PROGRAM GRANT AGREEMENT
(SINGLE STREAM OF FUNDING)
BETWEEN
THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA
("Global Fund")
AND THE UNITED NATIONS DEVELOPMENT PROGRAMME
("Principal Recipient")

1. Country: Islamic Republic of Iran

2. Program Title: Intensified Malaria Control in High Burden Provinces towards Falciparum Elimination

3. Grant Number: IRN-M-UNDP	3A. Modification Number and Date: 1 (Amendment to the Program Grant Agreement)

4. Start Date of the Implementation Period/Program Starting Date: 1 October 2011	5. End Date of the Implementation Period/Program End Date: 30 September 2016	5A. Next Periodic Review Date: N/A

6. Proposal Completion Date: 30 September 2016

6A. Condition Precedent Terminal Date: N/A	6B. Condition Precedent Terminal Date: N/A	6C. Condition Precedent Terminal Date: N/A

7. Grant Funds: Up to the amount of US$ 20,538,984 (Twenty million, five-hundred thirty-eight thousand, nine-hundred eighty-four United States Dollars)

Grant Funds as indicated above will be committed by the Global Fund to the Principal Recipient in accordance with Section H of Annex A of this Agreement.

8. Program Coverage: Malaria

9. Information for Principal Recipient Bank Account into Which Grant Funds Will Be Disbursed:

Beneficiary: UNDP
Account name: UNDP Contributions Account
Account number: 015-002284
Bank name: JP Morgan Chase
Bank address: 1166 Avenue of the Americas, 17th Floor, New York, NY, 10036, USA
Bank SWIFT Code: CHASUS33
Bank Code: 021000021
Routing instructions for disbursements: N/A

10. The fiscal year of the Principal Recipient runs from 1 January to 31 December.

11. Local Fund Agent:
PricewaterhouseCoopers SA (PwC)
Address: No.45, 2nd Floor, Neshat St., Eajazi St. (Asef), Zafaranieh, Tehran, 19877, Iran
Tel.: +98-21-2243 4249
Fax: +98-21-2243 4251
Attention: Mr. Rasoul Dorri
E-mail: rasoul.dorri@gmail.com

12. Principal Recipient Additional Representative:	13. Global Fund Additional Representative:
Name: Gary Lewis Title: UNDP Resident Representative. Address: No. 8 (39), Shahrzad Blvd., Darrous, 1948773911, Iran Tel: +98 21 22860961/2/3/4 (Ext. 405) Fax: +98 21 2286 9547 E-mail: gary.lewis@ undp.org	Name: Mark Eldon-Edington Title: Division Head, Grant Management Chemin de Blandonnet 8 1214 Vernier-Geneva, Switzerland Tel.: +41 58 791 1700 Fax: +41 58 791 1701

14. **This Agreement consists of this face sheet and the following:** Standard Terms and Conditions
Annex A – Program Implementation Abstract

10

AMENDMENT TO THE

PROGRAM GRANT AGREEMENT
(the "Grant Agreement")

BETWEEN

THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA
(the "Global Fund")

AND

UNITED NATIONS DEVELOPMENT PROGRAMME
(the "Principal Recipient")

WHEREAS,

1. the Global Fund entered into a Grant Agreement for Grant Number IRN-M-UNDP (the "Grant") with the Principal Recipient on 2 December 2011 for the purpose of providing funds to implement a malaria program in the Islamic Republic of Iran described more fully in the said Grant Agreement as "Intensified Malaria Control in High Burden Provinces towards Falciparum Elimination";

2. Article 3.d of the Standard Terms and Conditions of the Grant Agreement states that "unless the Global Fund agrees otherwise in writing, the Global Fund will not authorize disbursement of the Grant after the 'Program Ending Date' (specified in Block 5 of the Face Sheet of this Agreement)";

3. The "Program Ending Date" specified in Block 5 of the Face Sheet of the Grant Agreement is 30 September 2016; and

4. Subject to certain conditions, the Global Fund wishes to increase the amount of the Grant, to continue disbursement of funds under the Grant and to extend the Program Ending Date.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and intending to be legally bound, the parties hereby agree to amend the Grant Agreement as follows:

1. The existing Face Sheet of the Grant Agreement is replaced by the Face Sheet attached hereto.

2. The Standard Terms and Conditions of the Grant Agreement are replaced with those attached hereto.

3. Annex A of the Grant Agreement (exclusive of any attachments that have formerly been attached to such Annex A) is replaced with the revised Annex A attached hereto entitled "Annex A: Program Implementation Abstract".

4. The document entitled "Performance Framework Year 3, 4 & 5: Indicators, Targets and Periods Covered" attached hereto is attached to Annex A of the Grant Agreement, as revised by this Amendment.

5. The document entitled "Summary Budget Year 3, 4 & 5" attached hereto is attached to Annex A of the Grant Agreement, as revised by this Amendment.

All other provisions of the Grant Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date as stated below.

UNITED NATIONS DEVELOPMENT PROGRAMME

By: _____

Name: Mr Gary Lewis

Title: UNDP Resident Representative in Iran

Date: _____

THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

By: _____

Name: Mark Eldon-Edington

Title: Division Head, Grant Management

Date: 20/3/14

By: _____

Name: Daniel Camus

Title: Chief Financial Officer

Date: 24/3/14 .

Performance Framework Years 3,4&5: Indicators, Targets and Periods Covered

Language: English

Please carefully review the instructions work sheet before completing this template

A. Program details

Country / Applicant:	CCM Iran (Islamic Republic of)
Component:	Malaria
Start Year:	2014
Start Month:	April
SSF/grant number:	*IRN-M-UNDP*

Principal Recipients *(Please select from list or add a new one)*

PR1	United Nations Development Programme, Iran (Islamic Republic of)
PR2	
PR3	
PR4	
PR5	

Reporting periods	**Period 11**	**Period 12**	**Period 13**	**Period 14**	**Period 15**
Period Covered: from	1-Apr-14	1-Oct-14	1-Apr-15	1-Oct-15	1-Apr-16
Period Covered: to	30-Sep-14	31-Mar-15	30-Sep-15	31-Mar-16	30-Sep-16
Due date Progress Update	14-Nov-14	15-May-15	14-Nov-15	15-May-16	14-Nov-16
Disbursement Request (Y,N)	N	Y	N	Y	N

	Year 3	**Year 4**	**Year 5**
Certified Financial Statements due date	30-Jun-15	30-Jun-16	30-Jun-17

Due date periodic review	N/A

B. Program goals and impact indicators

Goals:

1	To eliminate local transmission of falciparum malaria by 2015 in target districts
2	To reduce local malaria transmission by 80% by end of 2015 compared to 2009 in target areas
3	To prevent malaria deaths in target districts
4	

Linked to goal(s) #	**Impact indicator**	**Baseline**			**Targets**						**Comments**
		value	**Year**	**Source**	**Year 3** Oct 2013-Sep 2014	**Report due date**	**Year 4** Oct 2014-Sep 2015	**Report due date**	**Year 5** Oct 2015-Sep 2016	**Report due date**	
1, 2, 3	Number of laboratory-confirmed autochthonous malaria cases seen in heath facilities in target districts	1474	2010	Surveillance systems	<276	15-Nov-14	<249	15-Nov-15	<224	15-Nov-16	Data will be collected through surveillance system. Data verification will be done using On-Site Data Verification with PR, SR and SSRs' staff; and Health System Survey in Phase 2.
1, 2, 3	Number of laboratory-confirmed autochthonous falciparum malaria cases seen in heath facilities in target districts	142	2010	Surveillance systems	<20	15-Nov-14	<10	15-Nov-15	0	15-Nov-16	In Phase 2, PR will report disaggregated data by age, sex and species . Targets are based on 10% reduction in the number of active foci per year (expert opinion agreed in a meeting with country malaria focal points in August 2013: 10% reduction per year for coming years). Active foci in Y2 were 205 with 324 malaria cases; an average of 1.5 malaria cases in each focus. The expected number of foci for Y4, Y5, and Y6 are 184, 166 and 149 respectively while the predicted number of malaria cases would be 276, 249, and 224. Number of Autochthonous = Number of malaria indigenous cases + number of relapse cases + number of introduced.
1	Malaria test positivity rate	0.00335 (1177/351819)	2013	Surveillance systems	0.00206 (726/351819)	15-Nov-14	0.00199 (699/351819)	15-Nov-15	0.00192 (674/351/819)	15-Nov-16	In phase 2, PR will report disaggregated data by species. Numerator and the denominator values will be provided when reporting. Numerator: Number of cases of suspected malaria confirmed by either microscopy or RDT. Denominator: Total number of suspected malaria cases tested.
2, 3	Slide positivity rate (SPR) of autochthonous falciparum malaria cases	0.00031	2010	Surveillance systems	<0.00006 (20/351819)	15-Nov-14	<0.00003 (10/351819)	15-Nov-15	0	15-Nov-16	Data will be collected through surveillance system. Data verification will be done using On-Site Data Verification with PR, SR and SSRs' staff; and Health System Survey in Y5. Numerator: Number of slides or tests positive for autochthonous falciparum malaria Denominator: Total number of slides or tests.

C. Program objectives and outcome indicators

Objectives:

1	Treatment of all malaria cases according to the National Malaria Treatment Guidelines on the basis of parasitological confirmation of diagnosis
2	Protection of at least 90% of at risk people in target districts by vector control measures based on IVM approach
3	Prevention of malaria epidemics and re-introduction of malaria falciparum transmission
4	The target districts will have strengthened health system and supportive inter-sectoral and community partnership on National Malaria Elimination Programme
5	
6	

Linked to objective(s) #	**Outcome indicator**	**Baseline**			**Targets**						**Comments**
		value	**Year**	**Source**	**Year 3** Oct 2013-Sep 2014	**Report due date**	**Year 4** Oct 2014-Sep 2015	**Report due date**	**Year 5** Oct 2015-Sep 2016	**Report due date**	
3	Number of active falciparum foci	63	2010	Surveillance systems	<15	15-Nov-14	<7	15-Nov-15	0	15-Nov-16	PR will report vivax active foci starting April 2014 (Phase 2). Data will be collected through surveillance system. Number of foci with reported autochthonous malaria cases in the past 12 months (new + residual foci with local falciparum transmission within last 12 months).
2	% of children under 5 sleeping under LLIN in high risk areas (Zone B + Zone A-HR)	16.00%	2010	Households survey			>80%	15-Nov-15			Data to be collected through Household survey to be implemented in Jul-Sep 2015 by WHO. GF provides financial support to this survey, while national government provides counterpart financing for indirect costs. Numerator: Number of children under 5 who slept under an ITN the previous night Denominator: Total number of children younger than five years old at risk of malaria who slept in surveyed households the previous night
2	% of people living in high risk areas sleeping under LLIN (Zone B + Zone A-HR)	12.00%	2010	Households survey			>80%	15-Nov-15			Data to be collected through Household survey to be implemented in Jul-Sep 2015 by WHO. Numerator: Number of people living in high risk areas who slept under an ITN the previous night Denominator: Total number of people living in high risk areas at risk of malaria who slept in surveyed households the previous night
2	% of target households owning at least 2 LLINs in high risk areas (Zone B + Zone A-HR)	19.00%	2010	Households survey			>98%	15-Nov-15			Data to be collected through Household survey to be implemented in Jul-Sep 2015 by WHO. Numerator: Number of target households owning at least 2 LLINs Denominator: Total number of surveyed households

D. Service delivery areas and output/coverage indicators

Objective & Indicator Number	Service Delivery Area	Output/coverage indicator	Final target previous implementation period			Latest available baseline/result				Targets										Periodic review target (filled in during grant negotiation)		Target cumulation	Tied to	Responsible Principal Recipient(s) (comma separated)	Comments
										Period 11		Period 12		Period 13		Period 14		Period 15							
			N #	%	Year	N #	%	Year	Source	1-Apr-14		1-Oct-14		1-Apr-15		1-Oct-15		1-Apr-16							
			D #			D #				30-Sep-14		31-Mar-15		30-Sep-15		31-Mar-16		30-Sep-16							
1-1	Case Management	Proportion of suspected malaria cases living in active foci that receive parasitological test (disaggregated by public and private sector)		N/A					Surveillance systems		N/A		100.0%		100%		100.0%		100.0%				Not cumulative	Current grant	PR1	This is a new indicator included in Phase 2. There is no baseline at the moment, this will be provided by the end of September 2014 after the PR has strengthened the surveillance system to be able to report on this indicator. The source of data would be surveillance system. Data will be further verified using Households survey to be implemented in 2015. The targets have been set at 100% according to WHO guidelines. Numerator: Total number of patients with suspected malaria cases tested, Denominator: Number of patients with suspected malaria cases attending health facilities. PR will provide the numerator and denominator values in the respective targets for remaining periods in Phase 2 by 30 September 2014. During report, the numerator and denominator values will be provided.
1-2	Case Management	# and % of laboratories showing adequate performance among all laboratories that received internal quality assurance (Zone A + Zone B)		N/A		330 479	68.9%	Dec-13	Project reports	431 479	90.0%	431 479	90.0%	431 479	90.0%	431 479	90.0%	431 479	90.0%				Not cumulative	Current grant	PR1	Based on national guidelines each malaria lab should be visited once each semester by upper level of the health system. 479 malaria labs are subject to internal QA. Also all positive slides, 10% negative slides, and all follow-up slides should be rechecked by upper level of the health system. A malaria lab is considered to have adequate performance which meets the following criteria: • Malaria lab technician (microscopist) has at least 80% of basic knowledge (theoretical and practical). • The following are to be available in the lab: a. Registration and reporting system b. Standard consumables and equipment necessary for blood sampling c. Standard consumables and equipment necessary for staining blood smears d. Standard consumables and equipment necessary for microscopic examination of blood smears This checklist is developed based on WHO recommended guidelines.
1-3	Case Management	# and % of randomly selected laboratories showing adequate performance of all laboratories that received external evaluation	386 429	90.0%	Dec-13	225 335	67.2%	Dec-13	Project reports			126 140	90.0%			126 140	90.0%						Annually	Current grant	PR1	According to the national laboratory guidelines, 60% of all malaria labs are randomly selected by external evaluator to be evaluated every two years. It is expected that at least 90% of them pass external evaluation.
1-4	Case Management	% of reported malaria cases that are laboratory confirmed (by RDTs or blood smear examination)		N/A	Mar-14	1604 1604	100.0%	Mar-13	Surveillance systems	726 726	100.0%	368 368	100.0%	699 699	100.0%	355 355	100.0%	674 674	100.0%				Annually	National program	PR1	Numerator: Number of reported malaria cases that are laboratory confirmed (with RDT or blood smear examination) Denominator: Total number of reported malaria cases (lab confirmed + clinical diagnosis) The PR will provide the numerator and denominator values while reporting. The total number of detected imported cases for periods of Q4 2012 to Q2 2013 (9 months) was 445. Considering the declining trend of number of imported cases Annually there has been a declining trend in the number of imported cases, a total of 450 is estimated were estimated as the number of imported cases per year for the whole period of the second phase. The assumption for estimation of autochthonous cases has been mentioned in cell AA31. The sum of imported and autochthonous cases makes total cases.
1-5	Case Management	Number and % of laboratory confirmed malaria cases receiving prompt effective anti-malaria treatment based on national guidelines in target district health facilities (Zone A + Zone B)	712 712	100.0%	Mar-14	453 453	100.0%	Mar-13	Surveillance systems	726 726	100.0%	368 368	100.0%	699 699	100.0%	355 355	100.0%	674 674	100.0%				Annually	National program	PR1	Numerator: Number of detected malaria cases by lab confirmation (microscopy or RDT) receiving appropriate dose of recommended antimalaria drugs based on National Malaria Treatment Guidelines on the first day of treatment course. Denominator: Total lab confirmed malaria cases (microscopy or RDT). The case includes both Pf and Pv cases. Reporting will be disaggregated by species in Phase 2. The total number of detected imported cases for periods of Q4 2012 to Q2 2013 (9 months) was 445, and regarding the fact that annually there has been a declining trend in the number of imported cases, a total of 450 were estimated as the number of imported cases per year for the whole period of the second phase. Targets for autochthonous malaria cases for periods of 11, 13, and 15, would be 726 (450+276), 699 (450+249), and 674 (450+224) respectively. Reporting will be disaggregated by species, sex and age. The assumption of number of cases for target setting has considered the seasonal trend in target areas.
1-6	Case management	% of lab-confirmed uncomplicated malaria cases receiving appropriate treatment based on National Malaria Treatment Guidelines within 48 hours in target districts		80%	Mar-14	614 1177	52.2%	Sep-13	Surveillance systems	508 726	70%	258 368	70%	489 699	70%	249 355	70%	472 674	70%				Annually	National program	PR1	Numerator: Number of detected malaria cases by lab confirmation (microscopy or RDT) receiving appropriate treatment based on national malaria treatment guidelines within 48 hours from onset of clinical manifestations Denominator: Total lab confirmed malaria cases (microscopy or RDT) In phase 2, data will be disaggregated by public and private health facilities. Target setting has taken into consideration imported malaria cases. Most of the imported cases are unauthorized immigrants who have had malaria infection signs and symptoms for more than 48 hours before their entrance to the country. It is estimated that percentage of imported cases will be 62%, 65% and 67% respectively for Y3, Y4 and Y5. The assumption of number of cases for target setting has considered the seasonal trend in target areas.
1-7	Case Management	number and % of foci affected by cross-border population movement where passive health posts are equipped with trained health staff, adequate RDTs and is responsible for malaria reporting.		N/A		80 462	17.3%	Dec-13	Project reports		N/A	180 462	39.0%	280 462	60.6%	380 462	82.3%	462 462	100.0%				Annually	Current grant	PR1	This is a new indicator in Phase 2. Numerator: Foci where passive health posts are equipped with trained staff and RDTs and is responsible for reporting. Denominator: Foci affected by cross-border population movement (population movement is defined as continuous movement of population from malaria endemic areas, and countries etc.) The baseline is 80 health posts. The target is not set for the first semester to allow for PR's preparation for the training, distribution of RDTs etc.
1-8	Case Management	% of health facilities with no reported stock-out of nationally recommended antimalarial drugs lasting more than 1 week at any time during the past 3 months (Zone A + Zone B)	590 590	100.0%	Mar-14	670 672	99.7%	Mar-13	Surveillance systems	672 672	100.0%	672 672	100.0%	672 672	100.0%	672 672	100.0%	672 672	100.0%				Not cumulative	National program	PR1	Numerator: Number of public health facilities with no reported stock outs lasting >1 week of nationally recommended antimalarial drugs at any time during the past 3 months Denominator: Total number of surveyed health facilities. Supervision visits based on national protocol are conducted regularly(at least semi-annually) from higher level health authorities to every health facilities. Standard checklist is available for the supervision and includes medical equipment, health products and medicine. At least 60% of the facilities will be randomly selected and supervised in each semester. The health facilities list is to be annexed to the M&E indicator reference sheet.
1-9	Case management	# and % of confirmed cases fully investigated		N/A		1604 1604	100.0%	Mar-13	Surveillance systems		Data is not available	368 368	100%	699 699	100%	355 355	100.0%	674 674	100.0%				Annually	National program	PR1	This is a new indicator in Phase 2. Period 11 target is zero as the country need the time to establish the reporting and verification mechanism. The targets are set based on predicted number of malaria cases following the seasonal trend.
1-10	Case management	# and % of new active and new potential foci fully investigated		N/A		NA 643	Data is not available	Mar-13	Surveillance systems		Data is not available	602 602	100%			587 587	100%						Annually	National program	PR1	This is a new indicator in Phase 2. Period 11 target is zero as the country need the time to establish the reporting and verification mechanism. The targets are set based on predicted number of malaria cases following the seasonal trend.
2-11	Vector Control	# people and % of population in active malaria foci reached by IRS	298800	% data is not available	Mar-14	319,286	% data is not available	Mar-13	IRS seasonal reports	219,102 257,768	85%	245,480 288,801	85%	175,281 206,214	85%	201,659 237,247	85%	131,461 154,661	85%				Not cumulative	National program	PR1	Overall assumption is 10% reduction of cases. PR to report the numerator and denominator values. Based on national protocol, active malaria foci are new active, residual active and new potential foci.
			700,000			497,830				0		0		101,300		0		30,000								This indicator is planned to cover the replacement of the LLINs distributed in Phase 1 and the cross-border population in movement (migrants who are living in suburban areas will receive LLINs for personal protection). The number of LLINs for replacement in Phase 2 is 101,300, and that for migrant population is 30.000.

D. Service delivery areas and output/coverage indicators

Objective & Indicator Number	Service Delivery Area	Output/coverage indicator	Final target previous implementation period			Latest available baseline/result				Targets						Periodic review target (filled in during grant negotiation)		Target cumulation	Tied to	Responsible Principal Recipient(s) (comma separated)	Comments
										Period 11		Period 12		Period 13		Period 14		Period 15									
			N # / D #	%	Year	N # / D #	%	Year	Source	1-Apr-14 / 30-Sep-14		1-Oct-14 / 31-Mar-15		1-Apr-15 / 30-Sep-15		1-Oct-15 / 31-Mar-16		1-Apr-16 / 30-Sep-16									
2-12	Vector control: insecticide-treated nets (ITNs)	Number of LLINs distributed to target households			Mar-14			Mar-13	Project reports													Annually	Current grant	PR1	The strategy used is based on foci classification. Fully covered foci (personal and community protection) among the households covered, while partially covered foci (personal protection only) among the migrant population. Phase 2 forecasting of LLINs considered the fact that the purchased LLINs under Phase 1 were extra-family size which is able to accommodate more children. This is because of the sleeping pattern and high proportion of <5 children in the target areas.
2-13	Vector control: indoor residual spraying (IRS)	Number and % of new active and residual active falciparum foci were sprayed and covered by larviciding	100 /	>90%	Mar-14	38 / 39	97.4%	Mar-13	Project reports	35 / 38	92.1%	26 / 28	92.9%	23 / 25	92.0%	21 / 22	95.5%	17 / 18	94.4%			Not cumulative	Current grant	PR1	Numerator: Number of active, residual active and potential falciparum foci covered by IRS operations and larviciding during malaria transmission seasons. Denominator: Total number of active, residual active and potential falciparum foci By Sept 2013, there were 38 active falciparum foci with history of autochthonous falciparum cases (candidates for IRS and larviciding). It is estimated that there would be an average reduction of 35% per year in the number of these foci.

Anticipated schedule of cash transfers and commitment and disbursement decisions*

Annual Disbursement & Commitment Decision		Cash Transfer	
April 2014 for 12 months + 3 months buffer	April 2014 - June 2015	1st Transfer (April 2014)	9 months (April 2014 - December 2014)
		2nd Transfer (December 2014)	6 months (3 months budget + 3 months buffer) (January 2015 - June 2015)
June 2015 for 12 months + 3 months buffer	April 2015 - June 2016	1st Transfer (June 2015)	9 months (April 2015 - December 2015)
		2nd Transfer (December 2015)	6 months (3 months budget + 3 months buffer) (Jnauary 2016 - June 2016)
June 2016 for 6 months	April 2016 - September 2016	1 Transfer (June 2016)	6 months (April 2016 - September 2016)

SUMMARY BUDGET Year 3, 4 & 5 **Malaria**

(formerly Attachment A)

Program Details

Country	The Islamic Republic of Iran
Grant No.	IRN-M-UNDP
PR	United Nations Development Programme
Currency	USD
Grant Cycle phase	Phase 2

(Please indicate Periods covered by this budget in the cells below, as presented in the Performance Framework)

	Q11	Q12		Q13	Q14	Q15	Q16		Q17	Q18	Q19	Q20	
Period Covered: from	1-Apr-14	1-Jul-14		1-Oct-14	1-Jan-15	1-Apr-15	1-Jul-15		1-Oct-15	1-Jan-16	1-Apr-16	1-Jul-16	
Period Covered: to	30-Jun-14	30-Sep-14		31-Dec-14	31-Mar-15	30-Jun-15	30-Sep-15		31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	

A- SUMMARY BUDGET BREAKDOWN BY EXPENDITURE CATEGORY

#	Category	Year 3		Total	Year 4				Total	Year 5				Year 5	TOTAL	
		Q11	Q12	Year 3	Q13	Q14	Q15	Q16	Year 4	Q17	Q18	Q19	Q20		Phase 2	%
1	Human Resources	147,281	236,994	**384,275**	318,376.48	280,603.11	195,996.59	288,734.07	**1,083,710**	364,557	300,653	222,547	266,286	**1,154,044**	**2,622,029**	32%
2	Technical Assistance	65,640	12,000	**77,640**	22,000.00	7,000.00	20,000.00	0.00	**49,000**	22,000	7,000	0	0	**29,000**	**155,640**	2%
3	Training	71,952	54,829	**126,781**	78,823.66	44,315.94	44,323.60	40,337.34	**207,801**	44,806	55,882	46,556	53,882	**201,126**	**535,707**	6%
4	Health Products and Health Equipment	17,790	309,603	**327,393**	739,537.48	506,551.55	-	244,619.21	**1,490,708**	415,030	159,656	0	207,510	**782,196**	**2,600,298**	32%
5	Medicines and Pharmaceutical Products	0	0	**0**	5,200.00	-	-	0.00	**5,200**	5,200	6,719	0	0	**11,919**	**17,119**	0%
6	Procurement and Supply Management Costs	3,510	27,218	**30,728**	61,790.00	88,971.00	-	21,724.05	**172,485**	42,500	46,606	0	53,539	**142,645**	**345,858**	4%
7	Infrastructure and Other Equipment	178,519	331	**178,850**	347.29	75,881.63	347.29	347.29	**76,923**	365	120,198	365	365	**121,292**	**377,066**	5%
8	Communication Materials	0	0	**0**	58,721.88	32,306.18	6,900.00	5,111.84	**103,040**	61,965	53,258	56,390	8,942	**180,555**	**283,595**	3%
9	Monitoring and Evaluation	105,050	56,800	**161,850**	148,607.80	5,800.00	50,050.60	9,050.60	**213,509**	244,092	5,800	18,051	9,051	**276,994**	**652,352**	8%
10	Living Support to Clients/Target Population	0	0	**0**	-	-	-	0.00	**0**	0	0	0	0	**0**	**0**	
11	Planning and Administration	7,491	4,917	**12,408**	24,819.84	4,019.84	4,019.84	4,019.84	**36,879**	25,884	4,204	4,204	4,204	**38,498**	**87,785**	1%
12	Overheads	49,949	52,414	**102,364**	107,294.37	74,445.39	23,778.59	44,240.03	**249,758**	97,598	54,462	25,632	43,528	**221,221**	**573,343**	7%
13	Other	0	0	**0**	-	-	-	0.00	**0**	0	0	0	0	**0**	**0**	
	TOTAL*	**647,182**	**755,107**	**1,402,289**	**1,565,519**	**1,119,895**	**345,417**	**658,184**	**3,689,014**	**1,323,998**	**814,440**	**373,745**	**647,307**	**3,159,490**	**8,250,793**	100%

B. SUMMARY BUDGET BREAKDOWN BY PROGRAM ACTIVITY

#	Macro-category	Objectives	Service Delivery Area**	Year 3		Total	Year 4				Total	Year 5				Year 5	TOTAL	
				Q11	Q12	Year 3	Q13	Q14	Q15	Q16	Year 4	Q17	Q18	Q19	Q20		Phase 2	%
1	Mal: Treatment	OBJECTIVE 1: Improvement of early case detection and prompt & effective anti-malarial treatment	Prompt , effective anti malaria treatment	3,164	0	**3,164**	41,319	0	3,480	0	**44,800**	13,108	18,764	3,828	0	**35,701**	**83,665**	1%
2	Mal: Treatment	OBJECTIVE 1: Improvement of early case detection and prompt & effective anti-malarial treatment	Malaria diagnosis	161,754	27,940	**189,694**	169,524	212,060	49,123	10,280	**440,985**	176,577	8,077	50,804	8,077	**243,535**	**874,213**	11%
3	Mal: Prevention	OBJECTIVE 2: Scaling up of IVM measures	O2SDA 1:Training of local PHC staff	7,232	73,469	**80,701**	412,142	30,316	0	26,337	**468,795**	84,175	41,882	0	41,882	**167,939**	**717,436**	9%
4	Mal: Prevention	OBJECTIVE 2: Scaling up of IVM measures	O2SDA 2: Training of staff on MIS system	42,010	409,946	**451,956**	74,460	485,069	0	337,348	**896,878**	40,050	277,323	0	304,788	**622,161**	**1,970,995**	24%
5	Mal: Prevention	OBJECTIVE 2: Scaling up of IVM measures	O2SDA 3: Updating of MEWS application for Iran	0	0	**0**	390,100	5,112	0	5,112	**400,324**	418,010	8,942	0	8,942	**435,894**	**836,217**	10%
6	Mal: Prevention	OBJECTIVE 3: Prevention of malaria epidemic and re-introduction of malaria falciparum transmission	O3SDA 1: Information system	0	0	**0**	0	0	20,000	0	**20,000**	0	0	0	0	**0**	**20,000**	0%
7	Mal: Prevention	OBJECTIVE 3: Prevention of malaria epidemic and re-introduction of malaria falciparum transmission	O3SDA 2: Short course international fellowships on GF project and malaria related subjects	0	0	**0**	15,000	0	0	0	**15,000**	15,000	0	0	0	**15,000**	**30,000**	0%
8	Mal: Health Systems Strengthening (HSS)	OBJECTIVE 4: To strengthen the capacity of health system and role of stakeholders on malaria elimination programme management	O4SDA 1: Human resources capacity building and enhancement monitoring and evaluation	124,655	96,396	**221,051**	142,751	83,758	94,009	86,009	**406,526**	225,842	80,847	71,098	83,098	**460,885**	**1,088,462**	13%
9	Mal: Health Systems Strengthening (HSS)	OBJECTIVE 4: To strengthen the capacity of health system and role of stakeholders on malaria elimination programme management	O4SDA 2: Infrastructural development	141,251	0	**141,251**	0	0	0	0	**0**	0	0	0	0	**0**	**141,251**	2%
10	Mal: Health Systems Strengthening (HSS)	OBJECTIVE 4: To strengthen the capacity of health system and role of stakeholders on malaria elimination programme management	O4SDA 3: Intra and Inter-sectoral partnerships, community participation, community system strengthening	25,500	2,586	**28,086**	93,194	6,673	20,573	1,673	**122,112**	97,485	1,840	58,230	1,840	**159,394**	**309,593**	4%
11	Mal: Supportive Environment	Program support cost	Supportive environment: Program management and administration	141,616	144,770	**286,386**	227,028	296,907	158,232	191,426	**873,594**	253,751	376,765	189,784	198,681	**1,018,981**	**2,178,961**	26%
12	Mal: Health Systems Strengthening (HSS)	GF Proposed Activities				**0**					**0**					**0**	**0**	
			TOTAL*	**647,182**	**755,107**	**1,402,289**	**1,565,519**	**1,119,895**	**345,417**	**658,184**	**3,689,014**	**1,323,998**	**814,440**	**373,745**	**647,307**	**3,159,490**	**8,250,793**	100%

To add additional rows, right click the row number to the left of the row above the row for TOTAL and select copy, then over the same number, right click again and select Insert Copied Cells. WARNING: Inserting Rows without copying a row as described above will cause the formula in the columns to become invalid and will mean the overall information will be inaccurate.

** For the purposes of this report, the SDA Program management and administration should be included in the Supportive Environment Macro Category.

C. SUMMARY BUDGET BREAKDOWN BY IMPLEMENTING ENTITY ***(if known by Grant signature time)***

#	PR/SR	Name	Type of Implementing Entity	Year 3		Total	Year 4				Total	Year 5				Year 5	TOTAL	
				Q11	Q12	Year 3	Q13	Q14	Q15	Q16	Year 4	Q17	Q18	Q19	Q20		Phase 2	%
1	SR	CDC	Ministry of Health (MoH)	396,848	567,269	**964,117**	1,268,816	806,112	170,309	449,883	**2,695,120**	913,372	420,800	167,085	431,751	**1,933,008**	**5,592,246**	68%
2	SR	PO	Other Government	116,328	46,083	**162,411**	74,552	18,056	18,056	18,056	**128,721**	167,856	18,056	18,056	18,056	**222,025**	**513,157**	6%
3	SR	MOE	Other Government	134,006	141,755	**275,761**	222,151	295,726	157,051	190,245	**865,173**	242,769	375,584	188,603	197,500	**1,004,456**	**2,145,390**	26%
			TOTAL*	**647,182**	**755,107**	**1,402,289**	**1,565,519**	**1,119,895**	**345,417**	**658,184**	**3,689,014**	**1,323,998**	**814,440**	**373,745**	**647,307**	**3,159,490**	**8,250,793**	100%

To add additional rows, right click the row number to the left of the row above the row for TOTAL and select copy, then over the same number, right click again and select Insert Copied Cells. WARNING: Inserting Rows without copying a row as described above will cause the formula in the columns to become invalid and will mean the overall information will be inaccurate.

* The sum of all three breakdowns should be equal (*A-* Budget Line-item, *B-* Program Activity, *C-* Implementing Entity).

ANNEX A to the PROGRAM GRANT AGREEMENT

Program Implementation Abstract

Country:	Islamic Republic of Iran
Program Title:	Intensified Malaria Control in High Burden Provinces towards Falciparum Elimination
Grant Number:	IRN-M-UNDP
Disease:	Malaria
Principal Recipient:	**United Nations Development Programme (UNDP)**

A. PROGRAM DESCRIPTION

1. Background and Summary:

In Iran, malaria is still considered a resurgent disease and for more than half a century significant efforts have been made to control it. Nowadays, the malaria burden is concentrated in the south-east of the country, in the provinces of Kerman, Hormozgan and Sistan & Baluchestan, although other parts of the country are at risk of reintroduction of malaria transmission.

Considering the remarkable reduction of the disease in the last decade, expansion of Primary Health Care (PHC) system and socio-economic development, the Ministry of Health set malaria elimination in the country as a priority goal of the national malaria control program. In line with the National Strategic Plan for Malaria Elimination, UNDP Iran and the Global Fund entered into a Round 7 Grant Agreement effective 1 October 2008, entitled "Malaria Intensified Control in High Burden Provinces of South-Eastern Iran". In December 2011, the Round 7 Grant Agreement was consolidated with the Round 10 proposal into a Single Stream of Funding under the program title "Intensified Malaria Control in High Burden Provinces towards Falciparum Elimination". This grant successfully completed its first implementation period in March 2014, and the second implementation period will be implemented from 1 April 2014 to 30 September 2016.

In line with the prevention of reintroduction of malaria cases, the recommendations of National Mid-Term Program Review report 2013, and emphasizing a multi-sectoral approach, the project will focus on four main interventions:

i. Improvement of early case detection and prompt and effective anti-malarial treatment through the expansion of malaria diagnosis services with Rapid Diagnostic Test (RDTs) mainly in foci affected by population movement with malarious areas in neighboring countries, and active local foci, improvement quality assurance system of malaria laboratories , maintenance of access to microscopy diagnosis services, active case finding and supply of Artemisinin-based Combination Therapy for falciparum malaria;

ii. Scaling up of Integrated Vector Management (IVM) through the distribution of Long

Lasting Insecticide Nets (LLINs), mainly for marginalized people and refugees, and the expansion of Indoor Residual Spraying (IRS) and larviciding;

iii. Prevention of malaria epidemics and re-introduction of malaria falciparum transmission through the enhancement of the vigilance and surveillance system for a malaria epidemic response; and space spraying for foci towards reintroduction of malaria transmission;

iv. Strengthening the capacity of the health system and role of stakeholders in malaria elimination through human resources' capacity building, enhancement of the monitoring and evaluation system, intra and inter-sectoral partnerships, community participation, facilitating regional initiatives with neighboring countries.

2. **Goals:**

i. To eliminate local transmission of falciparum malaria by 2015 in target districts.
ii. To reduce local malaria transmission by 80% by the end of 2015 compared to 2009 in target areas.
iii. To prevent malaria deaths in target districts.

3. **Target Group/Beneficiaries:**

i. Under-five children living in malaria transmission areas;
ii. Pregnant women living in malaria transmission areas;
iii. General population living in high risk areas with more than 2-hours of walking distance from the nearest laboratory services;
iv. General populations in remote rural areas with no access to health houses (serviced by malaria mobile teams);
v. Falciparum and vivax malaria patients;
vi. Populations living in active and residual foci areas and within 3 km from active malaria foci;
vii. Populations exposed to the risk of malaria epidemics in the Iran;
viii. Refugees from Pakistan and Afghanistan living in Iran's border areas;
ix. Setri women (a vulnerable population group living in the South East of Iran); and
x. Pilgrims & marginalized people living in the suburbs of targeted districts.

4. **Strategies:**

i. Promoting access to prompt diagnosis and effective malaria treatment;
ii. Promoting access to preventative services by improving IVM;
iii. Strengthening the malaria surveillance system through the establishment of a vigilance system;
iv. Developing and strengthening the national M&E system;
v. Using stakeholders' full capacity in favor of malaria elimination;
vi. Capacity building of human resources; and
vii. Strengthening national health systems.

5. **Planned Activities:**

a. Re-training of service providers on malaria case management, vector control, use of RDTs, LLINs, and vigilance system;
b. Training a community of volunteers in eligible foci on case finding using RDTs;

c. Monitoring of the therapeutic efficacy of anti-malarial drugs and insecticide resistance;
d. Procurement and distribution of ACT drugs, RDT, LLINs, Insecticides, Larvicide agents and health equipment
e. Development/revising of national Malaria guidelines;
f. Accreditation of malaria laboratories and strengthening quality assurance system of malaria labs;
g. Community education on malaria symptoms, personal protection and use of LLINs;
h. Expansion of Malaria Information System (MIS) and Case Notification System;
i. Strengthening Health Delivery System through recruitment of staff and procurement of health equipment;
j. Strengthening monitoring and evaluation systems through facilitating regular on-site monitoring of the quality of services including case finding, treatment, vector control measures, regular On-Site Data Verification;
k. Initiate Regional Initiatives for malaria control and elimination with Afghanistan and Pakistan;
l. Conducting health system and household surveys to define social determinants of health related to malaria, and final evaluation of the program;
m. Facilitating implementation of multi-sectoral approach in the national malaria elimination program;
n. Revising National Strategic Plan for malaria elimination as per Malaria Program Review (MPR-2013) recommendations and multi-sectoral approach to address pertinent social determinants;
o. Preparing transition & sustainability plan for transition of Global Fund Support into the National Health Budget post 2016.

B. CONDITIONS PRECEDENT

Not applicable.

C. SPECIAL TERMS AND CONDITIONS FOR THIS AGREEMENT

The Principal Recipient shall use best efforts to coordinate with national stakeholders to support the development of an updated National Strategic Plan and National Malaria Monitoring and Evaluation Plan by 31 December 2014 in line with the recommendations from the National Malaria Program Review Report of 2013.

D. FORMS APPLICABLE TO THIS AGREEMENT

For purposes of Article 13 (b) (1) of the Standard Terms and Conditions of this Agreement entitled "Quarterly Reports," the Principal Recipient shall use the "On-going Progress Update and Disbursement Request", available from the Global Fund upon request.

E. ANTICIPATED DISBURSEMENT SCHEDULE

For the purposes of Article 6a. of the Standard Terms and Conditions of this Agreement, the anticipated schedule of cash transfers, as well as the schedule of

commitment and disbursement decisions, is indicated in the Performance Framework attached to this Annex A.

F. PROGRAM BUDGET

The Summary Budget attached to this Annex A sets forth anticipated expenditures for the Program term.

G. PERFORMANCE FRAMEWORK

The Performance Frameworks attached to this Annex A sets forth the main objectives of the Program, key indicators, intended results, targets and reporting periods of the Program.

H. GLOBAL FUND STAGGERED FUNDING COMMITMENT POLICY

At the time of each commitment decision by the Global Fund, the Global Fund shall set aside ("commit") funds up to the amount of the commitment decision amount, subject to the terms and conditions of this Agreement. Grant funds shall be committed in a manner consistent with the Global Fund's discretion and authority as described in Article 6 of the STCs, taking into account, among other things, the availability of Global Fund funding and the reasonable cash flow needs of the Principal Recipient. If a commitment of Grant funds is made, such commitment decision will be communicated to the Principal Recipient through a written notice from the Global Fund. The Principal Recipient further acknowledges and understands that the Global Fund may decommit Grant funds, in its sole discretion, after the Program End Date.

Standard Terms and Conditions

Article 1. PURPOSE OF AGREEMENT

This Agreement between the Global Fund to Fight AIDS, Tuberculosis and Malaria, a non-profit foundation established under the laws of Switzerland (the "Global Fund") and the United Nations Development Programme, a subsidiary organ of the United Nations, with its headquarters in New York, New York, United States of America, as represented by its Resident Representative in the country specified in block 1 of the face sheet of this Agreement (the "Principal Recipient") defines the terms and conditions under which the Global Fund will provide funding to the Principal Recipient to implement or oversee the implementation of the Program whose title is set forth in block 2 of the face sheet of this Agreement (the "Program") for the country specified in block 1 of the face sheet of this Agreement ("Host Country").

Article 2. THE PROGRAM

a. The Program is further described in Annex A of this Agreement, the "Program Implementation Abstract." The Principal Recipient will implement or oversee the implementation of the Program in accordance with the terms of this Agreement, which the Principal Recipient will administer using its regulations, rules and procedures. The Principal Recipient will be responsible and accountable to the Global Fund for all resources it receives under this Agreement and for the results that are to be accomplished.

b. The Global Fund and the Principal Recipient may by agreement in writing from time to time modify Annex A of this Agreement during the implementation of the Program.

Article 3. FISCAL TERMS

a. The Global Fund hereby grants to the Principal Recipient an amount not to exceed that stated in block 7 of the face sheet of this Agreement (the "Grant"), which shall be made available to the Principal Recipient under the terms of this Agreement. The Global Fund makes the Grant to the Principal Recipient in response to the Country Coordinating Mechanism's request for financial assistance.

b. Any interest or other earnings on funds disbursed by the Global Fund to the Principal Recipient under this Agreement shall be used for Program purposes, unless the Global Fund agrees otherwise in writing.

c. (1) Total Global Fund funding for the Program is limited to the Grant. Each disbursement of Grant funds shall be subject to the availability of funds to the Global Fund for such purpose at the time of the disbursement. Unless the Global Fund agrees otherwise in writing, the Grant may be used for Program expenditures beginning from the "Program Starting Date" (specified in block 4 of the face sheet of this Agreement). If the Principal Recipient chooses to continue Program activities after the Global Fund funding has been exhausted, the Principal Recipient understands that the Global Fund makes no commitment beyond the amounts available under the terms of this Agreement.

(2) In making funds available for the Program, the Global Fund acknowledges that, in accordance with the Principal Recipient's Financial Regulations and Rules,

disbursements to the Principal Recipient must be made in advance of the implementation of the activities to be financed. In the event funds are not available to the Global Fund, the Principal Recipient may reduce, suspend or terminate its support to the Program.

d. The Global Fund and the Principal Recipient estimate that the proposal described in Annex B, as designed and if fully funded and implemented, will be completed by the "Proposal Completion Date" (specified in block 6 of the face sheet of this Agreement). Unless the Global Fund agrees otherwise in writing, the Global Fund will not authorize disbursement of the Grant after the "Program Ending Date" (specified in block 5 of the face sheet of this Agreement) if the Global Fund determines in its sole discretion that satisfactory progress has not been made in implementing the Program before the Program Ending Date or that funds are not available for such disbursement.

e. Conditions Precedent to Disbursement.

(1) Annex A, the Program Implementation Abstract, may state conditions precedent to first disbursement of funds under the Grant or conditions precedent to disbursement of Grant funds for a particular purpose, in excess of a specified amount or after a certain time. Unless the Global Fund and the Principal Recipient agree otherwise in writing, the Principal Recipient must satisfy the stated conditions, in form and substance satisfactory to the Global Fund, before the Global Fund will authorize disbursement of the relevant funds.

(2) The terminal dates for meeting the conditions specified in Annex A are the dates specified in blocks 6A, 6B and 6C (if present) of the face sheet of this Agreement, as indicated for the particular conditions. If the conditions precedent have not been met by the stated terminal date, the Global Fund, at any time, may terminate this Agreement by written notice to the Principal Recipient.

(3) Unless the Global Fund advises the Principal Recipient otherwise in writing, the Principal Recipient will furnish to the Global Fund all items required to satisfy the conditions precedent to disbursement stated in Annex A and shall ensure that members of the Country Coordinating Mechanism receive copies of the items. The Global Fund will promptly notify the Principal Recipient when the Global Fund has determined that a condition precedent has been met.

f. Consistent with numerous United Nations Security Council Resolutions, including S/RES/1269 (1999), S/RES/1368 (2001), and S/RES/1373 (2001), both the Global Fund and the Principal Recipient are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of the Global Fund to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the Principal Recipient undertakes to use reasonable efforts to ensure that none of the Grant funds provided under this Agreement are used to provide support to individuals or entities associated with terrorism.

Article 4. TAXES AND DUTIES

a. The Principal Recipient shall try to ensure through coordination with the government of the Host Country and the Country Coordinating Mechanism and otherwise

that this Agreement and the assistance financed hereunder shall be free from taxes and duties imposed under laws in effect in the Host Country.

b. The Principal Recipient shall assert all exemptions from taxes and duties to which it believes it, the Global Fund or the Grant is entitled.

Article 5. THE TRUSTEE

The Global Fund and the International Bank for Reconstruction and Development (the "World Bank") have entered into an agreement as of May 31, 2002, by which the World Bank has agreed to establish the "Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria" (the "Trust Fund") and to serve as the trustee of the Trust Fund (the "Trustee"). Grant funds made available to the Principal Recipient will be disbursed from the Trust Fund.

Article 6. DISBURSEMENTS

a. Approximately every three months, the Principal Recipient shall submit to the Global Fund requests for disbursements of funds from the Grant, in form and substance satisfactory to the Global Fund. Requests for disbursement shall be signed by the person or persons authorized by the Principal Recipient to do so. Upon the Global Fund's approval of a request for disbursement, the Global Fund will advise the Trustee to transfer the amount approved by the Global Fund into the account specified in block 9 of the face sheet of this Agreement.

b. The amount approved for disbursement will be based on achievement of Program milestones and the expected cash flow needs of the Principal Recipient. The Global Fund, at any time, may approve for disbursement an amount less than the disbursement request if the Global Fund concludes that the full disbursement request is not justified.

c. Each disbursement under the Grant is subject to the availability of funds to the Global Fund for such disbursement.

Article 7. AUDITS AND RECORDS

a. Books and Records of the Principal Recipient.

The Principal Recipient shall maintain Program accounts, books, records, and all other documents relating to the Program or maintained under the Agreement, adequate to show, without limitation, all costs incurred by the Principal Recipient under the Agreement and the overall progress toward completion of the Program ("Program books and records"). The Principal Recipient shall maintain Program books and records in accordance with United Nations Accounting Standards. Program books and records shall be maintained for at least three years after the date of last disbursement under this Agreement or for such longer period, if any, required to resolve any claims or audit findings.

b. Principal Recipient Audits.

(i) The Principal Recipient shall have annual financial audits conducted of Program expenditures. Subject to the approval of the Global Fund, which approval shall not be

unreasonably withheld, the Principal Recipient shall select an independent auditor to conduct the audits and set the terms of reference pursuant to which they shall be conducted. The cost of such special audit shall be borne by the Program.

(ii) Should the Global Fund have reason to request a special purpose audit on the use of Global Fund resources, UNDP agrees to be responsible for: (i) securing the appointment of a mutually agreed independent auditor; and (ii) preparing mutually agreed audit Terms of Reference which reflect, as necessary, circumstances giving rise to the Global Fund's request for said audit. The cost of such special audit shall be borne by the Program.

c. Certified Financial Statement.

Not later than June 30 of each year, the Principal Recipient shall submit to the Global Fund a statement, certified by the Comptroller of the Principal Recipient, of income and expenditure of the Program during the preceding year.

d. Sub-recipient Audits.

The Principal Recipient shall submit to the Global Fund a plan, acceptable to the Global Fund, for the audit of the expenditures of Sub-recipients under the Program. The Principal Recipient shall ensure that Sub-recipients are audited in accordance with the plan, unless the Global Fund and the Principal Recipient agree otherwise in writing. Upon request, the Principal Recipient shall furnish or cause to be furnished to the Global Fund a copy of reports of audits carried out under the plan.

e. Ad-hoc Site Visits

The Principal Recipient shall afford authorized representatives of the Global Fund and its agents or any third party of which the Global Fund notifies the Principal Recipient the opportunity at all reasonable times on an ad hoc basis to make visits related to operations financed by the Grant. The purpose of such ad hoc site visits is to allow the Global Fund to be in a position to report to its constituencies on the implementation of the Program and to determine whether value for money has been obtained. In connection with such visits, the Principal Recipient will make available to the Global Fund all relevant financial information drawn from the relevant accounts and records.

f. Notification.

The Principal Recipient shall notify the Global Fund promptly in writing of any audits of activities financed by this Agreement initiated by or at the request of an audit authority of the Government of the Host Country or of any other entity.

Article 8. REFUNDS

a. In the case of any disbursement of the Grant that is not made or used in accordance with this Agreement, or that finances goods or services that are not used in accordance with this Agreement, the Global Fund, notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Principal Recipient to refund the amount of such disbursement in United States dollars to the Global Fund within sixty (60) days after the Principal Recipient receives the Global Fund's request for a refund.

b. If the Principal Recipient's failure to comply with any of its obligations under this Agreement has the result that goods or services financed or supported by the Grant are not used in accordance with this Agreement, the Global Fund may require the Principal Recipient to refund all or any part of the amount of the disbursements under this Agreement for or in connection with such goods or services in United States dollars to the Global Fund within sixty (60) days after receipt of a request therefor.

c. The right under paragraphs (a) or (b) of this Article to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

Article 9. ADDITIONALITY

In accordance with the criteria governing the selection and award of this Grant, the Global Fund has awarded the Grant to the Principal Recipient on the condition that the Grant is in addition to the normal and expected resources that the Host Country usually receives or budgets from external or domestic sources. In the event such other resources are reduced to an extent that it appears, in the sole judgment of the Global Fund, that the Grant is being used to substitute for such other resources, the Global Fund may terminate this Agreement in whole or in part under Article 21 of this Agreement.

Article 10. PROGRAM COOPERATION AND COORDINATION

a. **The Country Coordinating Mechanism**

(1) The Principal Recipient hereby acknowledges that:

(a) the Country Coordinating Mechanism (of which the Principal Recipient is a part) is the group that coordinates the submission of proposals to the Global Fund from the Host Country and monitors the implementation of activities under approved programs;

(b) the Country Coordinating Mechanism functions as a forum to promote true partnership development and participation of multiple constituencies, including Host Country governmental entities, donors, nongovernmental organizations, faith-based organizations and the private sector;

(c) the Country Coordinating Mechanism should encourage multisectoral program approaches and ensure linkages and consistency between Global Fund assistance and other development and health assistance programs, including but not limited to multilateral loans, bilateral grants, Poverty Reduction Strategy Programs, and sector-wide assistance programs; and

(d) the Country Coordinating Mechanism should encourage its partners to mobilize broadly to fight diseases of poverty, to seek increased financial resources and technical assistance for that purpose, and to ensure the sustainability of local programs, including those supported by the Global Fund.

(2) The Principal Recipient will cooperate with the Country Coordinating Mechanism and the Global Fund to assure that the purpose of this Agreement will be accomplished. To this end, the Principal Recipient and the Global Fund, at the request of either or of the Country Coordinating Mechanism, will exchange views on the progress of the Program, the performance of obligations under this Agreement, and the performance of any consultants, contractors, or suppliers engaged in the Program, and other matters relating to the Program.

(3) The Principal Recipient shall actively assist the Country Coordinating Mechanism to meet regularly to discuss plans, share information and communicate on Global Fund issues. The Principal Recipient shall keep the Country Coordinating Mechanism continuously informed about the Program and the Principal Recipient's management thereof and shall furnish to the Country Coordinating Mechanism such reports and information as the Country Coordinating Mechanism may reasonably request. The Principal Recipient understands that the Global Fund may, in its discretion, share information with the Country Coordinating Mechanism.

(4) The Principal Recipient shall coordinate its activities with the activities of related or substantially similar programs in the Host Country.

(5) The Global Fund and the Principal Recipient may agree in Implementation Letters, in accordance with Article 12 below, on additional responsibilities of the Principal Recipient with respect to the Country Coordinating Mechanism.

b. **Sub-recipients**

(1) From time to time, the Principal Recipient may, under this Agreement, provide funding to other entities to carry out activities contemplated under the Program ("Sub-recipients"). The Principal Recipient will be responsible for the results it and Sub-recipients (if any) are to accomplish. The Principal Recipient shall ensure that all agreements with Sub-recipients ("Sub-recipient Agreements") are consistent with this Agreement. Prior to any disbursement of Grant funds to a Sub-recipient, the Principal Recipient shall obtain and maintain in effect a certification from such Sub-recipient that such Sub-recipient shall (i) undertake best efforts to ensure that none of the Grant funds received by it are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by the Principal Recipient under the Sub-recipient Agreement do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999); and (ii) ensure that the same undertaking is included in all sub-contracts or sub-agreements entered into under the Sub-recipient Agreement. The Principal Recipient shall furnish the Global Fund a copy of the form or forms of agreement, acceptable to the Global Fund, that the Principal Recipient will use with Sub-recipients.

(2) The Principal Recipient's accountability and reporting shall encompass the funds disbursed to all Sub-recipients and to the activities Sub-recipients carry out using Program funds. The Principal Recipient shall have systems in place to assess (before the Principal Recipient transfers any resources to a Sub-recipient) the capacity of Sub-recipients, monitor their performance, and assure regular reporting from them in accordance with this Agreement. The Principal Recipient shall comply with such systems to assess Sub-recipients and supervise and monitor their activities and reporting under the Program. If the Principal Recipient finds that a Sub-recipient does not possess the required capacity to carry out the

activities envisioned under the Program, the Principal Recipient will consult with the Country Coordinating Mechanism and the Global Fund about how the situation should most appropriately be addressed.

(3) With respect to Sub-recipients or other third parties that enter into agreements with the Principal Recipient, the Global Fund shall assume no responsibility for the actions of such Sub-recipients or other third parties.

c. **Other Principal Recipients**

In addition to the Principal Recipient, the Global Fund may from time to time award grants to other entities, as possibly proposed by the Country Coordinating Mechanism, to implement programs in the Host Country. The Principal Recipient will cooperate as appropriate with such other entities to realize the benefits of all programs financed by the Global Fund.

d. **The LFA**

(1) The Global Fund has entrusted an entity, as indicated in block 11 of the face sheet of this Agreement, (the "LFA"), to assist the Global Fund in its oversight role during the implementation of the Program.

(2) The Principal Recipient shall cooperate fully with the LFA to permit the LFA to carry out its functions. To this end, the Principal Recipient shall, inter alia, do the following, unless the Global Fund specifies otherwise in writing:

(a) submit all reports, disbursement requests and other communications required under this Agreement to the Global Fund through the LFA;

(b) submit to the LFA copies of all audit reports required under Article 7.d of this Agreement;

(c) permit the LFA to perform ad hoc site visits at the times and places decided by the LFA; and

(d) cooperate with the LFA in other ways that the Global Fund may specify in writing.

(3) For purposes of this Agreement, the principal representative of the LFA shall be the person named or acting in the position identified in block 11 of the face sheet of this Agreement, unless the Global Fund notifies the Principal Recipient otherwise in writing.

Article 11. COMMUNICATIONS

Any notice, request, document, report, or other communication submitted by either the Principal Recipient or the Global Fund, unless this Agreement expressly provides otherwise or the Global Fund and the Principal Recipient agree otherwise in writing, will be sent to the other party's Authorized Representative (noted in block 15 or 16 of the face sheet of this

Agreement) or Additional Representative (noted in block 12 or 13 of the face sheet of this Agreement. In the case of communications to the Global Fund through the LFA, the Principal Recipient shall submit such communications to the person identified in block 11 of the face sheet of this Agreement. All communications under this Agreement will be in English, unless the Global Fund and the Principal Recipient agree otherwise in writing.

Article 12. IMPLEMENTATION LETTERS

To assist the Principal Recipient in the implementation of this Agreement, the Global Fund will from time to time issue Implementation Letters that will furnish additional information and guidance about matters stated in this Agreement. In addition, the Global Fund and the Principal Recipient may from time to time issue jointly signed Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

Article 13. REPORTS

a. Unless the Global Fund advises the Principal Recipient otherwise in writing, the Principal Recipient shall furnish to the Global Fund the reports specified in paragraph b below at the interval indicated or such other interval to which the Global Fund and the Principal Recipient may agree in writing. The reports shall cover all funds and activities financed under the Grant. In addition, the Principal Recipient shall furnish to the Global Fund such other information and reports at such times as the Global Fund may request. The Global Fund will from time to time specify in Implementation Letters the guidelines for the contents and formats of the reports. The Principal Recipient shall furnish to the Country Coordinating Mechanism a copy of all reports the Principal Recipient submits to the Global Fund.

b. **Required Reports**

(1) Quarterly Reports

Not later than 45 days after the close of each quarter of the Principal Recipient's fiscal year, the Principal Recipient shall submit to the Global Fund, in form and substance satisfactory to the Global Fund, a periodic report on the Program. The report shall reflect (i) financial activity during the quarter in question and cumulatively from the beginning of the Program until the end of the reporting period; and (ii) a description of progress towards achieving the agreed-upon milestones set forth in Annex A. The Principal Recipient shall explain in the report any variance between planned and actual achievements for the period in question.

(2) Annual Reports

Not later than 45 days after the close of each fiscal year of the Principal Recipient, the Principal Recipient shall submit to the Global Fund, in form and substance satisfactory to the Global Fund, an annual financial and programmatic monitoring report (in addition to the quarterly reports) covering the preceding fiscal year.

(3) Phase Two Reporting

The Principal Recipient shall cooperate with the Global Fund, the Country Coordinating Mechanism, and other actors as necessary and appropriate to provide for the timely filing of an application for the continuation of funding beyond the Program End Date.

Article 14. MONITORING

The Principal Recipient will follow a principle of results-based monitoring congruent with the Global Fund's results-based disbursement approach. Not later than 90 days after this Agreement enters into force, the Principal Recipient shall submit to the Global Fund, in form and substance satisfactory to the Global Fund, a detailed plan for monitoring the Program. The Global Fund will specify in Implementation Letters the guidelines for the plan.

Article 15. EVALUATION

The Global Fund, in its discretion, may conduct an independent evaluation of the Program. The Global Fund evaluation will conform to international best practice standards that include a focus on results, transparency and substantive accountability. The Global Fund will collaborate with the Evaluation Office of the Principal Recipient to specify, in consultation with the Country Coordinating Mechanism, the terms of reference for the evaluation and to plan, schedule and implement the evaluation. The Principal Recipient shall require all Sub-recipients to cooperate fully in the execution of the evaluation. The Global Fund will provide the Principal Recipient with a copy of the report of the evaluation.

Article 16. DISSEMINATION OF INFORMATION

The Global Fund and the Principal Recipient may make the information derived from the implementation of this Program available to the domestic and international community, consistent with the rights of individuals to privacy, the property rights of persons in trade secrets and confidential commercial or financial information. The Global Fund reserves the right to freely publish or disseminate information derived from the implementation of this Program.

Article 17. CONTRACTS FOR GOODS AND SERVICES.

a. Unless the Global Fund agrees otherwise in writing, the Principal Recipient shall disclose to the Global Fund the policies and practices that it will use to contract for goods and services under this Agreement. At a minimum, such policies and practices shall conform to requirements 1 through 5 listed below.

(1) Contracts shall be awarded, to the extent practical, on a competitive basis.

(2) Solicitations for goods and services shall be based upon a clear and accurate description of the goods or services to be acquired.

(3) Contracts shall be awarded only to responsible contractors that possess the potential ability to successfully perform the contracts.

(4) No more than a reasonable price (as determined, for example, by a comparison of price quotations and market prices) shall be paid to obtain goods and services.

(5) The Principal Recipient shall maintain records regarding the receipt and use of goods and services acquired under the Agreement by the Principal Recipient, the nature and extent of solicitations of prospective suppliers of goods and services acquired by the Principal Recipient, and the basis of award of Principal Recipient contracts and orders.

b. Title to goods or other property financed under this Agreement shall be in the name of the Principal Recipient or such other entity as the Principal Recipient may designate and shall be disposed of by the Principal Recipient during the life of the Program or at its completion in accordance with Article 19 below.

c. From time to time, the Global Fund will issue Implementation Letters to further advise the Principal Recipient regarding policies applicable to contracts for goods and services using Grant funds.

Article 18. PHARMACEUTICAL AND OTHER HEALTH PRODUCTS

a. Definitions. As used in this Article, the following terms shall have the meanings given to them below:

Available means that the manufacturer of the relevant product can supply the requested quantity of the product within 90 days of the requested delivery date.

Expert Review Panel (ERP) means a panel of independent experts which reviews the potential risks/benefits associated with the use of Finished Pharmaceutical Products and makes recommendations to the Global Fund as to whether such Finished Pharmaceutical Products may be procured with Grant funds. A Finished Pharmaceutical Product will be eligible for review by the Expert Review Panel if it has not yet been prequalified by the WHO or authorized for use by a Stringent Drug Regulatory Authority, but meets the following criteria:

(a)

(i) the manufacturer of the Finished Pharmaceutical Product has submitted an application for prequalification of the product by the WHO Prequalification Programme and it has been accepted by WHO for review; or

(ii) the manufacturer of the Finished Pharmaceutical Product has submitted an application for marketing authorization to a Stringent Drug Regulatory Authority, and it has been accepted for review by the Stringent Drug Regulatory Authority, and

(b) the Finished Pharmaceutical Products is manufactured at a site that is compliant with the GMP standards that apply for the relevant Product Formulation, as verified after inspection by:

(i) the WHO Prequalification Programme;

(ii) a Stringent Drug Regulatory Authority; or

(iii) a drug regulatory authority participating to the Pharmaceutical Inspection Cooperation Scheme.

ERP Recommendation Period means the period during which an Expert Review Panel recommendation for the use of a particular Finished Pharmaceutical Product remains in full force and effect. If the Expert Review Panel recommends the use of a Finished Pharmaceutical Product, the recommendation shall be valid for an initial period of no more than 12 months or until the Finished Pharmaceutical Product is prequalified by the WHO or authorized for use by a Stringent Drug Regulatory Authority, whichever is earlier. The Global Fund may, in its sole discretion, request the Expert Review Panel to consider extending the ERP Recommendation Period.

Finished Pharmaceutical Product means a medicine presented in its finished dosage form that has undergone all stages of production, including packaging in its final container and labeling.

Good Manufacturing Practices (GMP) means the practices, which ensure that Finished Pharmaceutical Products are consistently produced and controlled according to quality standards appropriate to their intended use, and as required by applicable marketing authorizations.

Health Products includes (i) Finished Pharmaceutical Products;(ii) durable health products (including but not limited to bednets, laboratory equipment, radiology equipment and supportive products); and (iii) consumable/single-use health products (including but not limited to condoms, rapid and non-rapid diagnostic tests, insecticides, aerial sprays against mosquitoes, breast milk substitute and injection syringes).

International Conference on Harmonization of Technical Requirements for the Registration of Pharmaceuticals for Human Use (ICH) is an initiative involving regulatory bodies and pharmaceutical industry experts that was established to make recommendations on ways to achieve greater harmonization in the interpretation and application of technical guidelines and requirements for product registration. ICH member countries are specified on its website: http://www.ich.org .

Medicine means an active pharmaceutical ingredient that is intended for human use.

National Drug Regulatory Authority (NDRA) means the official authority regulating Health Products in a country.

NDRA-Recognized Laboratories means Quality Control laboratories selected by NDRAs according to their standards to conduct their Quality Control testing for Finished Pharmaceutical Products.

Pharmaceutical Inspection Cooperation Scheme (PIC/S) means the Swiss association of inspectorates which provides a forum for GMP training. The PIC/S is not subject to any international or domestic regulations. PIC/S member countries are specified on its website: www.picscheme.org .

Product Formulation means an active pharmaceutical ingredient (or combination of ingredients), dosage form and strength.

Quality Control means all measures taken, including the setting of specification sampling, testing and analytical clearance, to ensure that starting material, intermediate, packaging material and Finished Pharmaceutical Products conform with established specifications for identity, strength, purity and other characteristics.

Stringent Drug Regulatory Authority means a regulatory authority which is (a) a member of the ICH (as specified on its website:); or (b) an ICH Observer, being the European Free Trade

Association (EFTA), Health Canada and WHO (as may be updated from time to time); or (c) a regulatory authority associated with an ICH member through a legally binding mutual recognition agreement.

WHO Prequalification Programme means the programme managed by WHO which prequalifies (a) Medicines that are considered to be acceptable for procurement by the United Nations and specialized agencies; and (b) Quality Control laboratories for Medicines.

b. Health Product Management Assessment and PSM plan. Due to the complexity and significant risks of the procurement of Health Products, no Grant funds may be used to finance such procurement until:

(1). the Global Fund has assessed the Principal Recipient's capability to manage such procurement; and

(2). the Principal Recipient has submitted to the Global Fund, in form and substance satisfactory to the Global Fund, a plan for the procurement, use and supply management of Health Products that is consistent with this Article, (the "PSM Plan").

The Global Fund shall advise the Principal Recipient in writing whether it has approved the PSM Plan. The Principal Recipient shall ensure that the procurement and supply management of Health Product under the Program is carried out in accordance with the approved PSM Plan. The Principal Recipient must submit any proposed changes to the approved PSM Plan to the Global Fund for approval.

c. List of Medicines to be Procured. Grant funds may only be used to procure a Medicine that appears in the current Standard Treatment Guidelines (STG) or Essential Medicines Lists (EML) of the WHO, the Host Country government or an institution in the Host Country recognized by the Global Fund. The PSM Plan shall include the STG/EML that will apply to the Program.

The Principal Recipient shall submit a technical justification to the Global Fund if it intends to procure a Medicine that (i) was not specified in the grant proposal approved by the Global Fund; and (ii) is included in the relevant STG/EML of the Host Country government or an institution in the Host Country recognized by the Global Fund, but not included in the STG/EML of the WHO, or vice versa.

d. Procurement Responsibilities. In circumstances where the Global Fund has determined that the Principal Recipient possesses the requisite procurement capacity, the Principal Recipient shall be responsible for all procurement under the Agreement, and at its discretion, may use, or permit its Sub-recipients to use, contracted local, regional or international procurement agents to conduct procurements. If the Global Fund has determined that the Principal Recipient does not possess the requisite procurement capacity, the Principal Recipient shall use established regional or international procurement agents or other mechanisms acceptable to the Global Fund, but shall remain responsible for compliance of all procurement with the terms of this Agreement.

When a Sub-recipient carries out procurement of Health Products, the Principal Recipient shall ensure that such procurement is carried out in compliance with this Agreement.

In all cases, the Principal Recipient is encouraged to use, or cause Sub-recipients to use, capable regional and global procurement mechanisms wherever pooling of demand reduces prices for products and improves procurement efficiency.

e. Procurement Practices. The Principal Recipient shall ensure that the procurement of Finished Pharmaceutical Products under this Agreement adheres to the Interagency Operational Principles for Good Pharmaceutical Procurement. In cases where actual practices differ from these principles, the Principal Recipient shall demonstrates to the Global Fund that it has established a comparable system of competitive, transparent and accountable procurement using a group of pre-qualified suppliers and the application of necessary quality assurance mechanisms.

In addition, Principal Recipients shall ensure that the procurement of Finished Pharmaceutical Products under this Agreement complies with the principles set forth in the Interagency Guidelines: A Model Quality Assurance System for Procurement Agencies (as amended from time to time).

f Lowest Possible Price. The Principal Recipient shall use good procurement practices when procuring Health Products, including competitive purchasing from prequalified manufacturers and suppliers, as outlined in sub-section (e) above, to attain the lowest possible price of products that comply with the quality assurance standards specified in this Agreement. In determining what constitutes the "lowest possible price", the Principal Recipient may take into account the unit price for the products, product registration, the delivery and insurance costs, and the delivery timeframe and method. With respect to durable products, the lowest possible price shall take into account the total cost of ownership, including the cost of reagents and other consumables as well as costs for annual maintenance.

g. Quality Standards for all Finished Pharmaceutical Products. Grant funds may only be used to procure Finished Pharmaceutical Products that have been authorized for use by the National Drug Regulatory Authority in the Host Country where the products will be used.

h Additional Quality Standards for Antiretroviral, Antimalarial and/or Antituberculosis Finished Pharmaceutical Products. In addition to the quality standards specified in sub-section (g) above, Grant funds may only be used to procure antiretroviral, antimalarial and/or antituberculosis Finished Pharmaceutical Products that meet one of the following quality standards:

(1). the product is prequalified under the WHO Prequalification Program or authorized for use by a Stringent Drug Regulatory Authority; or

(2). the product has been recommended for use by the Expert Review Panel, as described in paragraph i of sub-section (i) below.

Such products may only be procured with Grant funds in accordance with the selection process specified in sub-section (i) below.

i. Selection Process for Procuring Antiretroviral, Antimalarial and/or Antituberculosis Finished Pharmaceutical Products.

(1) If there are two or more Finished Pharmaceutical Products Available for the same Product Formulation that are either prequalified by the WHO or authorized for use by a Stringent Drug Regulatory Authority, the Principal Recipient may only

use Grant funds to procure a Finished Pharmaceutical Product that meets either of those standards.

(2). If a Principal Recipient determines that there is only one or no Finished Pharmaceutical Product Available that is prequalified by the WHO or authorized for use by a Stringent Drug Regulatory Authority and it wishes to use Grant funds to procure an alternate Finished Pharmaceutical Product, it must request confirmation from the Global Fund that the Principal Recipient's determination is accurate and that the alternate Finished Pharmaceutical Product is currently recommended for use by the Expert Review Panel. If the Global Fund provides this confirmation, the Principal Recipient may enter into a contract with a supplier for the procurement of the alternate Finished Pharmaceutical Product that has been recommended for use by the Expert Review Panel at any time until the end of the ERP Recommendation Period, but the duration of the contract shall not exceed 12 months. That is, the Principal Recipient may not place an order for that Finished Pharmaceutical Product under the contract more than 12 months after the contract is signed.

j. Quality Standards for Long-Lasting Insecticidal Mosquito Nets. Grant funds may only be used to procure long-lasting insecticidal mosquito nets that are recommended for use by the WHO Pesticide Evaluation Scheme.

k. Quality Standards for All Other Health Products. Grant funds may only be used to procure Health Products other than Finished Pharmaceutical Products or long-lasting insecticidal mosquito nets, if they are selected from lists of pre-qualified products, if any, and comply with quality standards applicable in the Host Country where such products will be use, if any.

l. Monitoring Supplier Performance. The Principal Recipient shall monitor the performance of suppliers with respect to the quality of the goods and services they supply and shall submit the information gathered to the Global Fund electronically for publication over the Internet through the Price and Quality Reporting mechanism referred to in sub-section (r).

m. Monitoring Product Quality. The Principal Recipient shall have systems in place to monitor the quality of Health Products financed under this Agreement that are acceptable to the Global Fund.

n. Quality Control Tests of Finished Pharmaceutical Products

(1). Subject to paragraph ii below, the Principal Recipient shall ensure that random samples of Finished Pharmaceutical Products financed under the Agreement are obtained at different points in the supply chain, from initial receipt of the products in the Host Country to the delivery of those products to patients. Such samples shall be sent to one of the following laboratories for Quality Control testing:

(a) a laboratory prequalified by the WHO Prequalification Programme;

(b) an NDRA or NDRA-Recognized Laboratory that meets one of the following criteria:

(i) Prequalified by WHO Prequalification Programme, or
(ii) Accredited in accordance with ISO17025; or

(c) a laboratory contracted by the Global Fund.

Such Quality Control testing may be conducted in accordance with protocols and standard operating procedures prescribed by the Global Fund, as may be amended from time to time.

The Principal Recipient shall submit the results of the Quality Control tests to the Global Fund, which may be made available to the public.

(2). If a Principal Recipient procures a Finished Pharmaceutical Product that has been recommended for use by the Expert Review Panel, the Global Fund will make the necessary arrangements for randomly selected samples of the Finished Pharmaceutical Product to be tested for Quality Control purposes, in accordance with advice provided by the Expert Review Panel, prior to the shipment and delivery of that product by the manufacturer to the Principal Recipient or other designated recipient. The Principal Recipient shall ensure that its contract with the manufacturer affords the Global Fund right to (i) obtain the manufacturer's specifications; (ii) remove samples of products and conduct random Quality Control testing while the products are within the possession of the manufacturer; and (iii) make the results of such testing available to the public. The cost of any such sampling and testing of the Finished Pharmaceutical Product shall be borne by the Global Fund.

o. Supply Chain and Inventory Management. With regard to the supply chain for Health Products financed under the Program, the Principal Recipient shall seek to ensure optimal reliability, efficiency and security.

The Principal Recipient shall comply with, and shall ensure that its Sub-Recipients comply with the WHO Guidelines for Good Storage Practices and Good Distribution Practices for Pharmaceutical Products. The Global Fund may approve deviations from such guidelines if the Principal Recipient can demonstrate to the Global Fund that comparable systems have been implemented to manage the storage and distribution of Finished Pharmaceutical Products procured with Grant funds.

p. Avoidance of Diversion. The Principal Recipient shall implement and ensure that Sub-recipients implement procedures that will avoid the diversion of Program financed health products from their intended and agreed-upon purpose. The procedures should include the establishment and maintenance of reliable inventory management, first-in first-out stock control systems, internal audit systems, and good governance structures to ensure the sound operation of these systems.

q. Adherence to Treatment Protocols, Drug Resistance and Adverse Effects. The Principal Recipient shall implement mechanisms to:

(1)i. encourage patients to adhere to their prescribed treatments (which mechanisms shall include but not be limited to fixed-dose combinations, once-a-day formulations, blister packs, and peer education and support);

(2). ensure prescribers' adherence to agreed treatment guidelines;

(3). monitor and contain drug resistance; and

(4) monitor adverse drug reactions according to existing international guidelines.

To help limit resistance to second-line tuberculosis Medicines and to be consistent with the policies of other international funding sources, all procurement of Medicines to treat multi-drug resistant tuberculosis financed under the Agreement must be conducted through the Green Light Committee of the Global Stop TB Partnership.

r. Price and Quality Reporting. Upon receipt in the country of Health Products purchased with Grant funds, the Principal Recipient shall promptly report to the Global Fund the prices it has paid for such Health Products and other information related to the quality of the Health Products, as specified in, and using the form of, the Price and Quality Reporting mechanism available on the website of the Global Fund.

Article 19. UTILIZATION OF GOODS AND SERVICES

All goods and services financed with Grant funds will, unless otherwise agreed in writing by the Global Fund, be devoted to the Program until the completion or termination of this Agreement, and thereafter unless the Principal Recipient and the Global Fund agree otherwise, any remaining property shall be transferred to the Global Fund. The Global Fund shall deal directly with the local authorities as necessary and appropriate regarding any such transfer.

Article 20. AMENDMENT

No modification of this Agreement shall be valid unless in writing and signed by an authorized representative of the Global Fund and the Principal Recipient.

Article 21. TERMINATION; SUSPENSION

a. Either the Global Fund or the Principal Recipient may terminate this Agreement in whole or in part upon giving the other party 60 days written notice. Either the Global Fund or the Principal Recipient may suspend this Agreement in whole or in part upon giving the other party seven days written notice. Any portion of this Agreement that is not terminated or suspended shall remain in full force and effect.

b. In the event that the Principal Recipient terminates this Agreement, it shall, if requested by the Global Fund, do its utmost to help to identify a suitable new entity to assume the responsibilities of implementing the Program.

c. Notwithstanding the termination of this Agreement, the Principal Recipient may use portions of the Grant that have already been disbursed to it to satisfy commitments and expenditures already incurred in the implementation of the Program before the date of termination. After the Principal Recipient has satisfied such commitments and liabilities, it will return all remaining Grant funds to the Global Fund or dispose of such funds as directed by the Global Fund.

d. In addition, upon full or partial termination or suspension of this Agreement, the Global Fund may, at the Global Fund's expense, direct that title to goods financed under the Grant, be transferred to the Global Fund if the goods are in a deliverable state.

Article 22. NOVATION; TRANSFER OF PRINCIPAL RECIPIENT RESPONSIBILITIES UNDER THIS AGREEMENT

If at any time, either the Principal Recipient or the Global Fund concludes that the Principal Recipient is not able to perform the role of Principal Recipient and to carry out its responsibilities under this Agreement or if, for whatever reason, the Global Fund and the Principal Recipient wish to transfer some or all of the responsibilities of the Principal Recipient to another entity that is able and willing to accept those responsibilities, then the Global Fund and the Principal Recipient may agree that the other entity ("New Principal Recipient"), may be substituted for the Principal Recipient in this Agreement. The substitution shall occur on such terms and conditions as the Global Fund and the New Principal Recipient agree, in consultation with the Country Coordinating Mechanism. The Principal Recipient hereby agrees to cooperate fully to make the transfer as smooth as possible.

Article 23. NONWAIVER OF REMEDIES.

No delay in exercising any right or remedy under this Agreement will be construed as a waiver of such right or remedy.

Article 24. SUCCESSORS AND ASSIGNEES

This Agreement shall be binding on the successors and assignees of the Principal Recipient and the Agreement shall be deemed to include the Principal Recipient's successors and assignees. However, nothing in this Agreement shall permit any assignment without the prior written approval of the Global Fund.

Article 25. LIMITS OF GLOBAL FUND LIABILITY

a. The Global Fund shall be responsible only for performing the obligations specifically set forth in this Agreement. Except for those obligations, the Global Fund shall have no liability to the Country Coordinating Mechanism, the Principal Recipient, Sub-recipients or any other person or entity as a result of this Agreement or the implementation of the Program.

b. The Principal Recipient undertakes the Program on its own behalf and not on behalf of the Global Fund. This Agreement and the Grant shall in no way be construed as creating the relationship of principal and agent, of partnership in law or of joint venture as between the Global Fund and the Principal Recipient or any other person involved in the Program. The Global Fund assumes no liability for any loss or damage to any person or property arising from the Program.

Article 26. ARBITRATION

a. Any dispute between the Global Fund and the Principal Recipient arising out of or relating to this Agreement that is not settled amicably shall be submitted to arbitration at the request of either Party. The arbitration shall be conducted in accordance with UNCITRAL Arbitration Rules as at present in force. The Global Fund and the Principal Recipient agree to be bound by the arbitration award rendered in accordance with such arbitration, as the final adjudication of any such dispute, controversy, or claim.

b. For any dispute for which the amount at issue is 100,000 United States dollars or less, there shall be one arbitrator.

c. For any dispute for which the amount at issue is greater than 100,000 United States dollars, there shall be three arbitrators appointed as follows: The Global Fund and the Principal Recipient shall each appoint one arbitrator, and the two arbitrators so appointed shall jointly appoint a third who shall be the chairperson.

Article 27. CONFLICTS OF INTEREST; ANTI-CORRUPTION

a. The Parties agree that it is important to take all necessary precautions to avoid conflicts of interest and corrupt practices. To this end, the Principal Recipient shall maintain standards of conduct that govern the performance of its staff, including the prohibition of conflicts of interest and corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual.

b. No person affiliated with the Principal Recipient (staff, individual contractors, counterpart government officials) shall participate in the selection, award or administration of a contract, grant or other benefit or transaction funded by the Grant, in which the person, members of the person's immediate family or his or her business partners, or organizations controlled by or substantially involving such person, has or have a financial interest. No person affiliated with the Principal Recipient (staff, individual contractors, counterpart government officials) shall participate in such transactions involving organizations or entities with which or whom that person is negotiating or has any arrangement concerning prospective employment. Persons affiliated with the Principal Recipient (staff, individual contractors, counterpart government officials) shall not solicit gratuities, favors or gifts from contractors or potential contractors.

c. If the Principal Recipient has knowledge or becomes aware of any actual, apparent or potential conflict between the financial interests of any person affiliated with the Principal Recipient, the Country Coordinating Mechanism, the LFA, or the Global Fund and that person’s duties with respect to the implementation of the Program, the Principal Recipient shall immediately disclose the actual, apparent or potential conflict of interest directly to the Global Fund.

d. The Global Fund and the Principal Recipient shall neither offer a third person nor seek, accept or be promised directly or indirectly for themselves or for another person or entity any gift or benefit that would or could be construed as an illegal or corrupt practice

Article 28. PRIVILEGES AND IMMUNITIES

Nothing in or related to this Agreement may be construed as a waiver, express or implied of:

a. the privileges and immunities of the Principal Recipient pursuant to the Convention on the Privileges and Immunities of the Specialized Agencies, approved by the General Assembly of the United Nations on November 21, 1947 or otherwise under any international or national law, convention or agreement; or

b. the privileges and immunities accorded to the Global Fund under (i) international law including international customary law, any international conventions or agreements, (ii) under any national laws including but not limited to the to the United States of America's International Organizations Immunities Act (22 United States Code 288), or (iii) under the Headquarters Agreement between the Global Fund and the Swiss Federal Council dated 13 December 2004.