United States Department of State

*Bureau of Population, Refugees, and Migration*

*Washington, D.C. 20520-5824*

February 11, 2003

BRIEFING MEMORANDUM
S/ES

UNCLASSIFIED

TO: The Secretary

FROM: PRM - Arthur E. Dewey

SUBJECT: Your Meeting with the President regarding the Mexico City Policy and U.S. funding for AIDS assistance

**Background**

The White House will discuss plans to extend the Mexico City Policy to cover all U.S. funding through DOS and USAID for "reproductive health" programs. The first option would be to continue the status quo and have the Mexico City policy (MCP) apply only to USAID "family planning" programs. The second option, which we expect the White House to favor, would expand in some manner the Mexico City policy.

The expanded [redacted] - policy would cover funds expended for HIV/AIDS assistance and family planning assistance as well as, presumably, other components of reproductive health assistance, such as those aimed at preventing and treating sexually transmitted diseases (STDs) and gender-based violence, [redacted] and morbidity, and providing reproductive health education. All foreign NGOs would be required to certify, as a condition of receiving U.S. funds for reproductive health, that they neither perform nor promote abortion as a method of family planning. There would be two exceptions:

- Foreign NGOS that either perform or counsel abortions that also implement discrete HIV/AIDS projects would be eligible for funding these projects.

- Foreign NGOs not otherwise compliant that merely serve as a pass-through to a sub-contractor that is compliant with the Mexico City Policy would be eligible.

Hill conservatives will not support a policy that provides a carve out for HIV/AIDS projects performed by foreign NGOs who also perform abortions or support abortion policies. Moderate and liberal members of both sides of the aisle will support such a carve out. A final decision on this issue before conclusion of the FY 2003 Omnibus Appropriations Bill (H.J. Res. 2) could cause a delay in final passage. Similarly, we would also expect such an initiative to generate great controversy and likely cause a major delay in consideration of the FY 2004 Foreign Operations Bill.

**Recommendation**

- That you accept the expansion of Mexico City to all reproductive health programs funded by DOS and USAID.
- That you accept the foreign NGO certifications required by the Mexico City Policy, including the two exceptions to certification.
- While no expansion of Mexico City requirement is currently envisaged for International Organizations working with HIV/AIDS or reproductive health (such as UN organizations and the Global Fund for AIDS), you should oppose any attempt to make such an extension.

Attachments:
Tab 1: HIV/AIDS Funding
Tab 2: The Mexico City Policy (as currently written)

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# HIV/AIDS FUNDING

**Talking Points:**

**150 Account Programs:** (61% increase)

- FY 2004 request proposes $1.345 billion for HIV/AIDS bilateral programs including:
  - $100 million for the Global Fund directed at HIV/AIDS, Malaria and TB
  - $150 million for the International Mother and Child HIV Prevention Initiative

- This represents an increase of $510 million over funds requested in FY 2003 for these purposes.

**USG-Wide:** (39% increase)

- In addition to the 150 account programs, the Department of Health and Human Services (HHS) requested an additional $100 million for the Global Fund in its FY 2004 budget.

- FY 2004 budget brings the total U.S. support for the Global Fund to $700 million.

- FY 2004 USG funding for international HIV/AIDS programs includes resources from USAID, HHS (including CDC), and NIH totals $2.035 billion.

**USG FUNDING FOR INTERNATIONAL HIV/AIDS:**

| ($ in millions) | FY 2002 | FY 2003 | FY 2004 |
|---|---|---|---|
| Global AIDS Initiative | | | 450 |
| Global Fund (CSH/DA) | 75 | 100 | 100 |
| Int'l Mother & Child HIV Prevention | 0 | 100 | 150 |
| Bilateral Programs (CSH/DA) | 395 | 500 | 500 |
| Other Accounts | 40 | 40 | 40 |
| TB and Malaria | 130 | 95 | 105 |
| Total, State/USAID | 640 | 835 | 1,345 |
| HHS Global Fund | 125 | 100 | 100 |
| CDC International Programs | 155 | 155 | 155 |
| NIH International Research | 218 | 252 | 275 |
| TB and Malaria | 10 | 10 | 10 |
| DOD Bilateral Programs | 14 | 7 | 0 |
| DOL Bilateral Programs | 10 | 0 | 0 |
| Total, USG | 1,172 | 1,459 | 2,035 |

USG FUNDING FOR GLOBAL FUND:

| ($ in millions) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | TOTAL |
|---|---|---|---|---|---|
| State/USAID | 100 | 75 | 100 | 100 | 375 |
| HHS | 0 | 125 | 100 | 100 | 325 |
| Total, USG | 100 | 200 | 200 | 200 | 700 |

- The Administration does not support a higher level of funding for its FY 2004 budget request at this time.
  - Congress, however, is pushing stronger for a higher level of funding as part of the FY04 budget.
- Congress has supported Administration request to not earmark or restrict U.S. contributions to the Global Fund.
- Global Fund has raised $2.1 billion in pledges to date.
- U.S. has made the largest pledge ($500 million through '03), which accounts for 23% of the total pledges.
- U.S. contributions ($275 million) account for 32% of total cash contributions ($873 million) to the Fund to date.
- April 2002, the Global Fund Board approved committed $616 million over two years for 58 proposals; over 30 of those have satisfied all requirements and signed grant agreements.
- January 2003, the Board of the Global Fund:
  - Approved 2nd round of 98 proposals, committing $866 million over 2 years
  - Elected Secretary HHS Tommy Thompson to serve a one-year term as Chair of the Board.

AUDITING OF GLOBAL FUND GRANTEES:

- Independent and reputable Local Fund Agents (LFA) are being retained directly by the Global Fund to conduct external financial and management program audits.
- To date, the following four LFAs have been retained to undertake auditing role: PriceWaterhouseCoopers; KPMG; Crown Agents development company; UN Office for Project Services (UNOPS)

Tab 2: The Mexico City Policy (as currently written)

The Mexico City Policy (MCP) requires foreign NGOs, as a condition of receiving U.S. funds for family planning assistance, to certify that they do not perform or actively promote abortion as a method of family planning.

MCP applies only to funds distributed through USAID. MCP does not apply to domestic NGOs, but such NGOs must not distribute funds to foreign NGOs unless the foreign NGOs have certified.

The memo implementing MCP states that foreign governments may receive U.S. funds so long as such funds are not used for such governments' abortion activities. (This is simply a repeat of the Helms Amendment restrictions.)

The treatment of International Organizations is not specified by the MCP itself. In practice, it has not been applied to such organizations.

The policy was first instituted by President Reagan and carried through President George H.W. Bush's term, eliminated during President Clinton's time in office, and then reinstituted without significant change by President George W. Bush. Consequently, it does not specify how to treat organizations providing HIV/AIDS assistance.

If MCP were expanded:

An MCP that was expanded to cover HIV/AIDS would have very minimal impact on DOS, because the bulk of DOS HIV/AIDS funding is done through International Organizations or the Global Fund.

An expansion's effect upon USAID would also be relatively minor. Although MCP does not currently apply to USAID's assistance for HIV/AIDS, many of USAID's partners already certify because they also provide family planning assistance. Only a handful of NGOs would be affected by an expanded policy.