

**United Nations Development Programme
Country: Kyrgyz Republic
Project Document**

Project Title	UNDP Support to implementation of GFATM AIDS grant funds in the Kyrgyz Republic
Expected Output(s): <i>(Those that will result from the project)</i>	The capacity of Principal Recipient to manage GFATM funds in accordance with international standards and procedures is strengthened to efficiently implement disbursement of GFATM funds
Implementing Agency:	The Republican AIDS Center under the Ministry of Health of the Kyrgyz Republic

Brief Description

Being a low HIV prevalence country the HIV epidemic continues to invade and has reached a concentrated stage among injecting drug users in the south of the country. During the last six years, the number of officially registered HIV cases has increased by almost 6 times and became 2,031 cases as of 1 January 2009. The Kyrgyz Republic is characterized by strong political commitment to fight further spread of HIV. The Government initiated and supported complex measures to respond to HIV epidemic, since the first case was registered in 1996. In 2005 the second law on "HIV/AIDS in the Kyrgyz Republic" was adopted. The Third State Programme on prevention of HIV epidemic and its socio-economic consequences in the Kyrgyz Republic was developed and approved in 2006 until 2010.

In May 2008 the Government of KR signed Program Grant Agreement with GFATM, named "Increasing universal access to prevention, detection, treatment, care and support for key population groups in the Kyrgyz Republic". The main goal of the country proposal is: "Increasing the effectiveness of national measures in the area of HIV by expanding the services available to key population groups, as well as comprehensive development of capacity of implementing organizations and vulnerable groups."

UNDP, in keeping with its general mandate and demonstrated expertise in capacity development services, well-resourced regional capacity, in line with the corporate strategic plan aimed at supporting acceleration of GFATM grant funds implementation, and based on its experience supporting the GFATM AIDS Principal Recipient, will continue supporting effective implementation of GFATM AIDS grant funds grants in the Kyrgyz Republic through provision of capacity development, fiduciary services and other support to Republican AIDS Center to ensure effective implementation of GFATM grant funds.

Project Period:	2009-2010*
Start date:	1 January 2009
End Date	31 December 2010
* duration is subject to extension	

Total budget USD:	11,895,090**
o Government	11,845,090
o GMS	3%
o UNDP	50,000
** amount is subject to review	

Agreed by (Implementing Partner):



Agreed by (UNDP):

N. Akhmatshina



I. SITUATION ANALYSIS

According to official statistics, HIV prevalence rate is 36 per 100,000 of population in the Kyrgyz Republic. Being a low HIV prevalence country the HIV epidemic continues to invade and it has reached a concentrated stage among injecting drug users (IDU) in the south of the country. During the last six years, the number of officially registered HIV cases has increased by almost 6 times and became 2,031 cases by 1 January 2009. However, WHO estimates the real number of people living with HIV to be significantly higher - at least 4,500. By 2012 the number of PLHIV could reach 9,600. As of October 1st 2008, 73.8% of people living with HIV (PLHIV) are 20-39 years old and 70 % of them being IDUs; 7.5% of PLHIV are 0-14 years old. According to the latest sentinel surveillance data, HIV epidemic is at the concentrated stage due to the growth of prevalence rate equal to 7.4% among injecting drug users. Even though the major HIV transmission mode is injecting drug use (68%), the number of HIV-infected women and children is growing, suggesting a migration of epidemic from drug users to the general population. The share of women living with HIV out of total number of PLHIV has grown from 9,5% in 2001 to 24.2% in 2008.

Kyrgyzstan has entered into the second, concentrated stage of the epidemic when HIV passes from injecting drug users to the general population through sexual transmission. Unemployment, labor migration, and social breakdown all continue to feed into a situation where vulnerable groups generate income through drug-trafficking and commercial sex. The spread of the epidemic is not likely to decrease without strategic government leadership, partnership building, and strong civil society participation in responding to HIV.

The Kyrgyz Republic is characterized by strong political commitment to fight further spread of HIV. The Government of the country initiated and supported complex measures to respond to HIV epidemic, since the first case was registered in 1996. In 2005 the second law on "HIV/AIDS in the Kyrgyz Republic" was adopted. In 2006 the Third State Programme on HIV/AIDS epidemic prevention and its socio-economic consequences in the Kyrgyz Republic was developed and approved (until 2010). It was developed based on comprehensive assessment of the Second State Programme on AIDS (2000-2005). The assessment highlighted the importance of strengthening governance component of the national response through strengthening multisectoral coordination mechanism. The national response to HIV epidemic is based on multisectoral approach according to the UNAIDS "Three ones" principles (one national strategy, one country coordination mechanism, one monitoring and evaluation system). Activities to overcome the epidemic are conducted by state agencies, civil society organizations, key population at higher risk representatives and people living with HIV.

Although the Law on HIV was adopted in July 2005, in practice it is not always observed. Women are increasingly more vulnerable, and according to National AIDS Center statistics, more women are getting infected, especially in the southern region. There is still high prevalence of risky behaviour. HIV prevention programs are mainly concentrated in the capital, Bishkek, and in the major cities, excluding access to those at oblast, local and rural level. People living with HIV and most at risk populations are discriminated against and stigmatized. Moreover, increased attention should be paid by the government to implementation of the State Strategy and reaching out various sectors and provinces that are part of the State Programme.

Principal Recipient of Global Fund to fight AIDS/TB/Malaria (GFATM)

In August 2003 Programme document KGZ-202-G02-H-00 "Development of preventive programmes on HIV/AIDS, TB and Malaria aimed at reduction of social and economic consequences of their spread" was signed between GFATM and National AIDS Center being the Principal Recipient (PR) of the GFATM grants/AIDS component (GFATM Round 2). The purpose of the Project was maintaining the spread of HIV in the Kyrgyz Republic at the initial stage through targeted interventions among vulnerable groups and organization of support of people living with HIV/AIDS. Following the request of the Government in the letter of First Vice Prime Minister of the Kyrgyz Republic dated 19 September 2003, UNDP has signed a Letter of Agreement for UNDP's support services and a Project Document on 10th of December 2003. The scope of services covered support and capacity development for managerial, administrative, financial and programme capacities related to the management and implementation of the GFATM AIDS grant. Based on the Agreement, the expected outputs were: enabling the PR to meet the conditions precedent to disbursement and the subsequent deadlines set by Global Fund regarding financial management systems, thus allowing for timely disbursement of funds. Also, it was expected that the capacity of the National AIDS Center to manage GFATM funds in accordance with international standards and procedures was strengthened so as not to impede further disbursement of GFATM funds.

With the Round 2 AIDS funds coming to an end in December 2008, the Kyrgyz Republic submitted a country proposal on AIDS component to the Global Fund to Fight AIDS, TB and Malaria in June 2007, and got unconditional approval of USD 28,209,091 for the period 2009 - 2013. As a result, the new Program Grant Agreement between Global Fund to Fight AIDS, TB and Malaria and the Republican AIDS Center was signed (KGZ-708-G05-H, GFATM Round 7) in May 2008. The document is named "Increasing universal access to prevention, detection, treatment, care and support for key population groups in the Kyrgyz Republic". The main goal of the country proposal is: "Increasing the effectiveness of national

measures in the area of HIV by expanding the services available to key population groups, as well as comprehensive development of capacity of implementing organizations and vulnerable groups.”

UNDP and its work with the CMCC and Government on GFATM implementation

An original UNAIDS Cosponsor, UNDP is the UN’s development network. UNDP works on the ground in 166 countries to build national capacities and assist countries in addressing challenges to development. UNDP Resident Representative functions as the UN Resident Coordinator, helping promote strategic coherence and effectiveness of the entire UN system’s country-level efforts. Through its support to major resource platforms in the region, especially the GFATM, UNDP provides national partners with a vehicle for strengthening existing national structures and partnerships. In accordance with UNDP Strategic Plan 2008-2011, UNDP has an increased role in accelerating implementation of GFATM grants and an increased capacity building role in strengthening the governance component of national AIDS response. Moreover, UNDP globally has an extensive experience working with GFATM. Since 2003, following the Government’s request, UNDP Kyrgyz Republic has supported the Republican AIDS Center in implementation of the GFATM grant funds. UNDP Kyrgyz Republic is also well represented at CMCC through UN Theme Group on HIV/AIDS and in its technical sectors through UNDP’s technical personnel.

UNDP Programme “Support to the Government to Respond to HIV” supports the Government in strengthening contributions of relevant actors to human development dimension of the national HIV response within UNAIDS Three Ones Principles by reducing vulnerability to HIV, strengthening the governance component of the national HIV response and mainstreaming AIDS issues in the national development policies. The Programme is focused on strengthening national ownership and aimed at sustainability of outputs (2008-10). UNDP supports Government, ministries, CMCC, its secretariat and structures in capacity development and provision of technical assistance, aimed at strengthening multisectoral response to HIV epidemic through increasing national capacity, strengthening political leadership, commitment and partnership. Capacity building efforts also target key actors and groups through their engagement in effective planning, implementation and oversight of the national response to HIV.

II. STRATEGY

In order to effectively address the country’s AIDS response and implement the large GFATM AIDS grant, the Principal Recipient needs support in strengthening its capacities for financial accounting, project management, and disbursement and procurement arrangements. The Republican AIDS Center and UNDP Kyrgyz Republic have had strong and successful experience in implementation of the GF AIDS 2nd Round grant funds. On 6 August 2008 UNDP has received an official letter from the Prime Minister of the Kyrgyz Republic, offering continuation of UNDP’s support to implementation of GFATM funds taking into account the long term and successful experience of UNDP in supporting the implementation of GF grant funds in the aspects of fiduciary, administrative and financial management. UNDP Kyrgyz Republic in accordance with its general mandate for capacity development, demonstrated expertise in supporting implementation of the project funded by GFATM, and well-resourced regional capacity, will continue supporting the Government of the Kyrgyz Republic in implementation of the GFATM AIDS grant funds.

UNDP capacity building and implementation support services

Capacity development has proved to be indispensable and inseparable condition for a successful and sustainable project, therefore, UNDP Kyrgyz Republic country office will ensure that the capacity of Principal Recipient is strengthened to enable it to carry out such implementation activities directly in the future.

UNDP country office will provide support services (procurement, administrative, financial and human resources) to the Principal Recipient and its’ sub-recipients for management and implementation of the GFATM AIDS funds. These services are defined in Annex 1 hereto which constitutes an integral part of this document. The scope of services covers support and capacity development for managerial, procurement, financial, human resources, and project management capacities related to the management and implementation of the GF grant. Areas of support and capacity building include:

- Financial management systems;
- Procurement;
- Human resources management;
- Project management

The procurement of goods and services, the recruitment of project personnel made by the UNDP country office at the request of the Principal Recipient shall follow UNDP’s rules and regulations, which are based on international recognized standards in respective fields, and following the relevant provisions of the Grant Agreement signed between the Principal Recipient and the Global Fund to Fight AIDS, TB and Malaria in May 2008.

a) Financial management:

- Develop capacities of respective PIU staff in financial management following internationally recognized standards;
- Keep separate financial records for the GFATM grant funds and provide regular financial reports on funds advanced to UNDP;
- Process payments on the basis of requests for direct payment signed by authorized representative of GF PR with properly prepared supporting documents;
- Provide support in project financial planning and budgeting upon request of PR;
- Ensure timely preparation of requests to PR for replenishment of advance funds making sure that adequate funds are available to cover necessary expenditures under this project document;
- UNDP is neither accountable nor legally liable for the use of the funds disbursed from the account at Principal Recipient's request;

b) Procurement

- Develop capacities of respective PIU staff in procurement management following internationally recognized standards;
- Provide procurement support for project activities covered under this document upon request of PR as per Annex 1;
- Provide quarterly reporting on all procurement done by UNDP under this document if requested by PR.
- UNDP is neither accountable nor legally liable for the procurement done by PR as per procurement procedures outlined in the GF Grant Agreement
- In case UNDP is requested by PR to do the procurement of goods and services then UNDP rules and regulations apply

c) Human Resources (HR) management

- Develop capacities of respective PIU staff in human resources management following internationally recognized standards;
- Provide HR support for project activities covered under this document upon request of PR as per Annex 3
- Provide quarterly reporting on all recruitments done by UNDP under this document upon request of PR.

d) Project Management

- Develop capacities of respective PIU staff in project management following internationally recognized standards;
- Provide project management support for project activities covered under this document upon request of PR as per Annex 3.

III. Project Results and Resources Framework:

Based on the strategy for programme implementation described above, the scope of current project will be to cover support services and capacity development activities for managerial, administrative, financial and project management capacities of the Principal Recipient related to the management and implementation of the GFATM AIDS grant. Areas of support and capacity building by UNDP Kyrgyz Republic to the Principal Recipient of the GFATM AIDS grant include the following:

- management systems and operations
- human resources management
- financial management systems
- procurement based on international procurement principles
- project management

Expected outcomes

UNDP's support aims at enabling the Principal Recipient to meet the conditions precedent to disbursement and the subsequent deadlines set by the Global Fund regarding project management, financial management, procurement and HR management systems, thus allowing for timely and effective disbursement of funds. The capacity of PR to manage GFATM funds in accordance with international standards and procedures will be strengthened, and will not impede further disbursement by the GFATM.

Expected project outputs:

- 1) Capacity of the Principal Recipient in implementation of the GFATM grants in accordance with the international standards strengthened;
- 2) Fiduciary services provided to the Principal Recipient of the GFATM AIDS grant in accordance with UNDP rules and regulations based on international standards.

III. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome:
GFATM AIDS PIU staff have the necessary capacities to manage, implement and disburse GFATM AIDS grant funds timely and effectively following the international standards.

Applicable intended outcome (from 2008-11 Strategic Plan): Accelerated implementation of AIDS funds and programmes financed through multilateral funding initiatives, including the Global Fund to fight AIDS, Tuberculosis, and Malaria

Partnership Strategy: Republican AIDS Center, Government's Office, CMCC, WHO, UNAIDS, UN Agencies, other AIDS actors

Project title and ID (ATLAS Award ID):

INTENDED OUTPUTS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Output 1 Capacity of the Principal Recipient in implementation of the GFATM grants in accordance with the international standards strengthened;</p> <p>Baseline: Limited capacity of Principal Recipient of GFATM AIDS grant to implement the project in accordance with international standards</p> <p>Indicators: # of GFATM PR AIDS PIU staff trained to operate project, financial, procurement, human resources management in accordance with the international standards;</p>	<p>Activity Result 1: GFATM PR AIDS PIU staff capacity in project management, finance, procurement and HR are built:</p> <ul style="list-style-type: none"> ▪ Capacity needs assessment is conducted ▪ Functional analysis is conducted ▪ Training and capacity development plan is prepared ▪ Trainings are conducted 	<p>UNDP, GFATM, GFATM AIDS PR</p>	<p>Contractual consulting services, staff time, research USD 50,000</p>
<p>Output 2 Fiduciary services provided to the Principal Recipient of the GFATM AIDS grant in accordance with UNDP rules and regulations based on international standards</p> <p>Baseline: Republican AIDS Center requested UNDP to provide fiduciary services to GFATM AIDS grant Principal Recipient</p> <p>Indicators: # of requests from the PR to UNDP on services provision; # of services provided by UNDP to PR in accordance with UNDP rules and regulations;</p>	<p>Activity Result 2: Fiduciary services are provided in accordance with UNDP rules and regulations based on international standards:</p> <ul style="list-style-type: none"> ▪ Financial requests are processed ▪ Procurement requests are processed ▪ Human Resources requests are processed 	<p>UNDP, GFATM, GFATM AIDS PR</p>	<p>Staff time, USD 11,845,090</p>

IV. MANAGEMENT ARRANGEMENTS

1. The Principal Recipient is responsible for management and implementation of the GF grant and for achievement of the Project results.
2. The PR acts on behalf of and reports to the Country Coordinating Mechanism and is accountable to the GFATM for the GFATM grant implementation as it is stipulated in the *Programme Grant Agreement between The Global Fund to Fight AIDS, Tuberculosis and Malaria and the Republican AIDS Center signed (KGZ-708-G05-H, GFATM Round 7) in May 2008*;
3. Upon request from the PR, UNDP will support the Principal Recipient in implementation of the GF grant funds through offering capacity development and fiduciary services in procurement, finance and human resources which would open UNDP's worldwide experience.
4. UNDP will put a separate Finance Assistant to support PR in effective implementation of GF grant funds. UNDP may put additional UNDP recruited procurement and technical specialists to support PR in managing and implementation of GFATM grants.
5. When providing services to the Principal Recipient and its sub-recipients for implementation of the GFATM grant UNDP will operate based on the Government Cost Sharing Agreement and Letter of Agreement on provision of support services, signed between the Principal Recipient and UNDP, and serving an integral part of this document (Annex 1 and 2 of this Project Document).
6. The schedule of payments and UNDP bank account details are outlined in the Cost Sharing Agreement.
7. UNDP Kyrgyz Republic will cooperate closely with Local Fund Agent and support PR in following up the Local Fund Agent's recommendations from the capacity development perspective.
8. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform Implementing Partner with a view to determining whether any further financing could be provided by the Implementing Partner. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP. All financial accounts and statements shall be expressed in United States dollars. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. Implementing Partner shall use its best endeavours to obtain the additional funds required. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required is not forthcoming from the Implementing Partner or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.
9. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with provisions in enclosed Cost Sharing Agreement, Annex 1, Article1, para 6.
10. In accordance with the decisions and directives of UNDP's Executive Board:
The contribution shall be charged:
 - (a) 3% cost recovery for the provision of general management support (GMS) by UNDP headquarters and country office;
 - (b) Direct cost for implementation support services (ISS) provided by UNDP.The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP."

V. MONITORING AND EVALUATION FRAMEWORK

Monitoring and Evaluation – The Project will be subject to quarterly reviews following the provisions in the Programme Grant Agreement signed between GFATM and Republican AIDS Center in May 2008.

VI. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Programme Document as referred to in the SBAA and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999).

The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document”

VII. ANNEXES

1. Annex 1 Government Cost Sharing Agreement between the United Nations Development Programme and the Republican AIDS Center
2. Annex 2 Standard Letter of Agreement between the Government of the KR and UNDP on provision of support services
3. Annex 3 Description of Country Office Support Services
4. Annex 4 Budget of the Project and Annual Workplan

VIII. LIST OF ACRONYMS

HIV/AIDS	Human Immunodeficiency Virus/Acute Immunodeficiency Syndrome
GFATM	Global Fund to Fight AIDS, TB and Malaria
PR	Principal Recipient
WHO	World Health Organization
PIU	Project Implementation Unit
UN	The United Nations
UNAIDS	Joint UN Programme on AIDS
UNDP	United Nations Development Programme
CMCC	Country Multisectoral Coordination Committee
CPAP	Country Programme Action Plan
LFA	Local Fund Agent
SBAA	Standard Basic Assistance Agreement

**AGREEMENT BETWEEN THE UNITED NATIONS DEVELOPMENT PROGRAMME AND
THE REPUBLICAN AIDS CENTER**

WHEREAS the United Nations Development Programme (hereinafter referred to as "UNDP") and the Republican AIDS Center (hereinafter referred to as the "Republican AIDS Center") have agreed to co-operate in the implementation of a Project "UNDP Support to implementation of GFATM AIDS grant funds in the Kyrgyz Republic" (hereinafter referred to as "the Project ");

WHEREAS the Republican AIDS Center has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to the UNDP on a cost-sharing basis to increase the resources available for the Project;

WHEREAS UNDP shall designate an executing entity or implementing partner for the implementation of each project financed from the contribution (hereinafter referred to as "the Executing Agency/ Implementing Partner")

NOW THEREFORE, UNDP and the Republican AIDS Center hereby agree as follows:

Article I

1. The Republican AIDS Center shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP the contribution of **11,845,090** US Dollars (Eleven Million Eight Hundred and Forty Five Thousand and 90 United States dollars only). The above amount is payable in instalments and in advance of implementation of the planned activities.
2. The Republican AIDS Center upon receipt of each tranche of grant funds to its account, shall transfer the funds with immediate effect to UNDP country office account at the following bank information:

UNDP Representative in Kyrgyzstan
Account 3752174485
Bank of America
1401 Elm Street
Dallas, Texas 75283-2406
SWIFT Code: BOFAUS3N

3. All financial accounts and statements shall be expressed in United States dollars.
4. UNDP may agree to accept contribution-payments in a currency other than United States dollars provided such currency is fully convertible or readily usable by UNDP and subject to the provisions of paragraph 5, below. Any change in the currency of contribution--payments shall be made only in agreement with UNDP Kyrgyz Republic.
5. The value of a contribution-payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by UNDP of the contribution-payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Republican AIDS Center with a view to determining whether any further financing could be provided by the Republican AIDS Center. Should such further financing not be available, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.
6. Any interest earned on the funds on UNDP's account will be transferred to the Principal Recipient's account on a yearly basis, following the abstract of the Program Grant Agreement between the Principal Recipient and the Global Fund to Fight AIDS, TB and Malaria.

Article II

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution shall be charged

a fee equal to 3%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of executing entity or implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.

2. The aggregate of the amounts budgeted for the project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the project under this Agreement as well as funds which may be available to the project for project costs and for support costs under other sources of financing.

Article III

1. The contribution shall be administered by the UNDP in accordance with UNDP regulations, rules and directives, applying its normal procedures for the execution of its projects.
2. Project management and expenditures shall be governed by the regulations, rules and directives of UNDP and, where applicable, the regulations, rules and directives of the Executing Entity/Implementing Partner.

Article IV

1. The implementation of the responsibilities of the UNDP and of the Executing Agency/Implementing Partner pursuant to this Agreement and the relevant project document shall be dependent on receipt by the UNDP of the contribution in accordance with the schedule of payments set out in Article I, paragraph 2, above.
2. If unforeseen increases in expenditures or commitments are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) UNDP shall submit to the Republican AIDS Center on a timely basis a supplementary estimate showing the further financing that will be necessary. The Republican AIDS Center shall use its best endeavours to obtain the additional funds required.
3. If the contribution-payments referred to in Article I, paragraph 2, above, are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2, above, is not forthcoming from the Republican AIDS Center or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

Article V

Ownership of equipment, supplies and other property financed from the contribution shall vest with the Principal Recipient.

Article VI

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

Article VII

UNDP shall provide the Republican AIDS Center with financial and other reports prepared in accordance with UNDP reporting procedures upon request.

Article VIII

1. UNDP shall notify the Republican AIDS Center when all activities relating to the contribution have been completed.
2. Notwithstanding the completion of all activities relating to the contribution, UNDP shall continue to hold unutilized contribution-payments until all commitments and liabilities incurred in implementation of the activities finance by the contribution have been satisfied and these activities brought to an orderly conclusion.
3. If the unutilized contribution-payments prove insufficient to meet such commitments and liabilities, UNDP shall notify the Republican AIDS Center and consult with the Republican AIDS Center on the manner in which such commitments and liabilities may be satisfied.
4. Any contribution-payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Republican AIDS Center.

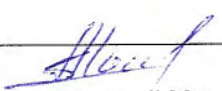
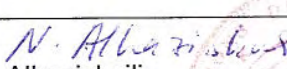
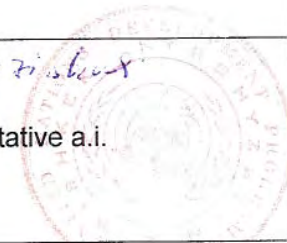
Article IX

1. After consultations have taken place between the two Parties to this Agreement and provided that the contribution-payments already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project, this Agreement may be terminated by UNDP or by the Republican AIDS Center. The Agreement shall cease to be in force thirty days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Agreement.
2. If the unutilized contribution-payments, together with other funds available to the Project, are insufficient to meet such commitments and liabilities, UNDP shall notify the Republican AIDS Center and consult with the Republican AIDS Center on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized contribution-payments until all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion.
4. Any contribution-payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Republican AIDS Center.

Article X

This Agreement shall enter into force upon signature and deposit by the Republican AIDS Center of the first contribution-payment to be made by the Republican AIDS Center in accordance with the schedule of payments set out in Article I, paragraph 2 of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English and Russian languages in two copies. In case of disputes, the English version serves as a basis for settlement.

For the Republican AIDS Center:	For the United Nations Development Programme
(Signature)  Name: Mamatov Sagynali Murzaevich Title: Director Date: 31.12.2008 r. Place:	(Signature)  Name: Nato Alhazishvili Title: Resident Representative a.i. Date: 12.01.09 Place: 

STANDARD LETTER OF AGREEMENT BETWEEN UNDP AND THE GOVERNMENT FOR THE PROVISION OF SUPPORT SERVICES

HOW TO USE THIS LETTER OF AGREEMENT

- This agreement is used to provide appropriate legal coverage when the UNDP country office provides support services under national execution.
- This agreement must be signed by a governmental body or official authorised to confer full legal coverage on UNDP. The UNDP country office must verify that the government signatory has been properly authorised to confer immunities and privileges.
- A copy of the signed standard letter will be attached to each PSD and project document requiring such support services. When doing this, the UNDP country office completes the attachment to the standard letter on the nature and scope of the services and the responsibilities of the parties involved for that specific PSD/project document.
- The UNDP country office prepares the letter of agreement and consults with the regional bureau in case either of the parties wishes to modify the standard text. After signature by the authority authorised to confer immunities and privileges to UNDP, the government keeps one original and the UNDP country office the other original. A copy of the agreement should be provided to UNDP headquarters (BOM/OLPS) and the regional bureau.

Dear Mr. Mamatov,

1. Reference is made to consultations between officials of the Government of Kyrgyz Republic (hereinafter referred to as “the Government”) and officials of UNDP with respect to the provision of support services by the UNDP country office for nationally managed programmes and projects. UNDP and the Government hereby agree that the UNDP country office may provide such support services at the request of the Government through its institution designated in the relevant programme support document or project document, as described below.

2. The UNDP country office may provide support services for assistance with reporting requirements and direct payment. In providing such support services, the UNDP country office shall ensure that the capacity of the Government-designated institution is strengthened to enable it to carry out such activities directly. The costs incurred by the UNDP country office in providing such support services shall be recovered from the budget of the Global Fund Principal Recipient.

3. The UNDP country office may provide, at the request of the designated institution, the following support services for the activities of the project:

- Capacity development;
- Financial management systems;
- Procurement;
- Human resources management.

4. The procurement of goods and services and the recruitment of project personnel by the UNDP country office shall be in accordance with the UNDP regulations, rules, policies and procedures. Support services described in paragraph 3 above shall be detailed in an annex to the project document. If the requirements for support services by the country office change during the life of a project, the annex to the project document is revised with the mutual agreement of the UNDP Resident Representative and the designated institution.

5. The relevant provisions of the Standard basic assistance agreement between the Government of Kyrgyz Republic and the United Nations Development Programme dated 14 September 1992 (the “SBAA”), including the provisions on liability and privileges and immunities, shall apply to the provision of such support services. The Government shall retain overall responsibility for the nationally managed project through its designated institution. The responsibility of the UNDP country office for

the provision of the support services described herein shall be limited to the provision of such support services detailed in the annex to the project document.

6. Any claim or dispute arising under or in connection with the provision of support services by the UNDP country office in accordance with this letter shall be handled pursuant to the relevant provisions of the Standard Basic Assistance Agreement (SBAA).

7. The manner and method of cost-recovery by the UNDP country office in providing the support services described in paragraph 3 above shall be specified in the annex to the project document.

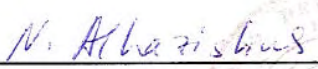
8. The UNDP country office shall submit progress reports on the support services provided and shall report on the costs reimbursed in providing such services, as may be required.

9. Any modification of the present arrangements shall be effected by mutual written agreement of the parties hereto.

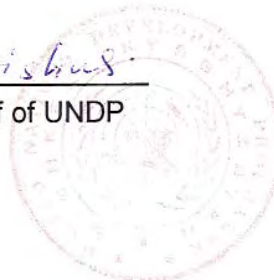
10. If you are in agreement with the provisions set forth above, please sign and return to this office two signed copies of this letter. Upon your signature, this letter shall constitute an agreement between your Government and UNDP on the terms and conditions for the provision of support services by the UNDP country office for nationally managed programmes and projects.

Yours sincerely,

Ms. Nato Alhazishvili
Resident Representative a.i.



Signed on behalf of UNDP



Mr. Sagynaly Murzaevich Mamatov,
Director, Republican AIDS Center



For the Government

DESCRIPTION OF UNDP COUNTRY OFFICE SUPPORT SERVICES

1. Reference is made to consultations between The Republican AIDS Center, the institution designated by the Government of Kyrgyz Republic and officials of UNDP with respect to the provision of support services by the UNDP country office for the project "UNDP Support to implementation of GFATM AIDS grant funds in the Kyrgyz Republic", "the *Project*".

2. In accordance with the provisions of the letter of agreement for UNDP's support services and project document between UNDP and the Republican AIDS Center signed on ___/___/___, the UNDP country office shall provide support services for the Project as described below.

TABLE 1

HR management of GF AIDS PIU personnel*

GF AIDS PIU	UNDP	Activity
X		Prepare Terms of Reference
	X	Review/revision/clearance of Terms of Reference
X		Place advertisement
X	X	Open applications
	X	Arrange shortlisting
X	X	Shortlist
X	X	Prepare questions for written test: <ul style="list-style-type: none"> • Programme related positions; • Operations related positions.
	X	Arrange written test
X	X	Check written test
	X	Arrange interview
X	X	Interview
	X	Prepare Minutes
	X	Approve Minutes
	X	Issue contract
	X	Arrange contract signing
X		Administer contracts (attendance records, annual leaves, etc)
X		Supervise on a daily basis
	X	Payment of remuneration upon written request of PR
X		Evaluate performance
	X	Contract extension/termination upon PR request on the basis of performance evaluation
X	X	Final clearance upon separation/ contract termination

TABLE 2

Procurement of goods when GF AIDS PR is the contract signatory (in accordance with the Procurement Plan approved by GF)

GF AIDS PIU	UNDP	Activity
X		Prepare technical specifications and formally requisite products

	X	Review technical specifications and advise if requested
X		Confirm that products are registered in country
X		Prepare bid documents
	X	Review bid documents and advise if requested
X	X (if UN sources)	Publish bid process in local papers and UN sources (if applicable)
X		Reception of queries and preparation of responses
X		Appointment of the evaluation commission
X		Reception and opening of the offers (formal bid process)
X	X	Evaluation (UNDP CO representative to be an observer of the tender evaluation Committee meetings)
X		
X		Send notification of award
X		Sign contract
X		Clearance of good through customs
X		Receipt and inspection of goods
X		Notification of acceptance of goods
	X	Process payment

Procurement of services when GF AIDS PR is the contract signatory (in accordance with the Procurement Plan approved by GF)

GF AIDS PIU	UNDP	Activity
X		Prepare detailed Terms of Reference (TOR) / Statement of Works (SOW)
	X	Review TOR/SOW and advise if requested
X		Prepare solicitation documents
X	X	Review/clear/approve solicitation documents
X		Advertise
X		Opening of proposals
X	X	Evaluation (UNDP CO representative to be an observer of the tender evaluation Committee meetings)
X		
X		Contract Negotiation
X		Award of contract
X		Sign contract
X		Administer contract
X		Technical supervision and certification
	X	Payment

TABLE 2.1

Procurement of goods when UNDP is the contract signatory (in accordance with UNDP rules and regulations)

GF AIDS PIU	UNDP	Activity
X		Prepare technical specifications
	X	Review technical specifications
X		Confirm that products are registered in country
	X	Prepare solicitation documents
X	X	Publish bid process in <ul style="list-style-type: none"> • local papers; • UN sources (if applicable)
X	X	Receipt of queries and preparation of responses
	X	Appoint the evaluation committee (with participation of GF AIDS PIU)
	X	Receipt and opening of the offers (formal bid process) (with participation of GF AIDS PIU)
	X	Evaluate (with participation of GF AIDS PIU)
	X	Prepare evaluation report
	X	Send notification of award
	X	Sign contract
X		Clearance of good through customs
X		Receipt goods and prepare act of acceptance
	X	Payment

Procurement of services when UNDP is the contract signatory (in accordance with UNDP rules and regulations)

GF AIDS PIU	UNDP	Activity
X		Preparation of detailed TOR/SOW
	X	Preparation of solicitation documents
	X	Review/revise/approve solicitation documents
X		Advertise
	X	Bid opening (with participation of GF AIDS PIU)
	X	Evaluate bids (with participation of GF AIDS PIU)
	X	Contract Negotiation
	X	Award of contract
	X	Sign contract
	X	Administer contract
X		Technical supervision and certification
	X	Payment to supplier

TABLE 3Financial Management

The responsibilities of the GF AIDS PIU and UNDP with respect to accounting and financial administration of the Project shall be as follows

GF AIDS PIU	UNDP	Activity
X		Prepare Annual Workplan as per UNDP format
	X	Create/maintain/manage a separate project in Atlas
X		Review progress against AWP and propose necessary budget revisions
	X	Do budget revisions in Atlas
	X	Process payments (deposits) upon request of PR
	X	Prepare expenditure reports on a monthly basis
	X	Prepare cash balance reports after the month is closed in Atlas on a monthly basis
	X	Prepare annual reports with balances after the year is closed in Atlas
X		Prepare financial statements for audit
	X	Inform on the payments processed on a daily basis by email
	X	Provide copies of bank payment orders for processed payments within the next day
	X	Prepare deposit reports on a quarterly basis (VAT)
	X	Closure of accounts and return of unspent balance

TABLE 4Capacity Development

The responsibilities of the GF AIDS PIU and UNDP with respect to capacity development activities of GF PIU staff shall be as follows:

GF AIDS PIU	UNDP	Activity
X	X	Conduct capacity needs assessment, define capacity development requirements
X	X	Develop capacity building plan in the areas of finance, procurement, human resources and project management
X	X	Implement capacity development activities and events
X	X	Evaluate implementation of capacity development plan