

Yearman, Keith

From: ExImAfrica [ExImAfrica@exim.gov]
Sent: Thursday, January 13, 2005 10:27 AM
To: Yearman, Keith
Subject: Re: Research Question

Keith,

Thank you for your inquiry. The special program extended the available term to five years and offered additional flexibility how we could qualify the borrower. The bank still required a reasonable reassurance of repayment on the loan. We signed MOUs with a couple of governments and authorized the first transaction under the program in 2002 in Nigeria. While the transaction was authorized by Ex-Im Bank, the transaction has not yet moved forward.

Ex-Im Bank provides non-concessionary financing, and because of this governments in Africa are finding cheaper money or direct aid for their HIV/AIDS programs.

I am attaching two press releases.

Best regards,
Jason

EX-IM BANK PROVIDES \$1 BILLION TO
FINANCE SUB-SAHARAN AFRICAN
PURCHASES OF HIV/AIDS MEDICINES FROM
U.S. PHARMACEUTICAL FIRMS

The Export-Import Bank of the United States (Ex-Im Bank) will provide \$1 billion a year in five-year term financing to support sub-Saharan Africa's purchase of U.S. HIV/AIDS medications and related equipment and services. The Ex-Im Bank initiative is aimed at combating a plague that so far has left more than 13 million children of the region without mothers or both parents and, under current conditions, will kill more than one-third of all young adults in hard-hit countries.

The new pilot program will add flexibility minimize the cost and maximize the repayment terms of financing, making the overall cost of the medicines and supporting infrastructure as low as possible, Chairman James A. Harmon announced at a news conference at Ex-Im Bank headquarters. Ex-Im Bank will cooperate with several U.S. pharmaceutical manufacturers - those include Merck& Co., Glaxo Wellcome, Boehringer Ingelheim, Bristol-Myers Squibb, and F. Hoffman-La Roche - which have announced initiatives to help countries in need obtain more

of the medicines at lower prices. Conversations with representatives of sub-Saharan Africa governments indicate a strong need for this kind of financing and an interest in using the Ex-Im Bank program.

"We are a trade agency, not an aid agency," Harmon said. "But in our own small way, Ex-Im Bank is hoping to contribute to the broader international effort to confront this human tragedy and help the countries of sub-Saharan Africa reach their full potential. We will respond aggressively to this crisis by supporting these countries' acquisition of HIV/AIDS medications, while still fulfilling our Congressionally-mandated mission of financing creditworthy U.S. exports and creating U.S. jobs."

The program will be available in the 24 sub-Saharan countries where Ex-Im Bank offers five-year financing: Benin, Botswana, Burkina Faso, Cameroon, Cape Verde Island, Cote d'Ivoire, Gabon The Gambia, Ghana, Kenya, Lesotho, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Senegal, Seychelles, South Africa, Swaziland, Tanzania, Uganda, and Zimbabwe.

Ex-Im Bank will cooperate with its counterpart export credit agencies (ECAs) and other international entities to increase the standard repayment terms given for HIV/AIDS pharmaceutical sales to sub-Saharan Africa from six months to five years. "I believe ECAs in Europe and Japan will follow suit and support their pharmaceutical companies by offering five-year terms," Harmon said.

For the 14 countries in which Ex-Im Bank is open in the public sector - Benin, Botswana, Cape Verde Island, Ghana, Kenya, Lesotho, Mauritius, Namibia, Senegal, Seychelles, South Africa, Swaziland, Uganda, and Zimbabwe - Ex-Im Bank can also use an element of concessionality to subsidize some small pieces of the financing costs for medicine sales. The Bank will finance packages of items combining HIV/AIDS medications with capital goods and services, with the full packages being given the longer repayment terms

appropriate for capital goods.

UNAIDS estimates that \$2 billion a year is needed in global investment for AIDS in sub-Saharan Africa for prevention alone, whereas global investment for both prevention and care of AIDS this year totaled only \$300 million.

In fiscal year 1999, Ex-Im Bank supported more than \$600 million in sales to sub-Saharan Africa, up from nearly \$50 million the previous year. Ex-Im Bank is an independent U.S. government agency that helps finance the sale of U.S. exports primarily to emerging markets throughout the world, by providing loans, guarantees, and insurance. During fiscal year 1999, Ex-Im Bank supported nearly \$17 billion in US exports.

EX-IM BANK BACKS U.S. MEDICAL
EQUIPMENT SALE TO NIGERIA TO HELP
PREVENT HIV/AIDS AND TUBERCULOSIS

The Export-Import Bank of the United States (Ex-Im Bank) has approved an \$11 million medium-term guarantee to support the \$10 million sale by Adam & Associates International, Inc., Brookline, MA, and other U.S. suppliers of medical equipment, supplies and services to Nigeria for HIV/AIDS and tuberculosis prevention and treatment. The Ex-Im Bank guarantee also covers financing fees and project-related architecture and engineering services in the buyer's country.

"Normally you see Ex-Im Bank facilitating the sale of U.S. products such as turbines, trucks or telecommunications equipment to sub-Saharan Africa," said Joseph Grandmaison, a member of Ex-Im Bank's board of directors. "While we are proud of that work, we're especially gratified when the U.S. exports supported are badly needed U.S. medical equipment and supplies."

"We are extremely grateful for the support of Ex-Im Bank in this much-needed program for Nigeria," said Adam & Associates President Susan W. Adam. "The healthcare needs of the Nigerian people, particularly the need to acquire tools to fight the pandemic of HIV/AIDS and tuberculosis, makes this support timely and critical. Adam & Associates, together with Riggs Bank, looks forward to continuing to work with Ex-Im Bank to bring expandable programs to Nigeria that will benefit not only U.S. exporters, but the Nigerian people as a whole."

U.S. suppliers on the export sale are expected to include GE Medical Systems, Northbridge, MA, and Abbott Laboratories' Diagnostics, Bedford, MA. The buyers, Yobe State and Nasarawa State in northern Nigeria, will use the equipment to develop mobile health clinics and HIV/AIDS and tuberculosis prevention, diagnostic and treatment programs in their regions.

The guaranteed lender on the transaction is Riggs Bank N.A., Washington, D.C. The borrower and primary source of repayment is Bank of The North Limited, Kano, Nigeria.

Ex-Im Bank is an independent federal government agency that helps finance the sale of U.S. exports, primarily to emerging markets throughout the world, by providing loans, guarantees, and insurance. In fiscal year 2002, Ex-Im Bank authorized financing to support approximately \$13 billion of U.S. exports worldwide.

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01/10/2005 12:33
AM

To: <eximAfrica@exim.gov>
cc:
Subject: Research Question

I'm looking for more information on the \$1 billion AIDS medicine loan program announced back in 1998 or 1999. Where can I obtain the specific details of the program? I have come across the following online:

"And Mead Over, a senior economist at the World Bank specializing in the economic impact of AIDS, said the Ex-Im Bank's offer "failed to adequately take fiscal realities into account." He added that with the restrictions associated with the loans, "most governments will quite rightly be resistant." The bank's offer restricts which companies' products may be purchased with the loans, and for which product lines the countries are eligible. Pippa Green, spokesperson for South African Finance Minister Trevor Manuel, said, "This particular offer, because it had so many conditionalities attached to it ... was both inappropriate and crude."

What were the conditionalities? What was the specific rate to be charged the countries that accepted loans? At what price would the medicine be purchased, and for how many doses/patients? And finally, how many nations accepted this loan, and what information can you provide as to amount repaid/outstanding? Thank you for your assistance.

Also, I tried to access this information off of exim.gov, through the African Initiatives link. However, it appears to contain a dead link for info on this program.