

15. Signed for the Principal Recipient by its Authorized Representative	
_____	Date _____
(Name)	
(Title)	
16. Signed for the Global Fund by its Authorized Representative	
_____	Date _____
Prof. Richard G. A. Feachem	
Executive Director	
17. Acknowledged by the Chair <i>[or alternate]</i> of the Country Coordinating Mechanism <i>[Distinct constituency from that of the Principal Recipient]</i>	
_____	Date _____
(Name)	
(Title)	
(Organization)	
18. Acknowledged by Civil Society Representative of the Country Coordinating Mechanism <i>[Distinct constituency from that of the Principal Recipient and the organization identified in block 17]</i>	
_____	Date _____
(Name)	
(Title)	
(Organization)	
19. Entry into Force: This Agreement, prepared in two originals, shall enter into force on the date of its signature by both the Principal Recipient and the Global Fund, acting through their duly Authorized Representatives identified in blocks 15 and 16 above.	

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 (sometimes hereinafter, the “Global Fund”) and the Principal Recipient identified on the face sheet of this Agreement 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 1B of the face sheet of this Agreement (the “Program”) for the country specified in block 1A 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.”
- 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.
- c. Annex B sets forth, for reference, the proposal on which the Program is based, but does not, by itself, establish commitments by either the Global Fund or the Principal Recipient. To the extent Annex B is inconsistent with any other part of this Agreement, such other part of this Agreement shall govern.

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. 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.
- 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). The Program shall be subject to an interim assessment on the basis of which the Principal

Recipient will prepare and submit to the Global Fund an interim assessment report in accordance with Article 13b(3) below. 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.

Article 4. TAXES AND DUTIES

a. This Agreement and the assistance financed hereunder shall be free from any customs duties, tariffs, import taxes, or other similar levies and taxes (including value-added tax) imposed under laws in effect in the Host Country.

b. If a tax or duty has been levied and paid contrary to the provisions of this Article, the Global Fund may, in its discretion, (1) require the Principal Recipient to refund to the Global Fund or to others as the Global Fund may direct the amount of such tax with funds other than those provided under this Agreement, or (2) offset the amount of such tax from amounts to be disbursed under this or any other agreement between the Global Fund and the Principal Recipient.

c. In the event of a disagreement about the application of an exemption under this Article, the Global Fund and the Principal Recipient agree to promptly meet and resolve such matters, guided by the principle that the assistance furnished by the Global Fund is intended to be free from taxation, so that all of the assistance furnished by the Global Fund will contribute directly to the treatment and prevention of disease in the Host Country.

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 results 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 accounting books, records, documents and other evidence relating to 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 ("Agreement books and records"). The Principal Recipient shall maintain Agreement books and records in accordance with generally accepted accounting standards acceptable in the Host Country or in accordance with other accounting standards that the Global Fund and the Principal Recipient have agreed to in writing in advance. Agreement 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. The Principal Recipient shall have annual financial audits conducted of Program expenditures, except as the Global Fund and the Principal Recipient may otherwise agree in writing. With the concurrence of the Global Fund, the Principal Recipient shall select an independent auditor acceptable to the Global Fund, and the audits shall be performed in accordance with terms of reference acceptable to the Global Fund.

c. Sub-recipient Audits. The Principal Recipient shall ensure the audit of the expenditures of Sub-recipients in accordance with the plan approved by the Global Fund for such audits, unless the Global Fund and the Principal Recipient agree otherwise in writing.

d. Audit Reports. The Principal Recipient shall furnish or cause to be furnished to the Global Fund an audit report for each audit arranged for by the Principal Recipient in accordance with this Article within six months after the end of the period under audit.

e. Audit by the Global Fund. The Global Fund reserves the right, on its own or through an agent, to perform the audits required under this Agreement utilizing Grant funds or other resources available for this purpose, to conduct a financial review, or otherwise to ensure the accountability of Grant funds.

f. Opportunity to Inspect. The Principal Recipient shall afford authorized representatives of the Global Fund and its agents the opportunity at all reasonable times to inspect activities financed by the Grant, the utilization of goods and services financed by the Grant, and Agreement books and records.

g. 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 will specify in Implementation Letters 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 all resources it receives and for the results it and Sub-recipients (if any) are to accomplish. The Principal Recipient shall ensure that all agreements with Sub-recipients are in compliance with this 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, acceptable to the Global Fund, to assess 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.

(3) With respect to Sub-recipients or other third parties that enter into agreements with the Principal Recipient, the Principal Recipient shall remain solely responsible for the actions of such Sub-recipients or other third parties and shall not, under any circumstances, engage the responsibility of the Global Fund.

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 agrees to cooperate fully to permit the LFA to carry out its functions. To this end, the Principal Recipient shall, inter alia, do the following:

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

(b) submit copies of all audit reports to the LFA;

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

(d) allow the LFA to review books and records relating to the Program at the times and places decided by the LFA;

(e) cooperate with the LFA to identify additional training and capacity building that the Principal Recipient may need to implement the Program; and

(f) 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.

(4) The LFA may not amend or otherwise modify the terms of this Agreement.

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 as the Global Fund may specify 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, using the line items set forth in the Program budget in Annex A; and (ii) a description of progress towards achieving the agreed-upon results 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) Interim Assessment Report

Not later than 45 days before the Program Ending Date, the Principal Recipient shall prepare and submit to the Global Fund, in form and substance satisfactory to the Global Fund, an interim assessment report on Program activities to the date of the report.

Article 14. MONITORING

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. If so, the Global Fund will specify, in consultation with the Principal Recipient and the Country Coordinating Mechanism, the terms of reference for the evaluation and an appropriate schedule for conducting it. The Principal Recipient shall require all Sub-recipients to cooperate fully in the execution of the evaluation.

Article 16. DISSEMINATION OF INFORMATION

Either party to this Agreement 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,

1. 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 the requirements (a) through (e) listed below.

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

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

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

(d) 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.

(e) 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.

2. Title to goods or other property financed by the Global Fund under this Agreement shall be in the name of the Principal Recipient or a Sub-recipient or other entity approved by the Principal Recipient.

b. From time to time, the Global Fund may issue Implementation Letters to further advise the Principal Recipient regarding policies applicable to the contracts for goods (including pharmaceutical products) and services using Grant funds.

Article 18. PHARMACEUTICAL AND OTHER HEALTH PRODUCTS

As used in this Agreement, the terms “medicines,” “multisource pharmaceutical product,” and “pharmaceutical products” have the meanings used by the World Health Organization in the “Glossary” of its “Marketing Authorization of Pharmaceutical Products with Special Reference to Multisource (Generic) Products: A Manual for Drug Regulatory Authorities.” The term “health products” includes pharmaceutical products, diagnostic technologies and supplies, bed nets, insecticides, aerial sprays against mosquitoes, other products for prevention (e.g., condoms), or laboratory equipment and supportive products (e.g., microscopes and reagents). When Sub-recipients (instead of or in addition to the Principal Recipient) carry out procurement activities governed by this Article, the Principal Recipient shall perform the functions applicable to the Principal Recipient under this Article or ensure that Sub-recipients perform them.

a. Procurement assessment and procurement 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 approved an assessment of the Principal Recipient's capability to manage such procurement, unless the Global Fund agrees otherwise in writing; 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 and use of the health products that will be procured.

b. List of medicines to be procured

Unless the Global Fund agrees otherwise in writing, the Grant funds must not be used to procure medicines that do not appear in current standard treatment guidelines or essential medicines lists of the World Health Organization, the Host Country government, or the Recipient or Sub-recipient. The relevant standard treatment guidelines or essential medicines lists for the Program must be agreed upon in writing by the Global Fund and the Principal Recipient before medicines may be purchased under this Agreement.

c. Plans for the procurement of medicines and diagnostic technologies and supplies

The Grant must not be used to finance the procurement of medicines unless the Principal Recipient submits to the Global Fund, in form and substance satisfactory to the Global Fund, a plan to procure and use diagnostic technologies and supplies and other major categories of supplies related to the provision of the medicines.

d. Forecasting and inventory management

The Principal Recipient must systematically and regularly update forecasts of the quantities of pharmaceutical and other health products needed for the Program. Initial forecasts for new activities must be based on morbidity, adjusting the potential demand in light of realistic estimates of the anticipated capacity to deliver services. Forecasts for ongoing activities must be based on consumption.

The Principal Recipient must monitor forecasts and regularly compare estimated needs for pharmaceutical and other health products under the Program with actual consumption of such products. The Principal Recipient must report this information to the Global Fund.

The Principal Recipient must develop a plan and information system to minimize the risk that products will be out of stock. Not less frequently than semi-annually, the Principal Recipient must report to the Global Fund how often products are out of stock. The Principal Recipient must establish (or ensure the establishment of) product-specific levels of local buffer stocks and closely monitor them.

e. Procurement responsibilities

Where the Global Fund has determined that the Principal Recipient possesses the requisite procurement capacity, the Principal Recipient will 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. Otherwise, the Principal Recipient must use established regional or international procurement agents or other mechanisms acceptable to the Global Fund.

In all cases, the Principal Recipient is encouraged to use, or cause Sub-recipients to use, capable regional and global procurement services wherever pooling of demand lowers prices for products of assured quality.

f. Procurement practices

The Principal Recipient must ensure that the procurement of pharmaceutical products under the Agreement adheres to the Interagency Operational Principles for Good Pharmaceutical Procurement, unless, in cases where actual practices differ from the Interagency Operational Principles for Good Pharmaceutical Procurement, the Principal Recipient demonstrates, in form and substance satisfactory to the Global Fund, a comparable system of competitive procurement by a group of pre-qualified suppliers, transparency and accountability to their practices, and the application of necessary quality assurance mechanisms.

g. Lowest possible price

The Principal Recipient must use good procurement practices, including competitive purchasing from qualified manufacturers and suppliers, as outlined in item f above, to attain the lowest price of products, consistent with quality assurance.

h. Compliance with quality standards

Pharmaceutical products may be financed under the Agreement only if the quality standards of such pharmaceutical products can be assured. For multisource, off-patent products with available dosage from published pharmacopoeial quality standards, the Principal Recipient may verify compliance with applicable standards in accordance with existing national procedures of the Host Country.

Any single- or limited-source pharmaceutical product (that is, a pharmaceutical product for which there are not publicly available quality assurance standards, analytic methods, and reference standards) must

- (1) be acceptable under the United Nations Pilot Procurement Quality and Sourcing Project initiated by the World Health Organization;
- (2) have been authorized for use by the regulatory authority of
 - (a) a member of the Pharmaceutical Inspection Convention or an entity participating in the Pharmaceutical Inspection Co-operation Scheme or
 - (b) a member of the International Conference on Harmonisation of Technical Requirements for the Registration of Pharmaceuticals for Human Use; or
- (3) until December 31, 2004, have been authorized by the National Drug Regulatory Authority.

After December 31, 2004, all single- or limited-source pharmaceutical products must meet the requirements of either (a) or (b) in the preceding sentence. In all cases, pharmaceutical products financed under the Agreement must satisfy quality standards prescribed from time to time by the Global Fund.

i. National drug registration (must comply with local requirements, if any)

If pharmaceutical products intended for use under the Program require approval by the cognizant national drug regulatory authority in the Host Country (the “National Drug Regulatory Authority”), such pharmaceutical products may be financed under the Agreement only if they have been granted such approval.

j. Monitoring supplier performance

The Principal Recipient must monitor the performance of suppliers with respect to the quality of the goods and services they supply and must submit the information gathered to the Global Fund electronically for publication over the Internet through a mechanism to be established or specified by the Global Fund.

k. Monitoring product quality

The Principal Recipient must systematically ensure that random samples of pharmaceutical products financed under the Agreement are tested for compliance with applicable quality standards. The Global Fund will furnish additional guidance on this matter at a future date. However, in any event, the Principal Recipient must have appropriate monitoring systems in place that are acceptable to the Global Fund or provide for the use of international procurement agencies acceptable to the Global Fund.

l. Supply chain

With regard to the supply chain for pharmaceutical and other health products financed under the Program, the Principal Recipient must seek to ensure optimal reliability, efficiency and security.

m. Avoidance of diversion

The Principal Recipient must 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.

n. Adherence to treatment protocols, drug resistance and adverse effects

The Principal Recipient must implement mechanisms to

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

- (2) monitor and contain drug resistance; and
- (3) monitor adverse drug reactions according to existing international guidelines.

To help limit resistance to second-line tuberculosis drugs 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.

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 may only be used to further the objectives of this Agreement or as the Global Fund may direct in Implementation Letters.

Article 20. EFFECTIVE PERIOD AND 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. Any change to the terms of this Agreement as set forth in blocks 1 through 13 of the face sheet of this Agreement shall be reflected in and accompanied by the execution of an amended face sheet. In the case of blocks 1A and 1B, blocks 4 through 8 and block 10, the amended face sheet must be formally agreed in writing by both the Global Fund and the Principal Recipient. Modifications of blocks 9 and 12 may be issued by the Global Fund based upon notification from the Principal Recipient. Modifications of blocks 2, 11 and 13 may be issued by the Global Fund in its discretion. The Global Fund may modify block 3 to reflect agreed changes to the Agreement (in Annex A, for example).

Article 21. TERMINATION; SUSPENSION

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

b. 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. Any financial or other liability that may arise as a result of the implementation of the Program shall be the responsibility of the Principal Recipient and Sub-recipients.

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 the Global Fund or the Principal Recipient. 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. The place of arbitration shall be Geneva, Switzerland.

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 Principal Recipient shall maintain standards of conduct that shall govern the performance of persons affiliated with the Principal Recipient (for example, directors, officers, employees, or agents) engaged in the award and administration of contracts, grants, or other benefits using Grant funds. No person affiliated with the Principal Recipient 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. Nor shall any person affiliated with the Principal Recipient 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 shall not solicit gratuities, favors or gifts from contractors or potential contractors.

b. 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.

c. 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.

Annex A

Program Implementation Abstract

<i>Country:</i>	Romania
<i>Original Proposal Name:</i>	Rising to the challenges of HIV/AIDS and Tuberculosis: a comprehensive, coordinated multi -sectoral response in Romania
<i>Original Proposal Number:</i>	2351
<i>Grant Program Title:</i>	Rising to the challenges of HIV/AIDS: a comprehensive, coordinated multi-sectored response in Romania
<i>Grant Program Number:</i>	ROM-202-G01-H-00
<i>Disease:</i>	HIV
<i>Principal Recipient:</i>	Ministry of Health and Family

A. Program Description

1. Summary:

The Program will ensure the implementation of essential prevention interventions to reduce transmission of HIV/AIDS. It will strengthen the national systems of healthcare and psychosocial support to reduce the impact of HIV/AIDS on people infected, affected and vulnerable and increase the efficiency of resources for treatment and care. The Program will also develop and strengthen the surveillance and monitoring and evaluation systems for HIV/AIDS and associated risk behaviors. It will promote new partnership in the responses of six ministries, NGOs and donors to support the initial functioning and efforts of the National Inter -Sectoral Commission for HIV/AIDS (hereinafter referred to as the Country Coordinating Mechanism, or CCM).

2. Goal:

To sustainable scale up prevention interventions in priority areas, while strengthening the system of treatment, care, social support and access to services for people living with HIV/AIDS and vulnerable populations.

3. Target Group/Beneficiaries:

- People living with HIV/AIDS
- Young people aged 15 -24
- Children and adolescents attending school
- Institutionalized children
- Vulnerable and disadvantaged groups: commercial sex workers, men having sex with men, intravenous drug users, members of the Roma minority, prisoners and TB patients
- Pregnant women
- Non-governmental and community-based organizations
- Healthcare workers
- Teachers

4. Planned Activities:

- Establishing a system to supervise and monitor program activities
- Conducting a National Campaign on risk assessment and reduction

- Developing and introducing health education into the school curricula
- Training military, police and prison medical personnel to promote safe behavior
- Condom distribution, needle exchange and outreach prevention for commercial sex workers, pimps and clients
- Supporting needle exchange programs for IV drug users
- Increasing access to services for men who have sex with men
- Strengthening prevention interventions for vulnerable communities (street youth, Roma)
- Expanding the model MCTT/congenital syphilis prevention intervention
- Expanding the capacity of Voluntary Counseling and Testing
- Training staff and building the capacity of child protection institutions and facilities
- Conducting IEC campaigns to stimulate voluntary blood donation
- Expanding care and treatment services for people living with HIV/AIDS
- Strengthening the health care system for STIs through training and quality assurance
- Strengthening the health care system and psychosocial support system for drug dependencies through training and institutional capacity building
- Institutionalizing Universal Precautions and PEP
- Integrating social and psychological services into the basic package of services for those infected and affected by HIV/AIDS
- Integrating children living with HIV/AIDS into family or foster care and public schools
- Strengthening the monitoring and surveillance system for HIV/AIDS
- Strengthening the monitoring and surveillance system for STIs
- Developing a system of monitoring and surveillance for drug consumption and abuse

5. Strategies:

- Expansion of model programs, nationwide information, education and communication campaigns, and targeted interventions for vulnerable populations developed within a supportive environment. Special focus will be placed on STIs and the risk behavior associated with IV drug use.
- Establishing and expanding model services and interventions, ensuring human resources and addressing barriers that exist in providing the most cost-efficient and accessible combination of services.
- Building the capacity of the monitoring and surveillance system, initiating second generation surveillance measures and expanding models of data collection, analysis and dissemination.

6. Intended Results

According to Attachment 1 of this Annex A

7. Initial Country Coordinating Mechanism Members:

The composition of the Country Coordinating Mechanism may change from time to time. At the time of the signing of this Agreement, the Country Coordinating Mechanism included

- The Prime Minister's Office
- The Ministry of Health and Family
- The National Union of Associations of People Living with HIV/AIDS
- Institute for the Management of Health Services
- Ministry of Finance
- Ministry of Justice, General Department of Prisons
- Ministry of the Interior
- Health Aid Romania
- Ministry of Labor and Social Solidarity
- Ministry of Public Works, Transport and Housing
- Ministry of Education and Research
- Ministry of Youth and Sports
- General Secretariat of the Government
- National Authority for Child Protection and Adoption
- State Secretariat for Handicapped Persons

- Ministry of National Defense
- Ministry of Public Administration
- Romanian Presidency
- National Health Insurance House
- Romanian Association Against AIDS (NGO)
- Romanian Angel Appeal (NGO)
- Youth for Youth Foundation (NGO)
- Society of Education in Contraception and Sexuality (NGO)
- Save the Children Romania (NGO)
- Population Services International (NGO)
- Romanian Harm Reduction Network (NGO)
- John Snow Research and Training Institute (NGO)
- Bucharest Acceptance Group (NGO)
- Center for Health Policies and Services
- Associazione Voluntari per il Servizio Internazionale (NGO)
- Merck Sharp & Dohme (private sector)
- Glaxo Smith Kline (private sector)
- F. Hoffman La Roche (private sector)
- Bristol Myers Squibb (private sector)
- Boehringer Ingelheim (private sector)
- United States Agency for International Development
- European Union Delegation in Romania
- World Health Organization
- UNICEF
- UNFPA
- UNDP
- World Bank Office in Romania
- UNAIDS

B. Conditions Precedent to Disbursements

1. Conditions Precedent to First Disbursement (Terminal Date as stated in block 6A of the Face Sheet)

Before first disbursement under the Grant, the Principal Recipient will, except as the Global Fund and the Principal Recipient may otherwise agree in writing, furnish to the Global Fund, in form and substance satisfactory to the Global Fund,

a. a statement confirming the bank account into which the Grant funds will be disbursed and from which the Principal Recipient shall draw funds to implement the Program, whereby this bank account will be a separate one, opened exclusively for this grant; and

b. a letter signed by the Authorized Representative of the Principal Recipient setting forth the name, title and authenticated specimen signature of each person authorized to sign disbursement requests under Article 6 of the Standard Terms and Conditions of this Agreement and, in the event a request for disbursement may be signed by more than one person, the conditions under which each may sign; and

c. evidence that the Government of Romania guarantees that all the goods and services imported into or bought within Romania with funds made available under the Grant are exempted from taxes and duties in accordance with Article 4 of this Agreement, in particular from all customs duties, other import taxes and value-added taxes, regardless of whether such goods and services are imported or bought by the Principal Recipient or by Sub-Recipients, and

d. evidence that Non-Governmental Organizations which are non-commercial organizations at the same time, contracted as Sub-Recipients under this agreement, shall be regarded as non-for-profit organizations in any case and shall consequently be exempted from all profit taxes applicable to commercial companies; and

e. evidence that the Project Management Unit may recruit staff and manage funds in accordance with provisions of existing legislation regulating the implementation of multilateral donor projects, but otherwise independent from the Ministry for Health and Family.

2. Conditions Precedent to Second Disbursement (Terminal Date as stated in block 6B of the Face Sheet)

Before second disbursement under the Grant, the Principal Recipient will, except as the Global Fund and the Principal Recipient may otherwise agree in writing, furnish to the Global Fund, in form and substance satisfactory to the Global Fund,

a. evidence by means of an assessment of the Principal Recipient's monitoring and evaluation systems that it can satisfactorily monitor and evaluate activities under this program; and

b. evidence by means of an assessment of the Principal Recipient's institutional and programmatic capacity, that it has the institutional and programmatic capacity to implement this program; and

c. a clear and comprehensive Project Operation Manual, stipulating the internal organization of the Project Management Unit and the management of Sub-Recipients, including the sub-recipients' assessment and selection, disbursements, control and monitoring of their activities, including safeguard of assets in custody. The manual, guidelines and procedures for financing, disbursement, procurement, reporting and control agreed upon between the Principal Recipient and the Global Fund constitute an integral part of this Agreement.

d. evidence that additional key staff has been appointed (at least the Chief Financial Officer and – depending of the needs of the Principal Recipient – two Global Fund Program Coordinators); and

e. evidence that a formal Information Security Policy for the protection of data integrity and confidentiality has been established; and

f. evidence that formal procedures for the identification and resolution of any conflict of interests with related parties have been established.

3. Conditions Precedent to Disbursement for health products (Terminal Date in block 6C of the Face Sheet)

Before disbursement of Grant funds to finance the procurement of health products as defined in Article 18, the Principal Recipient shall, except as the Parties may otherwise agree in writing, furnish to the Global Fund, in form and substance satisfactory to Global Fund,

a. evidence by means of an assessment of the Principal Recipient's procurement and supply management systems that it can satisfactorily undertake the procurement required under the program.

C. Procurement Agency/Agencies to Be Used

To be determined according to the recommendations of the Local Fund Agent's procurement assessment.

D. Essential Medicines List Applicable to the Program:

Not applicable

E. Standard Treatment Guidelines Applicable to the Program

Not applicable.

F. Special Terms and Conditions for this Agreement:

1. The annual report required under Article 13b(2) of this Agreement shall be due not later than 90 (rather than 45) days after the close of each fiscal year of the Principal Recipient, unless the Global Fund and the Principal Recipient agree otherwise in writing,

2. The requirement to submit the Interim Assessment Report under Article 13b(3) of this Agreement is hereby deleted.

3. Unless otherwise agreed upon in writing,

a. the Principal Recipient will transfer approximately 40% (forty per cent) of the grants received from the Global Fund to Non-Governmental Agencies (NGOs), which will be contracted as Sub-Recipients; and

b. the Principal Recipient will provide the Global Fund with the number of Sub-Recipients under this grant by 1 October 2003; and

c. half of these Sub-Recipients will be identified and contracted by 1 October 2003. By 1 December 2003 all Sub-Recipients will be identified and contracted; and

d. contracted Sub-Recipients may immediately receive funding from the Principal Recipient regardless whether the other Sub-Recipients have been identified.

Annex B

Program Proposal *[attached for reference]*