-AIDS pandemic in SSA. **The competing agendas, programs, and priorities of the USG agencies, other creditor countries and the multilateral institutions can only be forged together by US Presidential leadership.** US Presidential leadership is also critical in securing target SSA country commitment in the HIV-AIDS response. Political leadership at all levels will be required to coalesce all stakeholders towards a common objective.

Specific policy, technical, and operational rationale are:

#### **Policy Rationale**

- ◆ Implementation of AHDPI significantly improves the likelihood that President Clinton's PEGO will succeed;
- ◆ Launching of the AHDPI demonstrates USG and Clinton Administration leadership in defining domestic and international priorities;
- ◆ There is strong bipartisan Congressional support in the Senate and the House of Representatives for HIV-AIDS development activities;
- ◆ Resources to implement AHDPI will complement and expand existing priorities and would not detract from other less well-funded priorities.

#### **Technical Rationale**

- ◆ The multisectoral HIV-AIDS response technologies to respond to the HIV-AIDS pandemic are available and technically feasible in Africa;
- ◆ Strengthening of social sector systems to deliver HIV-AIDS interventions synergistically stimulates overall development of the sector and the NGO response.

#### **Operational Rationale**

- ◆ The AHDPI is complementary to existing USG health programs that are primarily being implemented by USAID and The Department of Health and Human Services (NIH, CDC, OIH).
- ◆ Existing USG coordination mechanisms can be used to implement AHDPI;
- ◆ Existing domestic and international partnerships can be used as a starting point for implementing the AHDPI.

## **THE CASE FOR THE ZAMBIA HIV-AIDS DEBT SWAP/RELIEF PILOT DEMONSTRATION**

The Zambia HIV-AIDS pandemic is one of the worst in the World. The devastating impact is being felt by all Zambians. Recent efforts by the GRZ indicate a renewed willingness to accelerate the national response. The current status of HIV-AIDS pandemic in Zambia is:

- ◆ The number of new HIV infections is still rapidly climbing throughout Zambia;
- ◆ Approximately 25-30% of urban adults are HIV-positive; Recent data is showing that the percentage of rural adults who are becoming HIV-positive is rapidly escalating from 9-12% to higher levels. This is an unprecedented rural explosion;
- ◆ AIDS death rates are rapidly escalating, yet they won't peak until around 2005;
- ◆ Life expectancy is rapidly declining from the mid-forties to the mid-thirties;
- ◆ Infant and childhood mortality rates are rising;
- ◆ There is a national TB pandemic caused by HIV-AIDS, intermittent drug shortages are exacerbating the risk for the emergence of drug resistant TB;
- ◆ There will be approximately 1,000,000 AIDS Orphans in Zambia by the year 2000, representing 10% of the Zambian population. Approximately 25% of Zambian children under 15 years of age are expected to be single or double parent orphans--this is highest proportion in the World. Orphanhood peaks 7-10 years after the HIV-positive rates peak.
- ◆ Youth, who are considered to be the "window of hope," are not significantly reducing their high-risk behavior throughout most of Zambia.
- ◆ The future ability of Zambians to achieve our goal of sustainable economic development are being severely challenged by this devastating plague.

## **V. INTERVENTIONS AND STRATEGIES**

### **A. AFRICA HIV-AIDS AND DEVELOPMENT PARTNERSHIP INITIATIVE (AHDPI)**

#### ***Prioritized Interventions***

Scaling-up the delivery of cost-effective interventions to reduce HIV transmission, improve care for those afflicted with AIDS, and improving the management of the rapidly expanding orphans/vulnerable children resulting from the epidemic through multisectoral responses is sorely needed. Many countries are adopting a multisectoral approach to the epidemic, which mobilizes all sectors to combat the pandemic, including microfinance initiatives.

Only by accelerating efforts dramatically, can we expect to mitigate its' devastating effects. Many AHDPI target countries are experiencing rapid increases of orphaned and vulnerable as a result of the AIDS pandemic. Acceleration of a widescale community-based response is needed to ensure adequate food supply and nutrition, health care services, education programs, and other social supports.

#### ***Implementation Strategy***

AHDPI will provide support to target countries for assessing the major interventions required to accelerate country-level response to the HIV-AIDS pandemic. AHDPI will assist countries in the planning strategic HIV-AIDS interventions, developing and negotiating debt-swap/relief agreements, implementing debt swap/relief agreements, and monitoring the actions taking place and evaluating efficiency and impact of the HIV-AIDS Debt Swap/Reliefs.

Every effort will be made to build on and optimize the comparative advantages of various UN and multilateral family organizations (e.g. WHO, UNICEF, UNFPA, IMF, World Bank), bilateral organizations (e.g. USAID, JICA, DFID, DANIDA, SIDA, CIDA), and PVOs/NGOs, including religious organizations.

AHDPI will be focussed on increasing the participation at community, national, and regional levels to ensure that an expanded partnership base of people and organizations from all sectors of African target countries to mobilize the coordinated cross-sectoral approach necessary for combating the HIV-AIDS pandemic.

### **B. ZAMBIA HIV-AIDS DEBT Swap/Relief**

#### ***Interventions***

The GRZ is in the final stages of developing a proposal for the "HIV-AIDS Debt Swap/Relief Agreement" to present to creditor countries and multilateral institutions. At the same time,

efforts are underway to consult with creditor countries to build support for the Agreement. The following interventions have been prioritized by the National AIDS Control Program:

1. Behavior Change: abstinence, mutual faithfulness or condom use;
2. STD prevention and control;
3. Reduction of High Risk Behaviors (e.g. multiple partners, ritual cleansing.);
4. Destigmatization of HIV-AIDS (e.g. red ribbon campaign, political advocacy);
5. Voluntary Counseling and Testing;
6. Improved home-based care and support for people Living with HIV-AIDS;
7. Community-based support for orphans and vulnerable children;
8. Improved Drug Supply for STD Prevention, TB Control and HIV positive Zambians;
9. Improved Hospital-level Care for AIDS patients;
10. Mobilization of a multisectoral response.

Since 1994, the GRZ has been working towards accelerating the national response to the HIV-AIDS pandemic through mobilizing a multisectoral response. This effort has been difficult to implement because of delays in establishing an institutional framework.

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## **VI. ORGANIZING FOR ACTION**

### **A. AFRICA HIV-AIDS AND DEVELOPMENT PARTNERSHIP INITIATIVE (AHDPI)**

#### **1. AHDPI Coordinator**

The AHDPI Coordinator will be a United States Government representative who will report to the Director of the Office of National AIDS Policy, The White House and other appropriate USG officials and agencies. The Coordinator will be based in the Africa-based Secretariat. The Coordinator will be responsible for the overall management of the AHDPI.

#### **2. AHDPI Africa-based Secretariat**

The AHDPI Africa-based Secretariat is envisioned to be implemented by a unique partnership of the United States Government, University partners, NGO partners, and private sector partners. A small group of professionals will be responsible for managing the responsibilities of the Secretariat and supporting the implementation of HIV-AIDS Debt Swap/Reliefs in targeted countries. This unique **Government-University-Community-Private Sector** implementation arrangement is designed to create optimal opportunities for innovation and partnership. The Secretariat will be staffed with American and African experts. Approximately \$2 million USD is required for the initial launch period to establish the Secretariat for a 12-18 month period.

#### **3. AHDPI Washington-based Liaison Officer**

A senior USG official will be seconded from an appropriate USG agency to serve as the Washington-based AHDPI Liaison Officer. The AHDPI Liaison Officer will be based in the White House Office of National AIDS Policy. This person will be supervised by the Director of the Office of National AIDS Policy. This person will be responsible for coordinating communications with the AHDPI Africa Secretariat, USG Agencies and the White House.

#### **4. AHDPI Advisory Council**

This council will represent various sectors, the public and private sector, and various geographic regions. The council will meet quarterly to review and provide recommendations on all activities being supported under the AHDPI.

#### **5. Main USG Implementation Agencies**

##### ***Office of National AIDS Policy, The White House***

The Office of National AIDS Policy, The White House will assume responsibility for overall coordination of the policy and political development of AHDPI.

*Department of State*

The Department of State will assume responsibility for the country-level and SSA continent-wide coordination of implementation by US agencies.

*United States Agency for International Development (USAID)*

USAID technical and programmatic leadership is critical for the success of the AHDPI. Technical assistance will be critical in supporting the AHDPI target countries in the development and implementation of strategic planning, budgeting, implementation, and monitoring and evaluation. USAID'S Global Bureau for Population, Health and Nutrition and USAID's Africa Bureau, Division for Sustainable Development are the critical units within USAID.

*Department of Treasury*

The Department of Treasury, as the leading USG agency for establishing and supporting the global financial infrastructure, will provide critical policy and technical guidance regarding the implementation of debt swap/relief agreements, as part of ongoing consultations with international partners, multilateral institutions and SSA targeted countries.

**B. ZAMBIA HIV-AIDS DEBT SWAP/RELIEF PILOT DEMONSTRATION**

**1. Task Force for the Multidonor Debt Swap/Relief Agreement to Accelerate the Zambia HIV-AIDS Response**

The GRZ has formed an Interagency Task Force to support the development, implementation, and monitoring of the multidonor HIV-AIDS Debt Swap/Relief Agreement.

**2. GRZ Institutional Oversight**

The GRZ is in the final phase of establishing a National HIV-AIDS Council and a National HIV-AIDS Secretariat which is charged with the responsibility of coordinating a multisectoral response to the HIV-AIDS pandemic. The National HIV-AIDS Council and Secretariat are the proposed GRZ institutions that will be responsible for the development, implementation, and monitoring of the proposed HIV-AIDS Multidonor Debt Swap/Relief. The National HIV-AIDS Council and Secretariat would make recommendations on funding priorities to be supported by the HIV-AIDS Response Fund.

**3. GRZ-Cooperating Partners HIV-AIDS Response Fund Steering Committee**

A joint "GRZ-Cooperating Partners HIV-AIDS Response Fund Steering Committee" would be formed as a legally separate entity--such as a trust--with a Board appointed from various interest groups, such as Government, Cooperating Partners (including creditor countries and multilateral

agencies, NGOs and other interest groups. This Board would make final decisions on resource allocation disbursements, monitor the performance of the implementation institutions against the agreed upon milestones. The National HIV-AIDS Secretariat would be responsible for managing the proposed "GRZ-Cooperating Partners HIV-AIDS Response Fund Steering Committee."

## VII. ACTION PLAN

### A. AFRICA HIV-AIDS AND DEVELOPMENT PARTNERSHIP INITIATIVE (AHDPI)

1. White House Appointment of AHDPI Coordinator

*Target date for Action: June 30, 1999*

2. Establishment of the AHDPI Africa-based Secretariat

*Target date for Action: September 1, 1999*

The AHDPI Africa-based Secretariat will be established to complete the following tasks:

- a. The proposed "Accelerating the Zambia HIV-AIDS Response Using a Multidonor Debt Swap/Relief" will be the first priority of the AHDPI.
- b. Create Demand for "Debt Swap/Relief for HIV-AIDS" proposals in AHDPI target countries.
  - ◆ A Symposium on the HIV-AIDS Debt Swap/Relief Mechanisms is planned to be held at the XIth ICASA Conference, 12-16 September 1999.
  - ◆ A Symposium on the Africa Health and Development Partnership Initiative is being planned at the Global Health Council Annual Conference, 21 June 1999.
  - ◆ Other appropriate fora will be sought for promoting the HIV-AIDS Debt Swap/Relief Concept.
- c. Contribute to the development of the AHDPI Presidential Decision Directive
- d. Contribute to the development of a AHDPI public relations campaign
- e. Establish African Leadership Committee to guide the implementation of the AHDPI.
3. AHDPI Washington-based Liaison Officer will be responsible for supporting the Office of National AIDS Policy

*Target date for Action: September 1, 1999*

The AHDPI Liaison Officer will be responsible for:

- a. Formation USG Interagency Working Group to develop a Presidential Decision Directive which defines roles and responsibilities of USG agencies to work together to implement HIV-AIDS Debt Swap/Reliefs for SSA. The recommendations of this Working Group could be submitted to the G7/8 summits, to the United Nations, and for use in modifying/improving the Congressional Economic Growth and Opportunity Act.
- b. Convene Congressional Hearings in the House and Senate. Bipartisan panelists could include representatives from USG agencies, Non-governmental organizations, UN Agencies, African countries, religious groups, US Universities, the Global Health Council etc. Members of the Presidential Mission could also participate. Presentations could be designed to suggest modifications in the Economic Growth and Opportunity Act that is before Congress.
- c. Launch Public Relations Promoting the Critical Role of the USG in Accelerating the Response to the HIV-AIDS Pandemic. To garner the support of the American public for a new approach to African development, a concerted public relations campaign is required. This campaign could include health and medical associations, religious groups, African-American leadership, globalization of economic growth advocates etc.

#### **B. ZAMBIA HIV-AIDS DEBT SWAP/RELIEF**

1. GRZ will present initial HIV-AIDS Debt Swap/Relief Proposal to Creditors

*Target date for Action: May 30, 1999*

2. GRZ prepares final draft proposal HIV-AIDS Debt Swap/Relief Proposal to present to Creditor countries and multilateral institutions

*Target date for Action: August 30, 1999*

3. GRZ and Participating Creditor Countries Signing Ceremony at the XIth ICASA

*Target date for Action: September 12-16, 1999*

4. GRZ finalizes negotiations with Participating Creditor Countries

*Target date for Action: September -December 1999*

5. HIV-AIDS Response Fund Established and Accelerated HIV-AIDS Response Launched

*Target date for Action: January 2000*

## **VIII. CONCLUSIONS**

### **A. AFRICA HIV-AIDS AND DEVELOPMENT PARTNERSHIP INITIATIVE (AHDPI)**

Building on the successful momentum of the March 1999 African Minister's Conference, the April 1999 Presidential Mission on The Impact of AIDS on Children, and the pending legislation on the Economic Growth and Opportunity Act provides a unique opportunity for the USG to launch the AHDPI.

President Clinton, the White House Office of National AIDS Policy, and the USG has a unique opportunity to lead the AHDPI. The USG has unique technical and political comparative advantages to lead the way in supporting the efforts of the people of Zambia to combat the HIV-AIDS pandemic.

The cost of not acting will undoubtedly be persistent marginalization of SSA countries from the global economy. Fragile democracies throughout the region will falter and civil unrest will accelerate; leading to the further deterioration of previously achieved development gains.

### **B. ZAMBIA HIV-AIDS DEBT SWAP/RELIEF**

The development phase of the Zambia HIV-AIDS Debt Swap/Relief is driven by an unprecedented positive response from the people of Zambia. As the full impact of AIDS is affecting all people, the HIV-AIDS Debt Swap/Relief has provided a "ray of hope" in an otherwise desperately fatalistic environment.

## Enhancing the Response to the HIV-AIDS Pandemic in sub-Saharan Africa

USAID

05/21/99

Of a total HIV/AIDS budget of \$125 million in FY 1999, USAID is expending \$74 million (60%) in sub-Saharan Africa, funding HIV/AIDS prevention and mitigation programs in 24 sub-Saharan countries. An additional \$7 million is being expended in Africa from the *Supplemental Fund for Children Affected by AIDS*. The USG provides nearly 50% of development assistance monies for sub-Saharan Africa and has invested over \$650 million dollars in Africa for HIV/AIDS since the beginning of USAID support in 1986.

In addition to this substantial effort, the following activities represent new, or expanded initiatives to accelerate and enhance the response to the pandemic, especially in the most severely impacted countries, most of which are in sub-Saharan Africa:

1. **FY 2000 Budget Request:** In the Bureau Budget Submission, for FY 2000, USAID has requested increased funding at \$127 million. The additional \$2 million is intended to increase the scale of our program in India from one to two Indian States, Tamil Nadu and Maharashtra.
2. **Increased USAID Funding:** Based on our experience with the successful programs in Uganda and Senegal, a minimum of \$2.00 per adult per year is necessary to mount an basic HIV primary prevention program, that includes a selected set of care and support interventions to enhance the prevention agenda. Thus, a minimum of \$500,000,000 would be required for the African sub-continent. It should not be the sole responsibility of the USG to contribute this sum. Other donors, lending agencies, host country governments, and corporations must also increase their financial contributions. An additional \$20 million/year for the USAID HIV/AIDS budget would focus on sub-Saharan Africa and would achieve the following (These proportions would vary in each country based on the phase of the epidemic and the level of the response, thus far): Approximately 30% would be devoted to reduce mother-to-child HIV transmission and for orphan support. 30% would be devoted for expanded programs for African youth, who now represent the most critical vulnerable population for primary prevention interventions. 40% would be expended for "prevention-to-care" continuum activities that link voluntary HIV testing and counseling to decreasing risk behaviors in HIV negative individuals and basic support and care for HIV positive persons.
3. **Debt Relief:** USAID will assist with exploring debt relief options. We are currently working with the Department of Treasury and other relevant organizations to explore the innovative use of debt relief, rescheduling or swap mechanisms in order to increase host country resources.
4. **Storm Warning Initiative:** USAID will devote an additional \$750,000 for regional activities for six southern African countries (Malawi, South Africa, Zambia,

Zimbabwe, Tanzania, and Mozambique) There are four basic components for this initiative: targeting cross border transport corridors, improving policy dialogue tools, enhancing sharing of "lessons learned, and improving region wide HIV surveillance.

5. **The African Partnerships Initiatives:** Working closely with UNAIDS (new partners-CEOs and Foundations), USAID will focus on four critical areas: assist in the development of a Technical Support Platform to increase technical assistance capacity; explore increased resources through dialogue with U.S. based Foundations; enhance the U.S. Diplomatic initiative by linking with the efforts of other Ambassadors; and improving the exchange of best practice and lessons learned within the region.
6. **Diplomatic Initiative:** In collaboration with the Department of State, USAID is currently finalizing specific African country analyses to determine strengths and gaps in the existing country response and talking points for U.S. Ambassadors on selected aspects of economic impact talking points.
7. **Follow-on activities to the African/African-American Summit:** To be determined upon the return of the U.S. Delegation.
8. **Advocacy Role:** USAID will accelerate efforts to use our role at numerous fora (Binational Commissions, SADC, OAU, Great Lakes Initiative on AIDS, etc. ) to address the critical issues of political commitment, allocation of sufficient resources and dealing with stigma and discrimination.

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05/21/99

June 21, 1999

**MEMORANDUM**

**TO:** Terence Brown, M/AA  
Vivian Lowery-Derryck, AFR/AA  
Sally Shelton-Colby, G/AA  
Duff Gillespie, G/DAA/PHN  
Verne Newton, AFR/DAA  
Jay Smith, AFR/DP  
Jerry Wolgin, AFR/SD

**FROM:** Alex Ross, AFR/SD  
Paul Delay, G/PHN

**SUBJECT:** Draft Presidential Initiative on AIDS in Africa – **INFORMATION**

This memo provides information on the development of a Presidential Initiative on AIDS in Africa. Ms. Sandy Thurman, Director, White House Office of National AIDS Policy, is taking the lead in developing this initiative. She is expected to submit her report and recommendations to the President within a week.

This memo also serves as background to the upcoming OMB meetings and the internal meeting scheduled for Monday at 4:00 PM. At the latter meeting, we expect to discuss at least two issues, identifying a common agency voice on this initiative and to investigate possible budget implications of various scenarios.

**I. BACKGROUND ON THE THURMAN PRESIDENTIAL INITIATIVE**

Ms. Sandy Thurman led two trips to Africa this year at the specific request of President Clinton, which he announced in his World AIDS Day 1998 speech. Upon her return, Ms. Thurman drafted a report to the President. A first draft, which contained no specific recommendations was submitted to the President who received it favorably. We have not seen a copy of this memo. It was labeled "internal-classified." He asked Ms. Thurman to expand the recommendations, prepare the memo for general release, and to convene and chair a global AIDS emergency working group, which would make recommendations for an enhanced effort.

Ms. Thurman's recommendations have developed over the past 2-3 months. USAID had been asked to provide specific technical information and possible spending scenarios. Different sets of targets and figures are being used and this has led to various interpretations and misperceptions. Initially, two scenarios were discussed: a onetime \$100 million initiative vs. a five year \$100 million target (i.e., \$20 million per year). These scenarios at first were used to explore what USAID and others could use as well as what was needed. One problem became that these initial sets of scenarios became targets (or were interpreted as such). However, this was not intended. In addition, discussions

took place with external parties to the agency which led to misinterpretations that a \$20 million/year level was the most that USAID could absorb (i.e., could use even if it were new money). Ms. Thurman was concerned that this was the wrong message to send and that it would undercut her efforts to obtain more resources and contradict a broader presidential initiative. As a result, Ms. Thurman has requested that we not use any specific numbers. Ms. Thurman has indicated her intention all along to secure new funds. However, it has not been clear as to the support for this from OMB or the Hill.

As of this date, Ms. Thurman is pushing for “package” that would total an additional \$100 million in the FY 2000 budget for international AIDS efforts, but specifics for any one agency have not been identified.

### ***EXPECTED RECOMMENDATIONS***

Based on conversations with Ms. Thurman, her staff, and from discussions at the first meeting of an emergency inter-agency working group convened by Ms. Thurman, we expect the following recommendations to be included in the report. Some of these involve funding requirements, and others represent efforts to educate key actors and do not have significant funding implications. It is important to note that these recommendations represent moving targets.

#### ***Recommendations Requiring Funding***

From discussions to date, there are two recommendations that have USG funding implications:

- ◆ Recommendation 1. Increasing the President’s FY 2000 budget for AIDS in Africa. Expectations are that this package will total \$100 million in the first year. Outyear levels are unknown. Such an initiative would involve a combination of several components: additional resources for USAID for HIV/AIDS programming and use of other USG agency existing resources (such as HHS, DOD, State, etc) for AIDS in Africa work. Individual amounts for each of these components have varied over time. In discussions with USAID staff, some targets were mentioned but these too have varied over time. They included upwards of \$50 million (or more) being designated in FY 2000 for USAID with the remainder coming from other USG agencies and could also include the debt relief initiatives discussed below. One scenario could have USAID redirecting resources to AIDS from other sectors in the current FY 2000 request levels (i.e. \$20 or 30 million), with the remainder being new funds for FY 2000. Prospects for new money in FY 2001 and beyond are greater as the agency budgets have not been developed as yet.
- ◆ Recommendation 2: Debt relief benefiting national AIDS efforts. The G8 meeting this weekend announced a major debt relief for developing countries initiative to benefit social sector spending and particularly AIDS. How Treasury, OMB, and Ms. Thurman’s office score this from a budget standpoint is unknown. For example, Zambia has proposed a debt forgiveness approach to fund HIV/AIDS activities. With

the G8 announcement, there will be many details to be worked out, including how many countries, what mechanisms, who will monitor and so on. One thing is clear, however. With generally weak national AIDS control programs and structures, USAID assistance for technical assistance to leverage these national forgiven funds will be greatly needed. This represents another rationale for increased USAID funding for AIDS.

### ***Recommendations Not Requiring Significant Funding***

Among the ideas being discussed is:

- Increase public-private partnerships- especially religious and business/labor sector partnerships. A White House conference for AIDS and religious leaders is being considered, involving African religious leaders and US. This would build on ongoing USAID efforts with the World Council of Churches, World Parliament of Religions, and the Interfaith AIDS Network. Recent discussions with Rev. Leon Sullivan (including his visit with President Clinton) and Rev. Jesse Jackson indicate their interest to encourage a more concerted response by faith communities. Another proposal is the development of public-private partnerships for AIDS involving the business, labor, and foundation communities. To date, USAID/South Africa has developed a partnership with the AFL-CIO to support AIDS activities. Recent USAID meetings with the Department of Commerce hold promise for increased collaboration with that Department to reach US multinational corporations to further their commitment to AIDS work in Africa and other developing countries.
- The need to speak with one voice leading to a consistent and coordinated U.S response. The goal is to assure that the multiple US Agencies that work in Africa will incorporate the issues that surround the global AIDS pandemic in a consistent manner. For example, it is important that the approach to the complex issue of access to AIDS drugs and the protection of intellectual property rights is treated in a consistent and strategic manner.
- Mobilizing other donors. There are currently a series of initiatives underway to bring together these various partners for a concerted effort to increase resources, including the recent meeting that was co-hosted by the British government and UNAIDS in London, that included the major bilateral donors to AIDS overseas development assistance. There will be follow-up to these discussions at the next meeting of the UNAIDS Program Coordinating Board on June 28 and 29<sup>th</sup>.
- Encouraging African Leadership  
Possible activities, which would lead to increased African ownership, could include Summits that involve the First Lady, the President, and other key U.S. figures. A U.S. diplomatic initiative, involving U.S. Ambassadors, is now underway under DOS. This could be accelerated to achieve increased action.

## **II. CONGRESSIONAL INITIATIVES, INTEREST AND ACTORS**

On June 16, Reps. Lee, Jackson Lee and Kilpatrick sent a letter to Mr. Jacob Lew, OMB, endorsing the impending report from Ms. Thurman on AIDS in Africa as well as the expected request for increased funding for USAID programs. We expect that the Congressional Black Caucus will similarly send a "Dear Colleague" letter requesting support for an additional \$100 million in FY 2000. Rep. Kilpatrick is also expected to release a letter to her House Appropriations Committee chair requesting support for this \$100 million initiative before the House marks up in July. Senator Leahy recently issued an op-ed piece in USA Today calling for additional AIDS resources for Africa. He authored a Senate Appropriations committee amendment that added \$25 million to the USAID HIV/AIDS earmark raising it to \$150 million (with \$5 million of the increase slated for microbicide research thus far).

## **III. OTHER INITIATIVES**

Former Rep. Ron Dellums is advocating for an "AIDS Marshall Plan for Africa" calling for hundreds of millions of dollars to support AIDS drugs, and now prevention, care and research for Africa. His is a public-private matching fund concept. Rep. Barbara Lee is expected to submit new legislation to Congress this year that would enact some form of Dellums' AIDS fund concept. This could require over \$100 million in USG seed money and matching funds.

Rev. Leon Sullivan will release soon his new Sullivan Principles for U.S. investors in Africa which call for corporate social responsibility in developing countries. These principles will also include AIDS as an issue for business to be concerned about. Rev. Sullivan also prominently included AIDS as a major agenda issue at the recent African – African American Summit. He plans to hold a follow up meeting on AIDS in Africa in Ethiopia in February 2000. Rev. Jesse Jackson has recently become engaged in AIDS in Africa issues.

## **IV. THE ROLE OF USAID: WHAT WOULD WE DO WITH EXTRA FUNDS?**

Given the paucity of US and international funding for AIDS, an influx of funds would significantly help to prevent new infections. As noted earlier, the US is the world's leader in HIV/AIDS activities. New funds would enhance existing efforts through the following four activities: focus on enhanced prevention; supporting basic care and social support which in turn maximize prevention efforts; care for children affected by AIDS (orphaned by AIDS or infected from birth); and invest in the infrastructure and capacity development of various sectors and institutions. In-country funding delineations would depend on the nature and stage of the local epidemic and the existing foundation program being enhanced. USAID is currently using this strategy and additional funds will allow us to scale up our activities. USAID would use a variety of criteria to allocate funds: prevalence rates, potential for impact, rapidly expanding epidemics, ongoing programs, need, and political commitment of governments, and opportunity for innovation.

*To secure broad based ownership and input, USAID would propose the convening of a meeting of all relevant interested parties to identify respective roles and responsibilities within an expanded USG response. This process worked extremely well for the initiation of the Infectious Disease earmark.*

### **CURRENT FUNDING LEVELS**

In FY 1999, the USAID AIDS funding levels were as follows. Total funding was \$135 million. During this Fiscal Year, a one-time emergency appropriation of \$10 million for AIDS orphans and vulnerable children augmented the regular appropriation of \$125 million. Of the \$125 million, approximately \$56 million were obligated to USAID Africa missions. Of the \$10 million supplemental, \$7 million was devoted to Africa. Finally, the Global Bureau estimates that out of its obligation, it devoted \$13 million for Africa (core funds). Hence, last year, Africa received approximately \$76 million of the \$135 million total. In addition, USAID contributed \$15.2 million to the UNAIDS program (out of the \$125 million level) as required by Congress.

### **OFFSETS**

In FY 2000, USAID may be required to redirect some of the funds in the current FY 2000 request to support a new AIDS initiative. How much is NOT known. From a planning perspective, we can expect that the funds could be taken from existing agency health and non-health accounts. Those accounts protected by earmarks may not be available. The idea of using ESF funds has surfaced and may be useful. Moreover, ESF funds were recently made available to support the US-SADC Forum. Of \$2 million, approximately \$350,000 has been set aside to support AIDS work with SADC (agreement pending).

Funding any increase for HIV/AIDS from the current FY 2000 request would result in critical shortfalls for democracy, agriculture and economic growth programs, especially in countries that have proven to be good performers and good development partners. In the absence of a total funding increase, these sectors would have to targeted for major reductions because of existing Congressional earmarks and directives and Administration priorities in all other sectors of assistance, e.g. Child Survival, Polio, Infectious Diseases, Population, Microenterprise and Environment. However, some funds could be used—e.g., 10% of TB cases were HIV positive and thus some TB fund could be appropriately used for AIDS.

Some novel approaches that are worthy to explore:

### **EXPANDING THE RESPONSE TO AIDS – TWO NEW OPTIONS**

Option 1: AIDS is now a development problem. Countries, UNAIDS, the President and Ms. Thurman, and now USAID have all recognized this fact. AIDS has a direct impact on the results of other sector's development work as well as on the sustainability of these efforts.

One way to approach it is that USAID could identify funds within existing sectors that should be used for AIDS. At a minimum this would keep funds within the sector, although they would have to be redirected away from other sector programming. There are opportunities within the education, agriculture, D/G, and economic growth.

Option 2: Obtaining other USG resources for USAID. Currently, NIH contributes a few million dollars via USAID to support microbicide research. Could we obtain other USG resources to support other aspects of AIDS work e.g., AIDS in the military, other aspects of AIDS research, and so on?

## **VI. ISSUES, PENDING OMB MEETING, AND NEXT STEPS**

### ***Issues***

There are a number of outstanding issues:

- ◆ When and where the President will announce an initiative.
- ◆ Effect of advocacy groups. A fringe advocacy group has been following VP Gore in his recent campaign stops. Whereas this is annoying, we do not expect that it will interfere with a presidential initiative.
- ◆ The imperative NOT to send a message outside USAID that we cannot use new resources for AIDS. Clearly the needs are great and the Africa Bureau alone has received requests for AIDS funding that it cannot fulfill given current levels that amount over \$10 million—this is in the absence of any notification of the possibility of new funding. Moreover, we are aware that other USG agencies have also requested new funds for AIDS in Africa work (e.g., CDC for \$38 million in FY 2000).
- ◆ Moving targets. As had been noted, there has been a fair amount of confusion over budget figures recently. USAID needs to be careful regarding which figures are being discussed and the nature of the source of those funds.
- ◆ Differentiate funding needs from staffing needs. For the most part we can program additional funds into ongoing programs which should obviate the need for new OE-funded staff. Where there are new programs being contemplated (as in West Africa regional and Namibia), we can hire program-funded staff to help implement these programs. Ideally, Ms. Thurman's recommendations should mention the need for commensurate USAID staffing to help manage the influx of new monies.
- ◆ Need to plan for increases in the FY 2001 budget now. We expect Ms. Thurman to recommend a multi-year initiative. Thus, the agency should be planning for a significant increase in FY 2001 funds for HIV/AIDS.

- ◆ The FY 2000 budget situation may yield changes in caps as well as in supplemental funding scenarios.
- ◆ OMB is sending several messages a) there will be no new money for FY 2000 b) what is it that USAID wants for AIDS in FY 2000? c) how much can it redirect if there are no new funds? However, USAID needs to wait for instructions from the Hill and from the President. It is quite possible that the President may instruct OMB to come up with additional resources for USAID.

### ***NEXT STEPS***

- ◆ **Develop a fact sheet for internal USAID purposes that delineates the USAID position and options as concerns this initiative. LPA as well as other agency units could use this.**
- ◆ **Convene a working group of USAID office representatives, including DP offices, to monitor developments and to develop contingency plans. Ms. Thurman may need additional details on what USAID will do in FY 2000 in order to complete her report. However, additional guidance from Ms. Thurman will be required to complete this exercise.**
- ◆ **Develop a contingency plan in consultation with OMB and possibly Congress to deal with any possible offset requirements. It is important to note that FY 2000 funds are being obligated now. Thus, the longer this issue remains unresolved, the more difficult it will be to identify funding for any offsets.**

Cc: Paul Knepp, AFR/DP  
Hope Sukin, AFR/SD

Clearances:

G/PHN/HN:JRiggs-Perla\_\_\_\_\_

Date\_\_\_\_\_

DAA/G:DGillespie\_\_\_\_\_cleared in draft\_\_\_\_\_

Date\_\_\_\_\_06/21/99\_\_\_\_\_

SDAA/G:BTurner\_\_\_\_\_

Date\_\_\_\_\_

AFR/SD:ARoss:ar:06/21/99:219-0476:prsinit5

Prepared by CDC

## HIV/AIDS - - An Expanded International Role for CDC

**Problem:** The affect of HIV/AIDS in Africa and Asia is devastating. Africa, for example, is the global epicenter for HIV/AIDS with an overwhelming 22 million adults and 1 million children living with HIV by the end of 1998. Botswana, for instance, has one of the highest documented rates of HIV infection in the world. Extensive HIV transmission started in Asia only 10 years ago. By 1999, there were an estimated 7 million Asians living with HIV and AIDS. Thailand has experienced about 1 million HIV infections, however, its successful HIV prevention program has slowed transmission substantially and is a model for the rest of Asia. CDC has established field sites and provided technical assistance to the Ivory Coast, Botswana, Kenya, Uganda, and South Africa since the late 1980s. We are currently engaged in a major initiative which implements the findings from CDC's short course AZT therapy trials conducted in West Africa to prevent mother to child HIV transmission. Since 1991, CDC has worked closely with the Ministry of Public Health (MOPH) of Thailand on a wide range of training and HIV prevention related activities. In Vietnam, increased travel between the United States, including travel among the 1 million Vietnamese-Americans residing in the U.S., may affect domestic disease control. Vietnam is experiencing significant health problems with other infectious diseases such as tuberculosis, hepatitis B and C, and dengue fever. To date, Vietnam has not yet been substantially impacted by HIV/AIDS, therefore the possibility of preventing a much larger HIV/AIDS epidemic exists if proactive assistance is provided soon. In India, the first case of HIV was detected in 1986. Currently, the Government of India and USAIDS estimate that there are between 3 and 5 million individuals with HIV infection in India, perhaps the largest number of infections of any country in the world.

**Activity:** Proposed HIV activities include: the development of Centers of Excellence to strengthen existing CDC activities in Uganda, Kenya, Ivory Coast, South Africa, Botswana, Thailand, Vietnam, India and possible broader regional involvement; demonstration projects; and sustained technical assistance. These centers would focus on HIV, STD, and TB surveillance, epidemiology and intervention research training and would serve as training sites for public health scientists. Areas of particular focus include: 1) comprehensive on-site technical assistance programs focusing on prevention and control of HIV/AIDS, other sexually transmitted disease (STDs), tuberculosis and other priority infectious diseases; 2) prevention of mother-to-infant HIV transmission; 3) surveillance, with a focus on incidence; 4) evaluation and implementation of new prevention methods and tools (e.g., HIV rapid tests, vaginal microbicides, HIV vaccines); 5) prevention of HIV transmission - intervention-linked research including behavior change and focus on increasing condom use for sexually active youth; 6) broader management of TB, including TB prophylaxis for HIV-infected persons, and other opportunistic infections such as PCP, and STD diagnosis and treatment; 7) HIV counseling and testing; 8) prevention of HIV transmission among injecting drug users; and 9) blood safety.

**Benefits:** Transfer to African and Asian countries the lessons learned in order to reduce HIV, STD, and TB transmission. Activities will provide an exchange of lessons learned that are applicable for U.S. health programs. These centers enhance and complement the current efforts of other prevention partners i.e. USAID, UNAIDS, UNICEF, and other donor agencies; Ministries of Health; NGOs; and other prevention partners. For example, UNICEF and UNAIDS are committed to supporting short-course antiretroviral interventions in Africa. Specific initiative funding would enable CDC to take a much more active role in bridging the gap between research results and program implementation and evaluation.

|                |                       |                                                                                                               |
|----------------|-----------------------|---------------------------------------------------------------------------------------------------------------|
| <b>Budget:</b> | Activities in Africa: | approximately \$20 million                                                                                    |
|                | Activities in Asia:   | approximately \$15 million (Vietnam: \$2 million; India: \$3 million; Thailand regional center: \$10 million) |

**Total Resources Needs      \$35 million**

Gary Conrad  
404.639.7700

**DEBT OWED THE U.S. BY HIPC AFRICAN COUNTRIES**

|                          | <b>DEBT</b><br>(millions of US\$) | <b>NUMBER OF PEOPLE</b><br><b>WITH HIV/AIDS</b> |
|--------------------------|-----------------------------------|-------------------------------------------------|
| ANGOLA                   | 35.0                              | 111,000                                         |
| CENTRAL AFRICAN REPUBLIC | 9.4                               | 180,000                                         |
| —COTE D'IVOIRE           | 378.2                             | 700,000                                         |
| DROC                     | 2,079.6                           | 950,000                                         |
| ETHIOPIA                 | 90.1                              | 2,600,000                                       |
| GHANA                    | 16.0                              | 210,000                                         |
| —KENYA                   | 126.1                             | 1,600,000                                       |
| MADAGASCAR               | 32.6                              | 8,600                                           |
| MALAWI                   | 0.0                               | 710,000                                         |
| MALI                     | 0.0                               | 89,000                                          |
| MOZAMBIQUE               | 49.3                              | 1,200,000                                       |
| RWANDA                   | 1.3                               | 370,000                                         |
| SENEGAL                  | 17.3                              | 75,000                                          |
| SUDAN                    | 1,202.1                           | 140,000                                         |
| —TANZANIA                | 34.9                              | 1,400,000                                       |
| —UGANDA                  | 2.6                               | 930,000                                         |
| —ZAMBIA                  | 278.0                             | 770,000                                         |

**DEBT OWED TO THE U.S. BY NON-HIPC AFRICAN COUNTRIES**

|               |       |           |
|---------------|-------|-----------|
| —BOTSWANA     | 24.0  | 190,000   |
| —NIGERIA      | 897.4 | 2,300,000 |
| —SOUTH AFRICA | 143.6 | ?         |
| —ZIMBABWE     | 204.6 | 1,500,000 |

*Sandy: - so far - right track? um & on the*

## **Financing the Response to the HIV/AIDS Pandemic in Sub-Saharan Africa**

Based on USAID's experience with successful programs in reducing HIV transmission in Uganda and Senegal, a minimum of \$2.00 per adult per year is necessary to mount a basic HIV primary prevention program. This includes a selected set of care and support interventions to enhance the prevention agenda. Thus, a minimum of \$500 million would be required for the African sub-continent. This is not the sole responsibility of the USG.

### Use of Additional Funds

The needs are great. Currently, USAID is spending approximately \$76 million in Africa to prevent and provide care and support for persons with and affected by AIDS (e.g., children and orphans). These funds are minimal.

Using a general formula, which would vary, based on the phase of the epidemic (i.e. prevalence) and the level of response thus far, funds would be distributed as follows:

30% devoted to reduce mother to child HIV transmission and for orphan/vulnerable children support.

40% for expanded "prevention to care continuum": activities to link voluntary testing and counseling to decreasing risk behaviors in HIV negative individuals and basic care and support for HIV positive persons.

30% for expanded programs for African youth, which now represent the most critical vulnerable population for primary prevention interventions.

### Criteria for Distribution of Funds

Distribution of an additional \$50 million/year for HIV/AIDS prevention and care and support would be based on the following criteria:

1. Prevalence rates: Funding will be distributed to achieve impacts on reducing HIV transmission in the hardest hit countries in Africa. If we use a threshold of 10% adult HIV prevalence rate, the following countries would be included: South Africa, Zimbabwe, Zambia, Uganda, Tanzania, Rwanda, Namibia, Mozambique, Malawi, Kenya, Ethiopia, Cote d'Ivoire, and Botswana. Each of these countries has a USAID mission or is served by a USAID regional program.

In addition, a second prevalence-related criterion must focus on those countries that have lower prevalence and must have resources to maintain a low prevalence rate. These countries include: Senegal, Ghana, Congo, and Nigeria. In particular, keeping HIV under control in countries like Nigeria with 110 million people is essential to the health and wellbeing of countries in the entire West African region as well as continent.

2. Rapidly expanding epidemics. Similar to the prevalence criteria, several countries are experiencing rapid expansion in their HIV epidemics. These include South Africa, Nigeria, Namibia, Cote d'Ivoire, and Burkina Faso. Similarly, several countries in

Asia, the Newly Independent States, and Latin America are experiencing rapid growth in their HIV epidemics. It is imperative that efforts be undertaken immediately to intensify prevention activities.

3. Ability to absorb funds. The presence of USAID missions and implementing partners will greatly assist programming of new funds. Average mission HIV/AIDS programs range from \$500,000 per year to \$ 2 million/year. Implementing partners include a large number of contracted organizations, NGOs and PVOs, multilateral organizations, and universities.
4. Need. A number of USAID missions, and African countries, have recently requested additional funds to undertake HIV/AIDS programs. These include: South Africa, Zambia, Nigeria, Namibia, Liberia, Rwanda, as well as countries such as Lesotho and Swaziland where there is no USAID mission but the US ambassadors have requested USG assistance. The demand is great and is growing.
5. Political commitment on the part of governments. The ability to scale up interventions in countries is partially dependent on the commitment of political leaders and governments to address the HIV/AIDS epidemic. An increasing number of countries are now recognizing the scourge of HIV and responding to it. These include: Uganda, Senegal, South Africa, Zambia, Namibia, Nigeria, and others. Even Zimbabwe's President Mugabe has begun speaking out about AIDS.

#### Distribution of Funds in a Timely Manner

USAID has programmed the entire FY 99 emergency \$10 million appropriation for AIDS orphans and vulnerable children. Proposals were reviewed and mission accepted responsibility to *expend* these funds within a three-year period. The use of these funds was narrowly limited. Missions expressed need for additional resources and for greater breadth in their use to address HIV prevention and care and support. A number of USAID missions have requested new HIV/AIDS funds to launch and expand their HIV/AIDS programs. These include South Africa, Namibia, Liberia, and Nigeria. Funds for these countries alone would amount to \$4-5 million/year. A number of US ambassadors to African countries have also requested assistance in HIV/AIDS prevention.

USAID has established mechanisms for tracking the obligations and expenditures of HIV/AIDS funds.



## U.S. Agency for International Development

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1325 G St., NW Suite 400  
Washington, DC 20005

Date:

To:

Phone:

Fax:

From:

Phone:

Fax:

Number of Pages Including Cover Sheet

Message

Sandy  
What I sent to you electronically  
I have not shared this w/ anyone here.  
Let me know how to improve it. Thanks  
Ally.

## DRAFT WHITE HOUSE LEVEL HIV/AIDS INITIATIVE

Update, 6/17/98

As discussions with the White House continue on the development of a possible HIV/AIDS initiative, there is beginning to be a fair amount of confusion, particularly over numbers. No one at USAID has seen drafts of the draft Report to the President as it currently exists. Some of the issues described below may, and probably will, change over time.

### BACKGROUND

Ms. Sandy Thurman, Director, Office of National AIDS Policy, The White House, led two trips to Africa this year. The President as part of his public World AIDS Day 1998 speech requested both. The first trip in January 1999 served as a fact-finding trip to four countries: South Africa, Zambia, Zimbabwe, and Uganda. No Congressional members were present on that trip. Ms. Thurman, some of her staff, USAID staff, as well as a USA Today reporter and photographer went. The reporter has since filed his large exposé in the May 24<sup>th</sup> edition of USA Today. Ms. Thurman then led a second trip to Africa that was designated as a Presidential Mission. Reps. Barbara Lee, Sheila Jackson Lee, and Carolyn Kilpatrick, as well as senior Senate and House committee staff, participated in this trip to three countries: South Africa, Zambia, and Uganda in late March. The emphasis of both trips was to look at AIDS orphans and vulnerable children (and by extension families) issues.

Upon her return, Ms. Thurman drafted a report to the President. A first draft (no recommendations) was submitted to the President who received it well. Ms. Thurman was asked to develop a series of recommendations.

Ms. Thurman has been a champion for AIDS in Africa issues, as well as for USAID and its role in implementing AIDS prevention and basic care/support programs.

### THE DEVELOPMENT OF AN INITIATIVE

Ms. Thurman was charged to develop a series of ideas and recommendations. This iterative process over the past 2-3 months has led to evolutions in thinking as to what recommendations could look like as well as to what would be most effective. In discussions with USAID staff, a variety of scenarios have been discussed. As these different scenarios were reviewed, different sets of targets and figures were used. This has led to various interpretations. At first, two scenarios were discussed: a onetime \$100 million initiative vs. a five year \$100 million target (i.e., \$20 million per year). These scenarios at first were used to explore what USAID and others could use as well as what was needed. One problem became that these initial sets of scenarios became targets (or were interpreted as such). However, this was not intended. In addition, some discussions took place outside the agency and led to misinterpretations that a \$20 million/year level was the most that USAID could absorb. Ms. Thurman had indicated her intention all along that she was striving to obtain new funds. Others were not sure whether OMB or the Hill would go along. Ms. Thurman and her staff continued to evolve their thinking.

More recently, Ms. Thurman has crystallized her plans. She has stressed that no set figures should be used. Rather, she was pushing for additional resources in the FY 2000 budget, but that specifics to any one agency were not identified. In discussions, however, a \$100 million target (total) was being considered for additional resources. Such an initiative would involve a combination of several components: additional resources for USAID for HIV/AIDS programming; use of other USG agencies (such as HHS, DOD, State, etc) resources for AIDS in Africa work; and debt relief benefits accruing to HIV/AIDS programs in respective countries (Treasury Department). Individual amounts for each of these components have varied over time. In discussions with USAID staff, some targets were mentioned over time. They included upwards of \$50 million being designated in FY 2000 for USAID with the remainder coming from the other two components. One scenario could have USAID redirecting part of such an amount (i.e., \$50 million), with additional new funds for FY 2000. Also, uncertain at this time is whether this will be a five year initiative? We have recently heard that it is supposed to be. Prospects for new money in FY 2001 and beyond are greater as the agency budgets have not been developed as yet.

Meanwhile OMB is sending several messages a) there will be no new money for FY 2000 b) what is it that USAID wants for AIDS in FY 2000? c) how much can it redirect if there are no new funds?

There are several outstanding issues that we need to be concerned with as we enter discussions with OMB:

1. The Hill will ultimately decide whether there will be any supplemental FY 2000 funds for HIV/AIDS for USAID above and beyond what the original USAID budget contained.
2. If there are any new additional to the USAID line item HIV/AIDS fund, and there are no commensurate increases in USAID budget overall, how will this increase in HIV/AIDS funds be offset? See below.
3. As Ms. Thurman submits her proposal to the President, he in turn may instruct OMB to make this their number one priority. What happens next is uncertain. OMB and the Hill may hold to the caps and still try to offset the new initiative against existing programs in FY 2000.
4. The question of whether the caps will come off this summer is still open. Undoubtedly how the politics of the AIDS issue will also play a role.
5. Is there room for compromise IF there are really no new funds for FY 2000 (although we won't know that for a while, particularly until Congress gets done with the budget and the report to the President would have been submitted)? Such a compromise would include for example, that USAID redirect \$20 or \$30 million in FY 2000 and then shoot for \$50 million or more in new funds in FY 2001?
6. How to resolve the tension between Sandy not specifying actual budget numbers by specific agency vs. USAID's agency need to plan using concrete numbers?

If USAID has to redirect existing funds (whatever the amount), what are the options from which it could come from? This in the context that a number of other budget line items are protected by earmarks as well (e.g., pop, national resource management, microenterprise, etc).

1. Offset from existing health budgets. Transfer of some child survival, TB and other funds to be used for AIDS. Only 10% of TB cases are HIV/AIDS infected. Would there be countervailing Hill interests preventing the use of CS funds for example (e.g., Rep Callahan)?
2. Instruct existing programs such as education, D/G, economic growth etc to allocate some percentage or amount of their existing funds to be used for AIDS in the respective sector. This would advance the policy goal of AIDS as a development issue, as well as keeping the resources within the respective sector (although not used for originally intended purposes).
3. Identify ESF and other sources of funds for HIV/AIDS?
4. Counting some activities related to AIDS as AIDS (always an issue).
5. Using offsets from countries embroiled in conflict where obligated funds are not being used?

#### FUTURE

Clearly, we are in a delicate position. On the one hand, USAID wants to plan to deal with expected realities of having to redirect. If it happens, then how much? On the other hand, Congress, the President may come up with additional resources and unexpected ways of dealing with this. Does USAID want to constrain the possibilities?

Brian has indicated the need to split any agency-wide messages: a) USAID can and will absorb (i.e. program) any new funds for HIV/AIDS that come our way and b) if USAID has to pay for it itself, then that is a different issue. Brian has instructed that the agency speak with one voice on both issues.

Plan of action? USIAD will have to deal with the consequences of a new Presidential, and subsequent Hill, initiative regardless. Do we ask many questions and wait or proactively do something else? In addition,

we also need to realize that Sandy's report will probably not contain specifics for the \$100 million other than a broad outline. If so, how will the President, OMB, and the Hill use this?



**U.S. Agency for International  
Development**

**Bureau for Africa  
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Date: \_\_\_\_\_  
To: Alex  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
From: Sandy  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_

Number of Pages Including Cover Sheet

Message

Sandy : USTR etc



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## MEMORANDUM

**DATE:** June 24, 1999

**TO:** AFR/SA, Curt Grimm  
PPC/PDC, Bob Siegel  
AFR/SD, Alex Ross

**FROM:** David Dod *DD*

**SUBJECT:** USTR Preparations for US-South Africa TIFA Meeting

On the morning of July 15, US agencies (Barshevsky from USTR; Daley from Commerce; possibly others) and the South African Department of Trade and Industry (Minister Erwin) will hold by video-conference a meeting of the Council set up by the US-SA Trade and Investment Framework Agreement (TIFA).

Jennifer Notkin and I attended an interagency TPSC meeting this morning (see first attached page) to hear a preview the USG issues to be proposed on the agenda for the mid-July teleconference. After discussion, USTR decided to propose the discussion of 5 (or perhaps 6) issues, as numbered on the attached page called "Interagency Suggestions for TIFA Council Agenda."

### Action Required:

The main action item is for USAID to comment or clear on the draft telegram, which will go to RSA's DTI via the US Embassy and is attached here as the three-page "IPR Benchmarks for South Africa." **Clearance is requested by noon, Monday, June 28.**

All agencies were asked to treat the TIFA agenda and issues for strictly internal discussion within the USG until high level USG officials can finalize the issues and positions to be discussed in mid-July. So far, the Administration has not "released" any official statement on the recent flap between demonstrators and Vice President Gore regarding anti-AIDS drugs and South Africa.

Jennifer and I see the proposed three-page message on IPR issues as pretty mild, non-confrontational ways of advancing US commercial interests that seem to be threatened by WTO-inconsistent laws or practices on pharmaceuticals and software that RSA is now considering or following. However, we have not been involved in earlier interagency discussions of these US-RSA IPR issues.

One should note that USTR is not asking (and will not ask) RSA to "repeal Section 15(c)" of its 1997 Medicines Act, even though Congress apparently has specifically asked for such repeal (in legislation? a report?) last year.

While the telegram may mention the other proposed 4 or 5 agenda items for the video-teleconference, they will probably be mentioned only briefly. And, unless USAID requests it, State (Mike Koplovsky to draft) and USTR will likely send the telegram out next week without further circulation of drafts.

**Issues for USAID (not needed for telegram but may need USAID input before the July 15 event)**

1. Possible RSA parallel imports of anti-AIDS drugs. The Vice President's office and USTR noted that TRIPS agreement permits countries to derogate from some of their WTO-TRIPS obligations in cases of "national emergency". With an HIV prevalency rate of 21 percent, they thought we should think ahead to the possibility that RSA might invoke this in order to proceed with parallel imports of anti-HIV drugs. However, even in that case, many TRIPS restrictions on compensation and redistribution would apply.

I noted for the group's background that USAID's internal public health strategy for Africa emphasizes prevention rather than curative measures for AIDS and that there didn't seem to be any conflict between a cost-effective public health strategy and proper licensing arrangements for anti-AIDS drugs. USTR and the VP's office indicated that they may contact USAID for assistance in elaborating some careful talking points on this aspect of the issue. (Alex, will you handle these inquiries?)

2. US-South Africa Cooperation in the WTO. As Rosa mentioned to Vivian Derryck and Dick Greene last week, USTR would like USAID to fund some type of training/planning session for African officials on the upcoming WTO/agriculture round of negotiations. This event would be held at the margins or at the time of the WTO Ministerial in Seattle, in November.

AFR/SD expects to receive USTR's specific proposal in the next few days. It should be feasible for USAID to orchestrate such an event under an existing ATRIP activity, using our Macro IQC. (Does anyone have an objection or reservation about USAID supporting this proposal that USTR intends to offer during the teleconference?)

3. Y2K Initiative. The VP's office felt we should repeat some offers of assistance to RSA in this area, although he believed that RSA had not responded to earlier offers of assistance. Some are worried whether RSA's financial system is adequately protected. Erica Barks-Ruggles expressed concern that perhaps some of the Southern Africa Power Pool utilities (other than South Africa's) might be vulnerable to blackouts.

3

Lane/Jonathan/Neal: What is the status of any USAID assistance on Y2K for South Africa? Is this a program priority for USAID in South Africa?

Cc: Neal Cohen, USAID/Pretoria; AFR/SD, Lane Smith, Jonathan Metzger, Richard Greene, Jerry Wolgin; AFR/SA, William Jeffers, Jennifer Notkin.

**USTR  
Trade Policy Staff Committee  
Africa Sub Committee  
Meeting  
OEOB Room 180  
June 24, 1999  
10:30 a.m.**



**AGENDA**

- I**      **Introductions and Opening**
- II**     **Overview: U.S. - South Africa TIFA Trade and Investment Council Meeting**  
Rosa Whitaker, Assistant U.S. Trade Representative for Africa
- III**    **IPR Benchmarks and Strategy**  
Joe Papovich, Assistant U.S. Trade Representative for Services, Investment and Intellectual Property
- IV**     **Update: South Africa and the General System of Preferences (GSP) Program**  
Jon Rosenbaum, Assistant U.S. Trade Representative for Trade and Development
- V**      **Discussion: TIFA Council Meeting Agenda**
  - US-SA Cooperation in the World Trade Organization
  - EU-SA Free Trade Agreement
  - Interagency Recommendations
- VI**     **Logistics: TIFA Council Meeting**  
Jean Harman, USTR/Office of African Affairs
- VII**    **UPDATE: West African Economic and Monetary Union TIFA Negotiations**

## Interagency Suggestions for TIFA Council Agenda

- ① • IPR issues (1 hour)
- ③ • EU-South Africa Free Trade Agreement
- ② • US-South Africa Cooperation in the WTO
  - agriculture
  - creation of a trade and labor relations board (DOL)
  - e-commerce (SA: Would like Doherty to be the lead speaker on this)
  - services
  - industrial tariffs
  - Government Procurement
  - transparency (Doherty) or delete to save time
- Standards (State)
- OECD Observership (State)
- ⑥ If time allows • US-SADC Trade Initiatives | RW: Not sufficient time to discuss this. ~~Keep~~
- ④ • US Technical Trade Assistance
  - Y2 Initiative VP office: We should repeat some offers (What is USMID doing with it?) ★
  - ATRIP no hot projects for 1999 Erica: Is the Paris Protocol vulnerable?
- ⑤ • Issues of Mutual Interest (State)
  - Canned Fruit
  - Oenological Practices and Wine Labeling
  - Genetically Modified Agricultural Products

- 3 -

SA (on EU-SA FTA): We should give the RSA credit for their negotiation, with K&A and efforts to include agriculture.

RW: We expect RSA will end to work with us on industrial tariffs.

RW: We would like cost-sharing from other agencies on the TIFA.  
Can USMID cost share? Please <sup>revisit</sup> ~~consider~~ quickly to USTR. ★

RW: I am asking good progress on a USTR-WTO TIFA Agreement.  
Can we have a Trade Minister here to DC?

(Min. Rep. will prepare the cable.)

DRAFT OF CABLE TO

[Can be sent as one document, or the pharmaceutical issues can be separated from the remainder]

GO TO SAG

For integrity comments clearance  
by 6/28, noon.

### IPR Benchmarks for South Africa

South Africa reaffirms its commitment to fully implement the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) no later than January 1, 2000.

#### Patent Protection for Pharmaceuticals

The government of South Africa has undertaken to improve access to quality health care for its people, particularly with respect to the HIV/AIDS crisis. This is a goal the United States fully endorses, supports and are separately working actively with South Africa to address.

There is no conflict between the obligations of the TRIPS Agreement, sound public health and access to essential drugs. In this regard, South Africa reaffirms its commitment that its policies and practices as they affect the protection of intellectual property rights will be fully consistent with TRIPS standards, in this case with respect to pharmaceuticals.

The United States does not believe that compulsory licensing or parallel importing of pharmaceuticals is a productive approach to addressing health care needs.

In respect of the above, the United States requests that South Africa reaffirm that:

- If it engages in the compulsory licensing of patents for pharmaceuticals, it will only do so in a manner consistent with its obligations under Article 31 of TRIPS.
- If it engages in the parallel importation of pharmaceuticals, it will only do so in a manner consistent with TRIPS that does not otherwise infringe or undermine enforcement of patent rights and fully ensures the safety and efficacy of pharmaceutical imports, consistent with sound international practice.
- It will implement the Medicines Act in such a manner that does not otherwise undermine or diminish the level of protection for intellectual property rights.

#### Protection of Undisclosed Data

Already sent

South Africa reaffirms its commitment that test data submitted for obtaining marketing approval will be protected in South Africa against unfair commercial use consistent with Article 39.3 of the TRIPS Agreement. In doing so, South African health officials will not rely on such data to approve a subsequent application for marketing approval for at least five years. South Africa will demonstrate that the necessary procedures are in place to provide such protection.

- FDA protects  
medications for 5 yrs  
- FDA protects ag  
chemicals for  
10 years.

## WHO

South Africa reaffirms its commitment to work with the United States in the WHO and other multilateral fora in a manner that supports full and proper implementation of the TRIPS Agreement as well as good public health practices.

## Copyright Protection

### *Business Software*

South Africa reaffirms its commitment to effective software management by government ministries. To that end, the SAG reaffirms its commitment to participate in industry-led training sessions on software management and to establish a timetable for conducting an assessment of SAG software use prior to the end of September. Should such an assessment reveal unauthorized use of software, South Africa reaffirms its commitment to announce corrective measures in 1999.

## Other TRIPS Implementation Issues

### *Evidentiary Burden*

South Africa will ensure that enforcement procedures are not "unnecessarily complicated or costly" as provided by Article 41.3 of TRIPS.

Enforcement of individual copyright claims by copyright industries in South Africa remains unnecessarily complicated by the lack of evidentiary presumptions in the law. In South Africa, denial by the defendant shifts the onus to prove ownership back to the plaintiff. As a result, the defendant in a copyright cases can and often does (without any supporting evidence) call into question the subsistence of copyright in a work, as well as the plaintiff's ownership of that copyright. Such challenges have in the past required plaintiffs to go to great expense to prove both subsistence of copyright and ownership. On some occasions, senior officials from right-holder companies have even had to travel to South Africa to testify, wasting time and resources.

### *Provisional Measures*

The SAG will make *ex parte* searches easier to obtain, consistent with TRIPS Article 50.

07/01/99 11:31 202 219 0507 AFR SD 009

Civil remedies are an important enforcement tool for right holders. TRIPS requires that *ex parte* search orders be available in civil cases. In South Africa, *ex parte* civil search orders ("Anton Piller" orders) are exceedingly difficult to obtain and subject to unnecessary procedural hurdles. The requirements for obtaining such orders are so complex and costly that they are barely viable as enforcement remedies.

### ***Deterrent Penalties***

To ensure compliance with its obligation under TRIPS Article 41 to provide effective remedies that deter infringement, South Africa will develop and implement statutory damages to deter illegal infringement and create a foundation for parties to resolve their copyright disputes with a minimum of governmental involvement.

### ***Border Control***

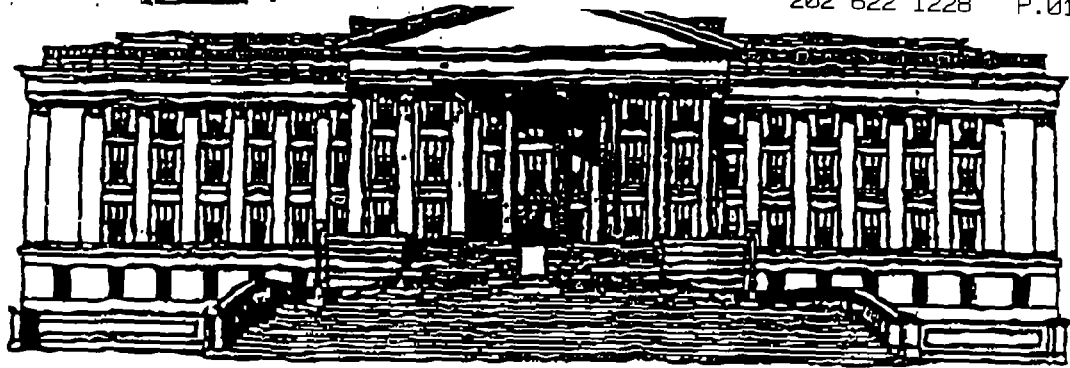
The SAG will implement effective procedures to halt the flow of counterfeit trademark and pirated copyright good into the country, as provided by TRIPS Article 51.

### **WIPO Treaties (not raised before)**

South Africa is a signatory to the Brussels (1948) text of the Berne Convention and should adopt Articles 1 through 21 of the Paris (1971) text.

South Africa is a signatory to the two new WIPO treaties, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. We urge the SAG to ratify and implement both treaties in an expeditious manner.

6/18/99

**U.S. DEPARTMENT OF THE TREASURY**

1500 Pennsylvania Avenue, NW Room 3222 Washington, D.C. 20220  
FACSIMILE COVER SHEET FOR

**William Schuerch**

Deputy Assistant Secretary for  
International Development, Debt and Environment Policy  
Telephone 622-0154 • Fax 622-2536

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**DATE:** 07/01/99**Number of Pages to follow** 12**TO:** Sandra Thurman (White House); Gayle Smith (NSC); Robert Kyle (OMB)**TELE. NO.:** \_\_\_\_\_ **/ FAX NO.:** \_\_\_\_\_**FROM:** Bill Schuerch**SUBJECT:** Treasury Department Briefing Materials on AIDS in Africa

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**For Comments/Per our Discussion/FYI:**

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confirmation no. 202/622-0153



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

JUL 01 1999

MEMORANDUM FOR SANDRA THURMAN  
WHITE HOUSE OFFICE OF NATIONAL AIDS POLICY

GAYLE SMITH  
NATIONAL SECURITY COUNCIL

ROBERT KYLE  
OFFICE OF MANAGEMENT AND BUDGET

FROM:

William E. Schuerch *WES*  
Deputy Assistant Secretary  
International Development, Debt and Environmental Policy, and

Daniel M. Zelikow *DMZ*  
Deputy Assistant Secretary  
Asia, the Americas and Africa

SUBJECT: Treasury Department Briefing Materials on AIDS in Africa

Please find attached some informal thoughts which we should discuss further on possible initiatives that could be taken by the World Bank and the African Development Bank to combat AIDS in Africa. We also have enclosed a fact sheet on the Koln debt initiative and some off-the-shelf briefing materials on existing activities being done by the World Bank and the African Development Bank on AIDS.

If we can provide additional information or assistance to you, please let us know. We look forward to continue working with you through the inter-agency process.

Attachments

## Possible AIDS Initiatives Which Might Be Supported by Treasury

**Intensify IFI Coordination:** Both the World Bank and the African Development Bank have already undertaken initiatives in Africa to combat AIDS. In fact, the World Bank is one of the leading financiers of HIV/AIDS activities in the world. We could call for the continuation of these initiatives by both the World Bank and the AFDB, particularly focusing on public education and health activities to promote prevention and behavioral change, not scientific research, and urge the two institutions to coordinate their efforts. We could also urge that AIDS initiatives and prevention strategies be included where appropriate in the Country Assistance Strategies approved by the World Bank and African Development Bank boards in borrowing countries.

**AIDS Education Initiatives:** The U.S. Executive Director of the World Bank and the AFDB could call for AIDS prevention and education programs being inserted into education and health (sector) loans funded by the IFIs in borrowing countries where AIDS is prevalent. Even where the disease is nascent, such an initiative should be encouraged to prevent its spread.

**Cologne Debt Initiative and AIDS:** The Cologne Initiative calls on the International Financial Institutions to develop a new framework for linking debt relief with poverty reduction that centers around better targeting of budgetary resources for priority social expenditures, for health, child survival, AIDS prevention, education, greater transparency in government budgeting, and much wider consultation with civil society in the development and implementation of economic programs.

**AIDS Debt-Swaps:** AIDS education and prevention programs, in addition to children's anti-poverty and environmental programs, could be included as eligible activities we support with our debt-swap and exchange programs. Such an initiative developing AIDS education and prevention debt-swaps will require new legislation, which this Administration would support.

**IMF Support:** We could commit to urge the IMF to structure fiscal adjustment that countries make as part of the IMF programs in a way that does not undermine social sector spending in public health and education programs, including AIDS issues.

**Regional Programs:** We could ask the World Bank and the AFDB to explore and undertake regionally-oriented programs where AIDS has a cross-border dimension (e.g. truck drivers), particularly in southern and eastern Africa.

**Economic Study on the Impact of AIDS in Africa:** We could ask the IMF/World Bank /and the AFDB and even UNECA to collaborate on a literature review and study on the economic dimension and impact of AIDS in Africa, to be delivered at the Bank/Fund annual meetings (September 28-30, 1999), Development Committee, or G8 finance ministers.

**Finance Ministry Discussions:** We could commit to have senior Treasury officials raise and discuss the issue of AIDS and development, particularly in Africa, at international meetings and in their discussions with African Finance Ministers to raise its profile and gain national support for preventive measures within financial planning and budgetary priorities.

Treasury 6/29/99

## The Cologne Debt Initiative

The G-7 leaders have endorsed a new Initiative to enable Heavily Indebted Poor Countries (HIPC) to receive deeper, broader and faster debt relief in return for firm commitments to channel the benefits into improving the lives of all their people. The HIPC Initiative was created in 1996 to provide deeper multilateral debt reduction for poor countries with unsustainable debt burdens.

- **New focus on poverty:** The Cologne Initiative calls on the International Financial Institutions to develop a new framework for linking debt relief with poverty reduction that centers around better targeting of budgetary resources for priority social expenditures, for health, child survival, AIDS prevention, education, greater transparency in government budgeting, and much wider consultation with civil society in the development and implementation of economic programs.
- **Substantially deeper relief:** Together with earlier debt relief commitments, the Cologne Initiative provides for reduction of up to 70 percent of the total debts for these countries, (reducing the stock) from about \$127 billion today to as low as \$37 billion with the cancellation of official development assistance (ODA) debt by G-7 and other bilateral creditors. In today's dollars (net present value – NPV terms), this would more than triple the amount of relief to be provided from \$13 billion under the current HIPC framework to as much as \$50 billion. This would be accomplished by reducing the HIPC program target ratios for the NPV of outstanding debt to 150 percent of exports, and 250 percent of government revenues, with fiscal thresholds of 30 percent exports to GDP and 15 percent revenues to GDP, and by providing full cancellation of ODA debts.
- **Faster relief:** Relief will be available significantly faster than under the current framework by providing early cash flow relief ("Interim Relief") and allowing earlier stock reduction.
- **Broader participation:** The number of countries expected to qualify for HIPC relief would rise from 26 to 33, meaning that more than 430 million people could ultimately be affected.
- **Releasing resources for priority needs:** For the average HIPC country, the share of scarce government revenue devoted to debt service could fall by 10 percentage points to a ratio for debt service to revenues of well below 20 percent and close to 10 percent in some cases. This is equivalent to a reduction in actual payments of about 25 percent. Mozambique's debt will be reduced by some \$3.5 billion (\$1.7 billion in NPV terms), for example, which could cut in half the share of government revenues allocated to external debt service from over 30 percent to about 15 percent in 1999 and free about \$30 million in budgetary resources each year. These savings are equivalent to over half the health budget in 1999 in a country where children are 3 times more likely to die before the age of five than they are to go to secondary school.

In proposing this Initiative on March 16, President Clinton stated that "Our goal is to ensure that no country committed to fundamental reform is left with a debt burden that keeps it from meeting its people's basic human needs and spurring growth. We should provide extraordinary relief for countries making extraordinary efforts to build working economies." On June 16, the President pledged "to work to find the resources so we can do our part and contribute our share toward an expanded trust fund for debt relief."

## THE WORLD BANK AND HIV/AIDS ACTIVITIES IN AFRICA

### Overview

Recognizing that HIV/AIDS is not only a health issue, but also a development problem threatening the economic and social growth of many nations, the World Bank is one of the leading financiers of HIV/AIDS activities in the world. The Bank has programmed over \$800 million to more than 70 current and future projects around the world aimed at preventing and controlling HIV/AIDS and STDs (Sexually Transmitted Diseases), mainly through IDA, its concessional loan window for the poorest countries. Over forty percent was for projects in Africa. Given the prevalence of HIV/AIDS in Sub-Saharan Africa, the Bank will continue to regard this region as a funding priority.

The fact that HIV/AIDS mainly affects people in the most productive age group, aged 15-49, increases the impact of this pandemic in Africa on economic productivity and development. Loss of skilled workers harms the development prospects in society, including individual households and vital sectors such as education, transport, and agriculture. The impact of the disease is especially hard on the poor. "Although it is difficult to project accurately the loss in terms of productivity, savings and investment, studies have clearly shown the ripple effect of AIDS on developing economies. AIDS is projected to slow per capita income growth, through its effects on savings and productivity, by an average of 0.3 percent point annually between now and 2025 in the ten sub-Saharan countries with the most advanced epidemics." (African Development Bank. African Development Report 1998, pg. 157.)

### Country specifics - Bank Operations

Uganda: the World Bank Group has funded two projects containing HIV/AIDS components -- The Health Project for \$42.5 million approved in FY88 and ended in 3/96, and a Sexually Transmitted Infections Project for \$50 million approved in FY94 and ending in 12/00. This project includes a relatively small component for District Work Plans which are developed at the local government level with assistance from the Ministry of Health and from NGOs, and can include care and support for community initiatives, including AIDS families and AIDS Orphans. Knowledge of needs in the community including those of extended families unable to cope with deaths in the family have been referred to the District Medical Officers for inclusion in the District Work Plans by the World Bank staff working on the project.

Zambia: a Social Recovery loan for \$20 million was approved in FY 91 and the project ended in 7/98. The Ministry of Finance and Economic Development/Micro-projects Unit was in charge of the implementation of the project.

Zimbabwe: A Family Health II Project for \$25 million was approved in FY 91 with a closing date of 12/98. Due to delays in equipment procurement, the project implementation period is being extended. The Ministry of Health is in charge of its implementation. A Sexually Transmitted Infections Prevention and Care project was approved in FY 93 for \$64.5 million and will end in 12/00. The Ministry of Health and the National AIDS Coordination Program is in charge of its implementation.

For FY 99, the Bank has planned a Family Health III project for \$50 million for Zimbabwe to be implemented by the Ministry of Health. (These amounts are for the entire loan amount for the projects – to date the Bank does not yet have information for external use on the amounts spent just on HIV/AIDS components.)

South Africa: The World Bank does not have any projects with HIV/AIDS components in South Africa.

The Bank is leading the development of an African AIDS initiative, which was launched in December 1, 1998 (World AIDS Day). This initiative is being undertaken in collaboration with the UNAIDS (Joint United Nations Programme on HIV/AIDS) secretariat and other co-sponsors to create an effective subregional response to the epidemic among policy makers, government agencies, industry, NGOs, community organizations, and donor agencies, as well as to expand the Bank's involvement in HIV/AIDS support to Africa. The impetus for this initiative is the 22.5 million people in Sub-Saharan Africa who are living with HIV/AIDS and the rapid spread of this disease which is threatening to undermine 40 years of development progress.

### The World Bank's Approach

The Bank believes that more than money needs to be provided to combat this disease. Strategies and programs need to be effective, and therefore based firmly on sound knowledge of local practice and traditions. The Bank works in partnership with UNAIDS, bilateral and non-government organization to assist countries to develop strategies and programs. The comparative advantage of the World Bank lies in its ability to engage in policy dialogue with client governments.

In a recent research/policy publication (1997), Confronting AIDS, the Bank promotes a strategy of enhanced epidemiological and behavioral data collection to better monitor the disease, education and information dissemination with an emphasis on prevention of the spread of disease through targeting of high-risk behavior through the use of condoms and other means such as bleach for sterilizing needles for drug users. Analysis to date (not surprisingly) suggests that targeting sex workers and others with multiple and concurrent sex partners is the most effective means of reducing the spread of the virus.

In addition the Bank participates in advocacy and public information activities, many of which are led by UNAIDS; funds research projects on alternative cost-effective approaches to reducing the spread of the disease; and cooperates with the International AIDS Vaccine Initiative.

While the World Bank has not yet undertaken a formal review of its AIDS projects, the projects in Uganda have been particularly successful due to the high commitment of the government to address the disease early on in its development.

#### AFRICAN DEVELOPMENT BANK AND HIV/AIDS ACTIVITIES

The African Development Bank's AIDS-related activities started around 1990 by integrating HIV/AIDS components in some selected health sector projects. The Bank's portfolio of health projects which include HIV/AIDS components is attached. Included is one project loan for Uganda for \$42.8 million approved in 1990 which is still on-going and is considered by the Bank to be successful in its implementation. Specifically, it includes an effective sub-component on Women in Development for supporting health education on AIDS in schools and rural districts, and has strengthened the institutional capacity of the Ministry of Health and local government to plan, organize, supervise and execute large health projects.

An HIV/AIDS Strategy Paper for the Bank Group was drafted in 1996 and is now being finalized. The prevention of AIDS has been identified as one of the major initiatives that the Bank Group will undertake.

Drafted By:  
Treasury/OASIA/IDB

Cleared By:  
Treasury/OASIA/ID

1/15/99

Attachment 1

African Development Bank/Fund  
AFDB/AFDF  
Health Projects with HIV/AIDS Components

| Country          | Project Title<br>Loan amount                                                                                                       | Approval<br>Date/status | Component details                                                                                                                                                                                   | Effective  |
|------------------|------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 1. Côte d'Ivoire | Centre régional de transfusion sanguine à Daloa (ADF 13.2 millUA)                                                                  | 1990<br>(on going)      | - Construction of facilities;<br>- provision of equipment and supplies                                                                                                                              | Successful |
| 2. Togo          | Projet de réhabilitation des centres hospitaliers régionaux et de renforcement de la pharmacie d'approvisionnement (ADF 13 millUA) | 1992<br>(on going)      | - Lab. Equipment for HIV/STD testing in 5 regional hospitals;<br>- training of med. staff and lab technicians;<br>- sensitization program on HIV/AIDS and STD                                       | Successful |
| 3. Mali          | Appui au PRODESS (SIP)<br>(Amount to be determined)                                                                                | For 1999                | Regional initiative to control NA STD and HIV/AIDS                                                                                                                                                  | NA         |
| 4. Malawi        | Institutional capacity building for the National AIDS Program (TAF Grant)<br>approx. 1 mill. UA                                    | For 1999                | Institutional capacity building                                                                                                                                                                     | NA         |
| 5. Burundi       | Health - Rehabilitation Project (ADF 7.9 mill. UA)<br>(TAF 0.7 mill. UA)                                                           | Dec. 1998               | - Rehabilitation of blood screening facility; - provision of lab equipment; - training of staff                                                                                                     | NA         |
| 6. Gabon         | Health - Rehabilitation Project (ADB 10 millUA)                                                                                    | Jan. 1999               | - Rehabilitation of blood screening facility; - provision of lab equipment; - training of staff                                                                                                     | NA         |
| 7. Morocco       | Projet de renforcement des soins de santé de base en milieu rural (ADF 18.5 millUA)<br>(ADB 18.42 millUA)                          | 1992<br>(on going)      | Support to national program STD/HIV/AIDS; - provision of equipment supplies; - training of staff; - procurement of drugs                                                                            | Successful |
| 8. Mauritania    | Sector Investment Program<br>(Amount to be determined)                                                                             | Jan. 1999               | Support to national program STD/HIV/AIDS; - provision of equipment supplies; - training of staff; - procurement of drugs                                                                            | NA         |
| 9. Tanzania      | Health Rehabilitation Project (ADF 15 millUA)                                                                                      | Dec. 1997               | - Support to the National AIDS Program;<br>- IEC and organization of workshops on HIV/AIDS involving private and commercial sector;<br>- rehabilitation of labs and provision of improved equipment | Successful |
| 10. Uganda       | Health Rehabilitation Project ADF 25.3 mill UA<br>and NTF 5.0 mill. UA                                                             | 1990                    | - Training seminar on HIV/AIDS/STD in District Schools                                                                                                                                              | Successful |



1998

## EXPANDING THE RESPONSE:



WORLD BANK HIV/AIDS ACTIVITIES

THE WORLD BANK



## WHY SHOULD THE BANK INVEST IN AIDS?

HIV/AIDS is not just a health problem. It is also a development problem. This epidemic threatens the economic and social growth of many nations. In addition to the extraordinary human suffering it causes, AIDS poses serious problems to a nation's health and productivity as well as the fabric of family and community life. Reasons for devoting extra attention to AIDS include:

- Economic:** AIDS mainly affects people in the most productive age groups (15–49). Loss of skilled workers harms the development prospects of society, including individual households and vital sectors such as education, transport, and agriculture.
- Societal:** AIDS exacerbates poverty. Although both the rich and the poor can be infected by HIV, the poor have fewer resources to cope and are therefore more likely to experience negative consequences. These include reductions in household assets, per capita food consumption, and child school enrollment.
- Health:** AIDS impacts public health spending. In addition, HIV leads to increased prevalence and incidence of other diseases, including tuberculosis (TB) and other sexually transmitted diseases (STDs).
- Human Rights:** AIDS may violate basic human rights by stigmatizing and discriminating against people living with HIV/AIDS, refugees and migrants, ethnic minorities, sex workers, injecting drug users and homosexuals.

## THE TRENDS

By the end of 1996, approximately 23 million people were living with HIV infection or AIDS. Of these, 22 million are adults and 1 million are children. Approximately 42% of the 22 million are women and this proportion is growing. More than 6 million people have died of AIDS.

Over 90 percent of all adults and children with HIV/AIDS live in the developing world: 62 percent live in Sub-Saharan Africa, 24 percent in Asia, and 6.9 percent in Latin America and the Caribbean.

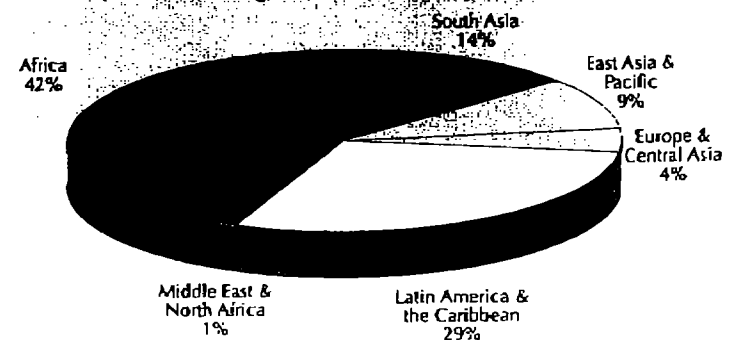
There were over 3 million new HIV infections in 1996, or approximately 8,500 new infections a day. The majority of newly infected adults are under 25 years of age.

## Lending

The World Bank is one of the leading financiers of HIV/AIDS activities in the world. To date, the Bank has committed over \$800 million to more than 70 current and future projects around the world aimed at preventing and controlling HIV/AIDS and STDs. AIDS lending is likely to rise as more countries turn to the Bank for financial assistance in implementing strategies to fight the HIV/AIDS epidemic. The bulk of the World Bank's finance for HIV/AIDS-related projects is provided on highly concessional terms to low-income countries through the International Development Association (IDA).

In 1986 the Bank began providing funding for AIDS prevention as part of broader health and social sector projects. Freestanding AIDS projects have been funded since 1989. For example, \$84 million was approved in 1992 for a multi-pronged prevention strategy in India. The program aims to promote behavioral change and condom use, control STDs, strengthen blood safety, enhance surveillance and clinical management, raise the national and provincial capacity to manage HIV/AIDS control activities, and ensure humane treatment of people with HIV/AIDS. In addition, the Bank is engaged in discussions

**CUMULATIVE WORLD BANK FUNDING OF HIV/AIDS PROJECTS, 1986–1997**  
(Free-standing or with an HIV/AIDS component)



Total HIV/AIDS lending 1986–1997: US\$m 632.3

with the government of India and other partners about a second program—India II. In Zimbabwe, \$64.5 million was approved in 1993 to purchase condoms, drugs and diagnostic tests which can help prevent the transmission of HIV and other sexually transmitted infections, and for other activities.

Nearly half of the HIV/AIDS projects now funded by the Bank are in Sub-Saharan Africa, where most HIV infections currently occur. While the Bank will continue to regard this region as a funding priority, the Bank is also determined to assist countries where the full impact of the epidemic is yet to take effect.

The greatest epidemics of HIV/AIDS that the world now faces are those that will occur in the most populous nations: China, India and Indonesia. There is a window of opportunity in Asia where in some areas AIDS has come later and the problem is not yet out of control. Strategies to combat HIV are more likely to be cost-effective early on than after the epidemic has become mature.

### Regional Initiatives

HIV/AIDS does not respect national borders, which is why the Bank also provides grants for initiatives which tackle this epidemic from a regional perspective. Programs in Western Africa, Southern and Eastern Africa, South East Asia, and Latin America and the Caribbean aim to strengthen regional co-operation and improve the capacity for neighboring countries to consult on policy and implementation issues.

### Strategy and Program Development

While generous financial support is needed to fight HIV/AIDS, the Bank believes that more than money is needed if countries are to combat this disease. We must ensure that strategies and programs are effective. In allocating funds for HIV/AIDS projects the Bank works closely with individual governments, who are responsible for planning and implementing projects. For national HIV/AIDS programs to be successful it is imperative that they are based on a sound knowledge of local practices and traditions. The Bank also works in partnership with United Nations agencies (especially UNAIDS), bilateral donors and non-government organizations to assist countries to develop strategies and programs.

### Research

The majority of World Bank finance is provided for countries to develop strategies and services on the ground. However, the Bank is also committed to learning how best to curb the HIV/AIDS epidemic. To this end the Bank has provided funding for experts from around the world, as well as its own staff and consultants, to undertake a variety of research projects.

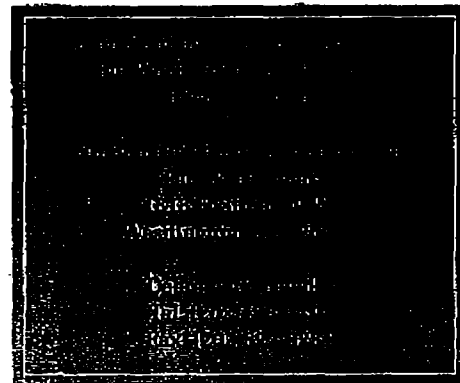
For example, the World Bank is part of a global collaboration of organizations that has created and funded the International AIDS Vaccine Initiative (IAVI). The purpose of IAVI is to accelerate progress toward an AIDS vaccine, or vaccines, effective for use in developing nations where the epidemic is spreading most rapidly.

In addition, several studies on the social and economic impact of HIV/AIDS have been sponsored which will assist nations to identify the strategies and projects that most cost-effectively tackle this epidemic. A recent Policy Research Report "Confronting AIDS: Public Priorities in a Global Epidemic" provides an analytical foundation for policymakers and those in a position to influence the public response to the epidemic to consider how society and governments should respond to AIDS.

### **UNAIDS and the Bank**

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Despite the efforts of governments, agencies and dedicated people throughout the world, the global AIDS problem is getting worse, not better. There are no easy solutions to the problems HIV/AIDS now poses. As we move towards the 21st Century and HIV/AIDS continues to challenge us all, the World Bank will play a major role in assisting countries to find culturally appropriate solutions to this devastating epidemic.



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**OFFICE OF NATIONAL AIDS POLICY**  
EXECUTIVE OFFICE OF THE PRESIDENT  
THE WHITE HOUSE

**FACSIMILE TRANSMITTAL SHEET**

TO: **Sandra Thurman** FROM: **Cheryl Bauerle**  
COMPANY: DATE **July 1, 1999**  
FAX NUMBER: **212-717-4682** TOTAL NO. OF PAGES INCLUDING COVER:  
PHONE NUMBER:  
RE:

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

**PLEASE DELIVER TO SANDRA THURMAN- SUITE 3101**

Sandy- attached are the 2 memos we spoke of. Please let me know if you need anything-  
I'm at home tonight (as usual)

Cheryl

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\*\*\* ERROR TX REPORT \*\*\*  
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Cheryl



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

JUL 01 1999

MEMORANDUM FOR SANDRA THURMAN  
WHITE HOUSE OFFICE OF NATIONAL AIDS POLICY

GAYLE SMITH  
NATIONAL SECURITY COUNCIL

ROBERT KYLE  
OFFICE OF MANAGEMENT AND BUDGET

FROM: William E. Schuerch *WES*  
Deputy Assistant Secretary  
International Development, Debt and Environmental Policy, and

Daniel M. Zelikow *DMZ*  
Deputy Assistant Secretary  
Asia, the Americas and Africa

SUBJECT: Treasury Department Briefing Materials on AIDS in Africa

Please find attached some informal thoughts which we should discuss further on possible initiatives that could be taken by the World Bank and the African Development Bank to combat AIDS in Africa. We also have enclosed a fact sheet on the Koln debt initiative and some off-the-shelf briefing materials on existing activities being done by the World Bank and the African Development Bank on AIDS.

If we can provide additional information or assistance to you, please let us know. We look forward to continue working with you through the inter-agency process.

Attachments

## Possible AIDS Initiatives Which Might Be Supported by Treasury

Intensify IFI Coordination: Both the World Bank and the African Development Bank have already undertaken initiatives in Africa to combat AIDS. In fact, the World Bank is one of the leading financiers of HIV/AIDS activities in the world. We could call for the continuation of these initiatives by both the World Bank and the AFDB, particularly focusing on public education and health activities to promote prevention and behavioral change, not scientific research, and urge the two institutions to coordinate their efforts. We could also urge that AIDS initiatives and prevention strategies be included where appropriate in the Country Assistance Strategies approved by the World Bank and African Development Bank boards in borrowing countries.

AIDS Education Initiatives: The U.S. Executive Director of the World Bank and the AFDB could call for AIDS prevention and education programs being inserted into education and health (sector) loans funded by the IFIs in borrowing countries where AIDS is prevalent. Even where the disease is nascent, such an initiative should be encouraged to prevent its spread.

Cologne Debt Initiative and AIDS: The Cologne Initiative calls on the International Financial Institutions to develop a new framework for linking debt relief with poverty reduction that centers around better targeting of budgetary resources for priority social expenditures, for health, child survival, **AIDS prevention**, education, greater transparency in government budgeting, and much wider consultation with civil society in the development and implementation of economic programs.

AIDS Debt-Swaps: AIDS education and prevention programs, in addition to children's anti-poverty and environmental programs, could be included as eligible activities we support with our debt-swap and exchange programs. Such an initiative developing AIDS education and prevention debt-swaps will require new legislation, which this Administration would support.

IMF Support: We could commit to urge the IMF to structure fiscal adjustment that countries make as part of the IMF programs in a way that does not undermine social sector spending in public health and education programs, including AIDS issues.

Regional Programs: We could ask the World Bank and the AFDB to explore and undertake regionally-oriented programs where AIDS has a cross-border dimension (e.g. truck drivers), particularly in southern and eastern Africa.

Economic Study on the Impact of AIDS in Africa: We could ask the IMF/World Bank /and the AFDB and even UNECA to collaborate on a literature review and study on the economic dimension and impact of AIDS in Africa, to be delivered at the Bank/Fund annual meetings (September 28-30, 1999), Development Committee, or G8 finance ministers.

Finance Ministry Discussions: We could commit to have senior Treasury officials raise and discuss the issue of AIDS and development, particularly in Africa, at international meetings and in their discussions with African Finance Ministers to raise its profile and gain national support for preventive measures within financial planning and budgetary priorities.

Treasury 6/29/99

## The Cologne Debt Initiative

The G-7 leaders have endorsed a new Initiative to enable Heavily Indebted Poor Countries (HIPC) to receive deeper, broader and faster debt relief in return for firm commitments to channel the benefits into improving the lives of all their people. The HIPC Initiative was created in 1996 to provide deeper multilateral debt reduction for poor countries with unsustainable debt burdens.

- **New focus on poverty:** The Cologne Initiative calls on the International Financial Institutions to develop a new framework for linking debt relief with poverty reduction that centers around better targeting of budgetary resources for priority social expenditures, for health, child survival, AIDS prevention, education, greater transparency in government budgeting, and much wider consultation with civil society in the development and implementation of economic programs.
- **Substantially deeper relief:** Together with earlier debt relief commitments, the Cologne Initiative provides for reduction of up to 70 percent of the total debts for these countries, (reducing the stock) from about \$127 billion today to as low as \$37 billion with the cancellation of official development assistance (ODA) debt by G-7 and other bilateral creditors. In today's dollars (net present value – NPV terms), this would more than triple the amount of relief to be provided from \$13 billion under the current HIPC framework to as much as \$50 billion. This would be accomplished by reducing the HIPC program target ratios for the NPV of outstanding debt to 150 percent of exports, and 250 percent of government revenues, with fiscal thresholds of 30 percent exports to GDP and 15 percent revenues to GDP, and by providing full cancellation of ODA debts.
- **Faster relief:** Relief will be available significantly faster than under the current framework by providing early cash flow relief ("Interim Relief") and allowing earlier stock reduction.
- **Broader participation:** The number of countries expected to qualify for HIPC relief would rise from 26 to 33, meaning that more than 430 million people could ultimately be affected.
- **Releasing resources for priority needs:** For the average HIPC country, the share of scarce government revenue devoted to debt service could fall by 10 percentage points to a ratio for debt service to revenues of well below 20 percent and close to 10 percent in some cases. This is equivalent to a reduction in actual payments of about 25 percent. Mozambique's debt will be reduced by some \$3.5 billion (\$1.7 billion in NPV terms), for example, which could cut in half the share of government revenues allocated to external debt service from over 30 percent to about 15 percent in 1999 and free about \$30 million in budgetary resources each year. These savings are equivalent to over half the health budget in 1999 in a country where children are 3 times more likely to die before the age of five than they are to go to secondary school.

In proposing this Initiative on March 16, President Clinton stated that "Our goal is to ensure that no country committed to fundamental reform is left with a debt burden that keeps it from meeting its people's basic human needs and spurring growth. We should provide extraordinary relief for countries making extraordinary efforts to build working economies." On June 16, the President pledged "to work to find the resources so we can do our part and contribute our share toward an expanded trust fund for debt relief."

## THE WORLD BANK AND HIV/AIDS ACTIVITIES IN AFRICA

### Overview

Recognizing that HIV/AIDS is not only a health issue, but also a development problem threatening the economic and social growth of many nations, the World Bank is one of the leading financiers of HIV/AIDS activities in the world. The Bank has programmed over \$800 million to more than 70 current and future projects around the world aimed at preventing and controlling HIV/AIDS and STDs (Sexually Transmitted Diseases), mainly through IDA, its concessional loan window for the poorest countries. Over forty percent was for projects in Africa. Given the prevalence of HIV/AIDS in Sub-Saharan Africa, the Bank will continue to regard this region as a funding priority.

The fact that HIV/AIDS mainly affects people in the most productive age group, aged 15-49, increases the impact of this pandemic in Africa on economic productivity and development. Loss of skilled workers harms the development prospects in society, including individual households and vital sectors such as education, transport, and agriculture. The impact of the disease is especially hard on the poor. "Although it is difficult to project accurately the loss in terms of productivity, savings and investment, studies have clearly shown the ripple effect of AIDS on developing economies. AIDS is projected to slow per capita income growth, through its effects on savings and productivity, by an average of 0.3 percent point annually between now and 2025 in the ten sub-Saharan countries with the most advanced epidemics." (African Development Bank. African Development Report 1998, pg. 157.)

### Country specifics - Bank Operations

Uganda: the World Bank Group has funded two projects containing HIV/AIDS components -- The Health Project for \$42.5 million approved in FY88 and ended in 3/96, and a Sexually Transmitted Infections Project for \$50 million approved in FY94 and ending in 12/00. This project includes a relatively small component for District Work Plans which are developed at the local government level with assistance from the Ministry of Health and from NGOs, and can include care and support for community initiatives, including AIDS families and AIDS Orphans. Knowledge of needs in the community including those of extended families unable to cope with deaths in the family have been referred to the District Medical Officers for inclusion in the District Work Plans by the World Bank staff working on the project.

Zambia: a Social Recovery loan for \$20 million was approved in FY 91 and the project ended in 7/98. The Ministry of Finance and Economic Development/Micro-projects Unit was in charge of the implementation of the project.

Zimbabwe: A Family Health II Project for \$25 million was approved in FY 91 with a closing date of 12/98. Due to delays in equipment procurement, the project implementation period is being extended. The Ministry of Health is in charge of its implementation. A Sexually Transmitted Infections Prevention and Care project was approved in FY 93 for \$64.5 million and will end in 12/00. The Ministry of Health and the National AIDS Coordination Program is in charge of its implementation.

For FY 99, the Bank has planned a Family Health III project for \$50 million for Zimbabwe to be implemented by the Ministry of Health. (These amounts are for the entire loan amount for the projects -- to date the Bank does not yet have information for external use on the amounts spent just on HIV/AIDS components.)

South Africa: The World Bank does not have any projects with HIV/AIDS components in South Africa.

The Bank is leading the development of an African AIDS initiative, which was launched in December 1, 1998 (World AIDS Day). This initiative is being undertaken in collaboration with the UNAIDS (Joint United Nations Programme on HIV/AIDS) secretariat and other co-sponsors to create an effective subregional response to the epidemic among policy makers, government agencies, industry, NGOs, community organizations, and donor agencies, as well as to expand the Bank's involvement in HIV/AIDS support to Africa. The impetus for this initiative is the 22.5 million people in Sub-Saharan Africa who are living with HIV/AIDS and the rapid spread of this disease which is threatening to undermine 40 years of development progress.

#### The World Bank's Approach

The Bank believes that more than money needs to be provided to combat this disease. Strategies and programs need to be effective, and therefore based firmly on sound knowledge of local practice and traditions. The Bank works in partnership with UNAIDS, bilateral and non-government organization to assist countries to develop strategies and programs. The comparative advantage of the World Bank lies in its ability to engage in policy dialogue with client governments.

In a recent research/policy publication (1997), Confronting AIDS, the Bank promotes a strategy of enhanced epidemiological and behavioral data collection to better monitor the disease, education and information dissemination with an emphasis on prevention of the spread of disease through targeting of high-risk behavior through the use of condoms and other means such as bleach for sterilizing needles for drug users. Analysis to date (not surprisingly) suggests that targeting sex workers and others with multiple and concurrent sex partners is the most effective means of reducing the spread of the virus.

In addition the Bank participates in advocacy and public information activities, many of which are led by UNAIDS; funds research projects on alternative cost-effective approaches to reducing the spread of the disease; and cooperates with the International AIDS Vaccine Initiative.

While the World Bank has not yet undertaken a formal review of its AIDS projects, the projects in Uganda have been particularly successful due to the high commitment of the government to address the disease early on in its development.

#### AFRICAN DEVELOPMENT BANK AND HIV/AIDS ACTIVITIES

The African Development Bank's AIDS-related activities started around 1990 by integrating HIV/AIDS components in some selected health sector projects. The Bank's portfolio of health projects which include HIV/AIDS components is attached. Included is one project loan for Uganda for \$42.8 million approved in 1990 which is still on-going and is considered by the Bank to be successful in its implementation. Specifically, it includes an effective sub-component on Women in Development for supporting health education on AIDS in schools and rural districts, and has strengthened the institutional capacity of the Ministry of Health and local government to plan, organize, supervise and execute large health projects.

An HIV/AIDS Strategy Paper for the Bank Group was drafted in 1996 and is now being finalized. The prevention of AIDS has been identified as one of the major initiatives that the Bank Group will undertake.

Drafted By:  
Treasury/OASIA/IDB

Cleared By:  
Treasury/OASIA/ID

1/15/99

African Development Bank/Fund  
AFDB/AFDF  
Health Projects with HIV/AIDS Components

| Country          | Project Title<br>Loan amount                                                                                                        | Approval<br>Date/status | Component details                                                                                                                                                                                   | Effective  |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 1. Côte d'Ivoire | Centre régional de transfusion sanguine à Daloa (ADF 13.2 mill.UA)                                                                  | 1990<br>(on going)      | - Construction of facilities;<br>- provision of equipment and supplies                                                                                                                              | Successful |
| 2. Togo          | Projet de réhabilitation des centres hospitaliers régionaux et de renforcement de la pharmacie d'approvisionnement (ADF 13 mill.UA) | 1992<br>(on going)      | - Lab. Equipment for HIV/STD testing in 5 regional hospitals; - training of med. Staff and lab technicians;<br>- sensitization program on HIV/AIDS and STD                                          | Successful |
| 3. Mali          | Appui au PRODESS (SIP)<br>(Amount to be determined)                                                                                 | For 1999                | Regional initiative to control NA<br>STD and HIV/AIDS                                                                                                                                               | NA         |
| 4. Malawi        | Institutional capacity building for the National AIDS Program (TAF Grant)<br>approx. 1 mill. UA                                     | For 1999                | Institutional capacity building                                                                                                                                                                     | NA         |
| 5. Burundi       | Health - Rehabilitation Project<br>(ADF 7.9 mill. UA)<br>(TAF 0.7 mill. UA)                                                         | Dec. 1998               | - Rehabilitation of blood screening facility; - provision of lab equipment; - training of staff                                                                                                     | NA         |
| 6. Gabon         | Health - Rehabilitation Project<br>(ADB 10 mill.UA)                                                                                 | Jan. 1999               | - Rehabilitation of blood screening facility; - provision of lab equipment; - training of staff                                                                                                     | NA         |
| 7. Morocco       | Projet de renforcement des soins de santé de base en milieu rural<br>(ADF 18.5 mill.UA)<br>(ADB 18.42 mill.UA)                      | 1992<br>(on going)      | Support to national program STD/HIV/AIDS; - provision of equipment supplies; - training of staff; - procurement of drugs.                                                                           | Successful |
| 8. Mauritania    | Sector Investment Program<br>(Amount to be determined)                                                                              | Jan. 1999               | Support to national program STD/HIV/AIDS; - provision of equipment supplies; - training of staff; - procurement of drugs.                                                                           | NA         |
| 9. Tanzania      | Health Rehabilitation Project<br>(ADF 15 mill.UA)                                                                                   | Dec. 1997               | - Support to the National AIDS Program;<br>- IEC and organization of workshops on HIV/AIDS involving private and commercial sector;<br>- rehabilitation of labs and provision of improved Equipment | Successful |
| 10. Uganda       | Health Rehabilitation Project<br>ADF 25.3 mill. UA<br>and NTF 5.0 mill. UA                                                          | 1990                    | - Training seminar on HIV/AIDS/STD in District Schools.                                                                                                                                             | Successful |



1998

## EXPANDING THE RESPONSE:



## WORLD BANK HIV/AIDS ACTIVITIES

THE WORLD BANK



## WHY SHOULD THE BANK INVEST IN AIDS?

HIV/AIDS is not just a health problem. It is also a development problem. This epidemic threatens the economic and social growth of many nations. In addition to the extraordinary human suffering it causes, AIDS poses serious problems to a nation's health and productivity as well as the fabric of family and community life. Reasons for devoting extra attention to AIDS include:

- Economic:** AIDS mainly affects people in the most productive age groups (15–49). Loss of skilled workers harms the development prospects of society, including individual households and vital sectors such as education, transport, and agriculture.
- Societal:** AIDS exacerbates poverty. Although both the rich and the poor can be infected by HIV, the poor have fewer resources to cope and are therefore more likely to experience negative consequences. These include reductions in household assets, per capita food consumption, and child school enrollment.
- Health:** AIDS impacts public health spending. In addition, HIV leads to increased prevalence and incidence of other diseases, including tuberculosis (TB) and other sexually transmitted diseases (STDs).
- Human Rights:** AIDS may violate basic human rights by stigmatizing and discriminating against people living with HIV/AIDS, refugees and migrants, ethnic minorities, sex workers, injecting drug users and homosexuals.

## THE TRENDS

By the end of 1996, approximately 23 million people were living with HIV infection or AIDS. Of these, 22 million are adults and 1 million are children. Approximately 42% of the 22 million are women and this proportion is growing. More than 6 million people have died of AIDS.

Over 90 percent of all adults and children with HIV/AIDS live in the developing world: 62 percent live in Sub-Saharan Africa, 24 percent in Asia, and 6.9 percent in Latin America and the Caribbean.

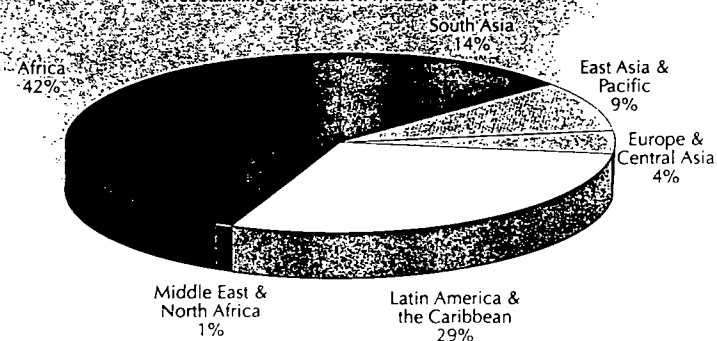
There were over 3 million new HIV infections in 1996, or approximately 8,500 new infections a day. The majority of newly infected adults are under 25 years of age.

## Lending

The World Bank is one of the leading financiers of HIV/AIDS activities in the world. To date, the Bank has committed over \$800 million to more than 70 current and future projects around the world aimed at preventing and controlling HIV/AIDS and STDs. AIDS lending is likely to rise as more countries turn to the Bank for financial assistance in implementing strategies to fight the HIV/AIDS epidemic. The bulk of the World Bank's finance for HIV/AIDS-related projects is provided on highly concessional terms to low-income countries through the International Development Association (IDA).

In 1986 the Bank began providing funding for AIDS prevention as part of broader health and social sector projects. Freestanding AIDS projects have been funded since 1989. For example, \$84 million was approved in 1992 for a multi-pronged prevention strategy in India. The program aims to promote behavioral change and condom use, control STDs, strengthen blood safety, enhance surveillance and clinical management, raise the national and provincial capacity to manage HIV/AIDS control activities, and ensure humane treatment of people with HIV/AIDS. In addition, the Bank is engaged in discussions

**CUMULATIVE WORLD BANK FUNDING OF HIV/AIDS PROJECTS, 1986–1997**  
(Free-standing or with an HIV/AIDS component)



Total HIV/AIDS lending 1986–1997: US\$m 632.3

with the government of India and other partners about a second program—India II. In Zimbabwe, \$64.5 million was approved in 1993 to purchase condoms, drugs and diagnostic tests which can help prevent the transmission of HIV and other sexually transmitted infections, and for other activities.

Nearly half of the HIV/AIDS projects now funded by the Bank are in Sub-Saharan Africa, where most HIV infections currently occur. While the Bank will continue to regard this region as a funding priority, the Bank is also determined to assist countries where the full impact of the epidemic is yet to take effect.

The greatest epidemics of HIV/AIDS that the world now faces are those that will occur in the most populous nations: China, India and Indonesia. There is a window of opportunity in Asia where in some areas AIDS has come later and the problem is not yet out of control. Strategies to combat HIV are more likely to be cost-effective early on than after the epidemic has become mature.

### Regional Initiatives

HIV/AIDS does not respect national borders, which is why the Bank also provides grants for initiatives which tackle this epidemic from a regional perspective. Programs in Western Africa, Southern and Eastern Africa, South East Asia, and Latin America and the Caribbean aim to strengthen regional co-operation and improve the capacity for neighboring countries to consult on policy and implementation issues.

### Strategy and Program Development

While generous financial support is needed to fight HIV/AIDS, the Bank believes that more than money is needed if countries are to combat this disease. We must ensure that strategies and programs are effective. In allocating funds for HIV/AIDS projects the Bank works closely with individual governments, who are responsible for planning and implementing projects. For national HIV/AIDS programs to be successful it is imperative that they are based on a sound knowledge of local practice and traditions. The Bank also works in partnership with United Nations agencies (especially UNAIDS), bilateral donors and non-government organizations to assist countries to develop strategies and programs.

### Research

The majority of World Bank finance is provided for countries to develop strategies and services on the ground. However, the Bank is also committed to learning how best to curb the HIV/AIDS epidemic. To this end the Bank has provided funding for experts from around the world, as well as its own staff and consultants, to undertake a variety of research projects.

For example, the World Bank is part of a global collaboration of organizations that has created and funded the International AIDS Vaccine Initiative (IAVI). The purpose of IAVI is to accelerate progress toward an AIDS vaccine, or vaccines, effective for use in developing nations where the epidemic is spreading most rapidly.

In addition, several studies on the social and economic impact of HIV/AIDS have been sponsored which will assist nations to identify the strategies and projects that most cost-effectively tackle this epidemic. A recent Policy Research Report "Confronting AIDS: Public Priorities in a Global Epidemic" provides an analytical foundation for policymakers and those in a position to influence the public response to the epidemic to consider how society and governments should respond to AIDS.

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