TOM DAVIS, VIRGINIA
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA
RANKING MINORITY MEMBER

ONE HUNDRED NINTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM
2157 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6143

Majority (202) 225–5074
Minority (202) 225–5051

February 15, 2005

The Honorable Randall L. Tobias
U.S. Global AIDS Coordinator
U.S. Department of State
Washington, DC 20520

Dear Ambassador Tobias:

For over seven months, I have been attempting without success to obtain basic information about HIV prevention grants awarded under the President's Emergency Plan for AIDS Relief (PEPFAR). Now I have learned why the Administration may have been resisting my inquiries: a major PEPFAR grant for abstinence education was awarded to an organization with close political ties to the Bush Administration even though a technical panel had rated the grant proposal as "not suitable for funding."

I am writing to request more information about this unusual grant and to urge you to respond to my previous requests for information about how the Administration has administered hundreds of millions of dollars in PEPFAR grants.

Background

The President's Emergency Plan for AIDS Relief is a major Administration initiative announced by President Bush during his 2003 State of the Union address. At a cost of $15 billion over five years, PEPFAR aims to prevent seven million new infections, treat two million individuals with antiviral therapy, and provide care to ten million individuals in 15 target nations.[1]

According to your office, the overriding principle governing the awarding of PEPFAR grants is that "funding decisions will be evidence-based."[2] Under PEPFAR, the grant review

---

[1] White House, *Fact Sheet: The President's Emergency Plan for AIDS Relief* (Jan. 29, 2003) (online at http://www.whitehouse.gov/news/releases/2003/01/20030129-1.html).

[2] U.S. Global AIDS Coordinator, *The President's Emergency Plan for AIDS Relief: U.S. Five-Year Global HIV/AIDS Strategy*, 66 (Feb. 23, 2004).

process is typically managed by federal agencies, including the U.S. Agency for International Development (USAID). According to the *U.S. Five-Year Global AIDS Strategy* developed by your office, the agency's job is to "solicit proposals, conduct reviews, and award grants, contracts, or cooperative agreements through a transparent, competitive process."[3] You have assured the public that PEPFAR is "specifically designed" to support "evidence-based prevention programs."[4]

I have been attempting to conduct oversight of the PEPFAR program since July 2004, when I first requested copies of successful PEPFAR prevention grant proposals from the State Department.[5] Notwithstanding a second request in September 2004,[6] and a promise that USAID would cooperate,[7] the Administration has not provided me with a single document.

An Unusual Grant

Despite the Administration's failure to cooperate, I have learned that your office funded a major abstinence education grant in Uganda after rejecting the conclusion of an expert panel that the proposal was "not suitable for funding." The organization receiving the grant is the Children's AIDS Fund.

The Children's AIDS Fund originally submitted its grant to USAID as part of an international competition for the funding of abstinence activities. The key element of this competition was review of each grant by a technical panel. On October 5, 2004, USAID announced that through a "competitive process," the agency was awarding major HIV prevention grants to 11 organizations.[8]

The Children's AIDS Fund was not one of the 11 winners. However, according to an internal Administration document I have obtained, you funded the organization's proposal

---

[3] *Id.*

[4] *Id.* at 23.

[5] Letter from Henry A. Waxman to Secretary of State Colin L. Powell (July 26, 2004).

[6] Letter from Henry A. Waxman to Secretary of State Colin L. Powell (Sept. 8, 2004).

[7] Telephone conversation between the Office of the Global AIDS Coordinator and Minority Staff, House Committee on Government Reform (Oct. 13, 2004); Telephone conversation between the Bureau for Legislative and Public Affairs, Agency for International Development, and Minority Staff, House Committee on Government Reform (Oct. 13, 2004).

[8] *$100 Million in Abstinence-Focused Grants for HIV/AIDS Prevention Awarded under President Bush's Emergency Plan for AIDS Relief* (Oct. 5, 2004) (online at http://www.usaid.gov/press/releases/2004/pr041005.html).

anyway. This action raises serious concerns about the integrity of the PEPFAR grant review process.

According to an October 21 memo from USAID Director Andrew Natsios to you, the technical review panel had serious concerns about funding the Children's AIDS Fund.[9] The panel found that the proposal was "not suitable for funding."[10] The panel apparently also found that the grantee had "outstanding technical issues" that had not yet been resolved.[11]

Despite the findings of the review panel, Mr. Natsios recommended funding the Children's AIDS Fund. Mr. Natsios justified funding a "non-suitable" grant on the grounds that Uganda has been a leader in the Abstinence, Be Faithful, Use Condoms (ABC) approach to HIV prevention. He also argued that the grant would be channeled to a group associated with the First Lady of Uganda.[12]

On November 1, you approved this request.[13] However, unlike the 11 grants that passed expert review and were announced in a press release, there has been no formal announcement of the Children's AIDS Fund grant. In addition, as mentioned above, congressional requests for information that would have revealed the existence of the grant have been denied or ignored.

While the size of the grant was not discussed in the memo, the other eleven groups received a total of $100 million over five years, suggesting the amount is likely considerable.

Questions

I recognize that appropriate implementation of the ABC model of HIV prevention offers promise in curbing the spread of AIDS in Uganda and elsewhere. But I do not understand why the Administration is funding proposals for HIV prevention that have failed expert review. The purpose of review is to ensure that U.S. taxpayer funds are used on programs that work. Funding programs that are considered "not suitable for funding" can waste taxpayer dollars and undermine the credibility of our efforts to combat an international epidemic. These concerns are compounded when the grant is awarded without disclosure to the public or members of Congress.

---

[9] Andrew S. Natsios, *Action Memorandum: Recommendation to Fund Children's AIDS Fund* (Oct. 21, 2004).

[10] *Id.*

[11] *Id.*

[12] *Id.*

[13] *Id.*

Moreover, this particular grant raises questions of political cronyism. Formerly known as Americans for a Sound HIV/AIDS Policy, the Children's AIDS Fund is ideologically and politically well connected. The organization's co-founder, Anita Smith, is a prominent supporter of abstinence education with close ties to the Bush Administration. On December 16, 2004 — two months after the Natsios memorandum — she was appointed by the President to be co-chair of the Presidential Advisory Council on HIV and AIDS.[14] Her husband, Shepherd Smith, is an appointee on the Advisory Committee to the Director of the Centers for Disease Control and Prevention.

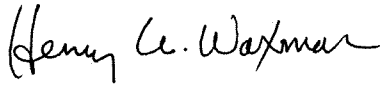
To further investigate this matter, I request copies of:

- the complete grant application of the Children's AIDS Fund;
- all documentation of the expert panel's review on the grant, including discussion of why the grant is "not suitable for funding";
- a description of the process used to fund this grant, with an explanation of where this process may have deviated, if at all, from usual funding procedures;
- all communications between State Department employees and Anita Smith or Shepherd Smith related to the grant, including e-mail and records of phone conversations;
- all communications with White House officials related to the grant, including e-mail or records of phone conversations;
- all legal opinions by USAID's general counsel on whether funding this grant after rejection by the expert panel is permissible under the law; and
- all other HIV prevention and treatment grants funded despite being rejected by expert review, along with copies of their review.

I also renew my requests of July 26 and September 8, 2004, for basic information about PEPFAR prevention grants.

I request a response, with the relevant documents, by March 1, 2005.

Sincerely,



Henry A. Waxman
Ranking Minority Member

---

[14] U.S. Department of Health and Human Services, *Secretary Thompson Announces PACHA Co-Chair* (Dec. 16, 2004).