Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

PROGRAM GRANT AGREEMENT FOR SINGLE STREAM OF FUNDING

1. Country: Republic of Moldova		
2. Principal Recipient Name and Address: Public Institution «Coordination, Implementation and Monitoring Unit of the Health System Restructuring Project», 18 A Toma Ciorba str., MD 2004, Chisinau, Republic of Moldova		
3. Program Title: Strengthening Tuberculosis Control in the Republic of Moldova		
4. Grant Number: MOL-S10-G08-T	4A. Modification Number: N/A	
5. Commitment Period 1 October 2010 to 31 December 2012	6. Next Periodic Review Date June 2012	
7A. Condition Precedent Terminal Date: 15 October 2010	7B. Condition Precedent Terminal Date: 31 December 2010	7C. Condition Precedent Terminal Date: N/A
8. Grant Funds: Up to the amount of € 5,894,464 (Five Million Eight Hundred Ninety Four Thousand Four Hundred and Sixty-Four EURO). Grant Funds as indicated above will be committed by the Global Fund to the Principal Recipient in staggered terms as described in Section F of Annex A of this Agreement, involving a First Commitment of € 5,735,129 (Five Million Seven Hundred Thirty-Five Thousand One Hundred and Twenty Nine EURO) and a Second Commitment of € 159,335 (One Hundred Fifty Nine Thousand Three Hundred and Thirty-Five EURO)		
9. Program Coverage: Tuberculosis		
10. Information for Principal Recipient Bank Account into Which Grant Funds Will Be Disbursed: Owner of Bank Account: Account Title: Account number: Bank name: Bank address: Bank SWIFT Code: Bank Code: Routing instructions for disbursements:		
11. The fiscal year of the Principal Recipient is from 1 January to 31 December.		
12. Local Fund Agent: ICS PricewaterhouseCoopers Audit SRL 37 Maria Cibotari Street, 6th Floor, Chisinau MD 2012, Republic of Moldova Tel: + 373 22 23-81-22 Fax: +373 22 23-81-20 Attention: David Trow E-mail: david.trow@ro.pwc.com		
13. Name/Address for Notices to Principal Recipient: Dr. Victor Burinschi TB/AIDS Project Coordinator Public Institution «Coordination, Implementation and Monitoring Unit of the Health System Restructuring Project» 18 A Toma Ciorba str., MD 2004, Chisinau, Republic of Moldova Tel.: + 373 22 233-384 Fax: + 373 22 233-887 E-mail: vburinschi@ucimp.md	14. Name/Address for Notices to Global Fund: Maria Kirova Team Leader a.i., Eastern Europe and Central Asia The Global Fund to Fight AIDS, Tuberculosis and Malaria Chemin de Blandonnet 8 1214 Vernier, Geneva, Switzerland Tel.: +41 58 791 1700 Fax: +41 58 791 1701	
This Agreement consists of the two pages of this face sheet and the following: **Standard Terms and Conditions** **Annex A – Program Implementation Description and the attachments thereto (including the Performance Framework and Summary Budget)**		

15. Signed for the **Principal Recipient** by its Authorized Representative

Date: _____ Signature: _____

Dr. Victor Volovei
Executive Director

16. Signed for the **Global Fund** by its Authorized Representative

Date: _____ Signature: _____

Prof. Michel Kazatchkine
Executive Director

17. Acknowledged by the Chair of the **Country Coordinating Mechanism**

Date: _____ Signature: _____

Prof. Vladimir Hotineanu
Minister of Health
Ministry of Health of the Republic of Moldova

18. Acknowledged by Civil Society Representative of the **Country Coordinating Mechanism**

Date: _____ Signature: _____

Victor Ursu
Executive Director
Soros Foundation Moldova

THIS AGREEMENT is made between the Principal Recipient identified in block 2 of the face sheet of this Agreement (the "Principal Recipient") and The Global Fund to Fight AIDS, Tuberculosis and Malaria, a foundation established under the laws of Switzerland (the "Global Fund"). The Principal Recipient and the Global Fund are referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS:

(a) The Principal Recipient and the Global Fund have entered into the following Program Grant Agreement(s): Program Grant Agreement effective 5 October 2009 with grant number MOL-607-G02-T for a disease program that had a *Phase 2 Starting Date of* 1 October 2009 *and a Phase 2 Ending Date* of 30 September 2012, and a total grant amount of US$ 11,175,507 of which US $ 7,448,651 has been disbursed by the Global Fund to the Principal Recipient up to the starting date of the Commitment Period indicated in block 5 of the face sheet of this Program Grant Agreement for a Single Stream of Funding (as amended from time to time, referred to as the "Original Grant Agreement 1"); Program Grant Agreement effective 26 June 2009 with grant number MOL-809-G04-T for a disease program that had a *Phase 1 Starting Date of* 1 October 2009 *and a Phase 1 Ending Date* of 30 September 2011, and a total grant amount of EUR 3,449,340, of which EUR 2,215,349 has been disbursed by the Global Fund to the Principal Recipient up to the starting date of the Commitment Period indicated in block 5 of the face sheet of this Program Grant Agreement for a Single Stream of Funding (as amended from time to time, referred to as the "Original Grant Agreement 2") (collectively referred to as the "Original Grant Agreements");

(b) The Principal Recipient has also been nominated to be the principal recipient for the Round 9 proposal that has been approved for funding by the Global Fund under the Round 9th call for proposals (the "Round 9 Application");

(c) The Principal Recipient has agreed to consolidate the Original Grant Agreement(s) and the grant approved under the Round 9 Proposal into a single grant under this Agreement and, correspondingly, the program(s) that was funded in the Original Grant Agreement(s) and the one proposed to be supported in the Round 9 Proposal Application will be consolidated into a single stream of funding that is described in Annex A of this Agreement (hereinafter, referred to as the "Program") as of the starting date of the Commitment Period indicated in Block 5 of the face sheet;

(d) The Principal Recipient and the Global Fund wish to amend the Original Grant Agreement(s) in accordance with the terms and conditions set out in this Agreement for the purposes of implementing the above-mentioned grant consolidation;

(e) This Agreement sets out the terms and conditions on which the Global Fund will make available the consolidated grant funds to the Principal Recipient to implement the Program; and

(f) This Agreement is comprised of: (i) the Special Terms and Conditions due to Consolidation and the Standard Terms and Conditions provided below; (ii) the

document entitled "Annex A – Program Implementation Description", attached to this Agreement; and (iii) the documents entitled "Performance Framework Year 1-2: Indicators, Targets and Periods Covered" and "Summary Budget Year 1-2", as attached to Annex A of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and intending to be legally bound, the parties hereby agree to the following terms and conditions:

SPECIAL TERMS AND CONDITIONS DUE TO CONSOLIDATION

(i) The Principal Recipient and the Global Fund agree that the Original Grant Agreements (referred to in the Recitals of this Agreement) shall be amended as follows:

1) the *Phase 1 and Phase 2* Ending Dates specified in Block 6 of the Original Grant Agreements shall be amended so that they end one day prior to the starting date of the Commitment Period;

2) the maximum amount of Grant funds that the Global Fund agreed to provide to the Principal Recipient under the Original Grant Agreement(s) (as specified in block 8 of the face sheet of that agreement) shall be reduced to the amount of funds that have been disbursed by the Global Fund to the Principal Recipient under the Original Agreement(s) one day prior to the starting of the Commitment Period; and

3) the impact, outcome and coverage indicators, intended results and targets specified in the attachment(s) to Annex A of the Original Agreement(s) shall only be applicable up to the starting date of the Commitment Period.

(ii) Prior to or at the time of execution of this Agreement the Global Fund shall deliver to the Principal Recipient written notice enclosing the revised face sheet(s) for the Original Grant Agreement(s) reflecting the amendments agreed in paragraph (i) above and the grant closure letter de-committing undisbursed Grant funds under the Original Grant Agreement(s).

(iii) The Principal Recipient acknowledges and agrees that all funds disbursed by the Global Fund under the Original Grant Agreement(s), and all revenue generated by activities funded under such agreement (including interest), (collectively, "Pre-Single Stream Funds") shall be treated as follows:

1) all such Pre-Single Stream Funds that have been spent or committed by or on behalf of the Principal Recipient prior to the starting date of the Commitment Period shall be subject to, and accounted for under the terms and conditions of the Original Grant Agreement(s) pursuant to which such funds were disbursed or generated; and

2) all such Pre-Single Stream Funds that have not been spent or committed as of the starting date of the Commitment Period shall be subject to, and accounted for under the terms and conditions of this Agreement.

(iv) The Principal Recipient shall ensure that all goods and services procured with funds provided by the Global Fund under the Original Grant Agreement(s), including those procured by Sub-recipients, shall be used solely for the purpose of implementing the Program and shall be subject to the terms and conditions of this Agreement; and

(v) The Principal Recipient acknowledges and agrees that it is bound to perform all of its obligations and liabilities under the Original Grant Agreement(s) that have not been performed to the satisfaction of the Global Fund as of the starting date of the Commitment Period, unless otherwise agreed in writing by the Global Fund.

STANDARD TERMS AND CONDITIONS
(Single Stream of Funding)

Article 1. PURPOSE OF AGREEMENT

This Agreement is between The Global Fund to Fight AIDS, Tuberculosis and Malaria, a foundation established under the laws of Switzerland (the "Global Fund") and the Principal Recipient identified in block 2 of the face sheet of this Agreement. This Agreement defines the terms and conditions under which the Global Fund may provide funding to the Principal Recipient to implement the program whose title is set forth in block 3 of the face sheet of this Agreement (the "Program") for the country specified in block 1 of the face sheet of this Agreement (the "Host Country").

Article 2. IMPLEMENTATION OF THE PROGRAM

(a) PROGRAM DESCRIPTION AND OBJECTIVES

The Principal Recipient shall implement the Program as described in the "Program Implementation Description" included as Annex A of this Agreement. The "Performance Framework(s)" attached to Annex A of this Agreement set forth the main objectives of the Program, key indicators, intended results, targets and reporting periods of the Program. Unless otherwise indicated, the targets set forth in the Performance Framework(s) attached to Annex A of this Agreement are cumulative and do not include the baseline values.

(b) PROGRAM BUDGET

The "Summary Budget(s)" attached to Annex A of this Agreement set(s) out approved expenditures for the Commitment Period indicated in block 5 of the face sheet of this Agreement. The Principal Recipient shall implement the Program in accordance with the Summary Budget(s). Changes to the Summary Budget(s) shall only be made pursuant to written guidelines provided by the Global Fund or as otherwise authorized in writing by the Global Fund.

Article 3. COMMITMENT PERIOD

(a) COMMITMENT PERIOD

The Principal Recipient acknowledges that, as of the effective date of this Agreement (referred to in Article 38 of this Agreement), the Global Fund shall commit funds to the Program under this Agreement, subject to availability of funding, for the period indicated as the Commitment Period in block 5 of the face sheet of this Agreement.

(b) ADDITIONAL COMMITMENTS

The Global Fund may decide, in its sole discretion, to extend the Commitment Period beyond the dates indicated in block 5 of the face sheet of this Agreement, following its review of the performance and financial aspects of the Program which is anticipated to occur on the Next Periodic Review Date indicated in block 6 of the Agreement. Should the Global Fund agree to extend the Commitment Period, it may commit additional funding for the Program (an "Additional Commitment") and the parties shall execute an amendment to this Agreement and the Commitment Period shall be extended accordingly.

Article 4. GRANT FUNDS

The Global Fund hereby grants to the Principal Recipient an amount not to exceed that stated in block 8 of the face sheet of this Agreement (the "Grant"), which may be made available to the Principal Recipient under the terms of this Agreement. The Principal Recipient may only use

Grant funds for Program activities which occur during the Commitment Period or as otherwise agreed in writing by the Global Fund.

Article 5. REPRESENTATIONS AND WARRANTIES OF THE PRINCIPAL RECIPIENT

The Principal Recipient represents and warrants to the Global Fund the following as of the effective date of this Agreement:

(a) LEGAL CAPACITY

The Principal Recipient is a legal entity validly existing under the laws of the jurisdiction in which it was formed.

(b) ENFORCEABILITY

This Agreement has been duly executed and delivered by the Principal Recipient and is enforceable against the Principal Recipient in accordance with its terms.

(c) NECESSARY POWER

The Principal Recipient has all the necessary power, authority and legal capacity to: (i) own its assets; (ii) conduct Program activities; and (iii) enter into this Agreement.

(d) COMPLIANCE WITH LAWS

The Principal Recipient's activities are operated in compliance with Host Country law and other applicable law, including but not limited to intellectual property law. In addition, the Principal Recipient is generally aware that laws exist that prohibit the provision of resources and support to individuals and organizations associated with terrorism and that the European Union, the U.S. Government and the United Nations Security Council have published lists identifying individuals and organizations considered to be associated with terrorism.

(e) NO CLAIMS

There are no claims, investigations or proceedings in progress or pending or threatened against the Principal Recipient which, if determined adversely, would have a material adverse effect on the capacity of Principal Recipient to implement the Program.

(f) ADDITIONALITY

The Grant is in addition to the resources that the Host Country receives from external and domestic sources to fight the disease indicated in block 9 of the face sheet of this Agreement, or, if applicable, health expenditure (if Health Systems Strengthening is indicated in block 9).

(g) NO DOUBLE-FUNDING

The targets set for the Program are made possible by the additional funding provided by the Global Fund under this Agreement. The Principal Recipient is not receiving funding from any other source that duplicates the funding provided under this Agreement.

Article 6. COVENANTS OF THE PRINCIPAL RECIPIENT

The Principal Recipient covenants and agrees with the Global Fund the following during the Commitment Period:

(a) AUTHORITY

The person signing documents related to this Agreement (including any amendments to this Agreement) will have, at the time of such signing, the authority to sign such documents.

(b) NOTICE OF MATERIAL EVENTS

The Principal Recipient shall immediately provide written notice to the Global Fund of any claims, investigations or proceedings which, if determined adversely, could

reasonably be expected to result in a material adverse effect on the ability of the Principal Recipient or any Sub-recipient (as described in Article 14 of this Agreement) to implement the Program or perform any of the other obligations under this Agreement.

(c) CONDUCT OF BUSINESS

The Principal Recipient shall, and shall ensure that each Sub-recipient shall do all the things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses and permits which may be required to implement Program activities for which they are responsible.

(d) COMPLIANCE WITH LAWS

The Principal Recipient shall, and shall ensure that each of its Sub-recipients shall, comply with Host Country law and other applicable law, including but not limited to intellectual property law, when carrying out Program activities.

(e) ADDITIONALITY

The Principal Recipient shall take all actions available to it to ensure that the representation made in Article 5(f) of this Agreement continues to be valid during the Commitment Period.

(f) NOTIFICATION OF ADDITIONAL FUNDING

The Principal Recipient shall provide written notice to the Global Fund of any additional funding received by the Principal Recipient which may require an adjustment to the Program in order to meet its obligations under Article 5(g) of this Agreement.

Article 7. COUNTRY COORDINATING MECHANISM

(a) CCM

The parties acknowledge that the Country Coordinating Mechanism ("CCM") coordinates the submission of proposals to the Global Fund from the Host Country, including any request for an Additional Commitment and monitors the implementation of both Program activities under this Agreement and other programs financed by the Global Fund in the Host Country, if any.

(b) COOPERATION

The Principal Recipient shall cooperate with the CCM and the Global Fund to accomplish the purpose of this Agreement. The Principal Recipient shall be available to meet regularly with the CCM to discuss plans, share information and communicate on matters that relate to the Program. The Principal Recipient shall provide to the CCM, upon request of the CCM, a copy of reports and material information relating to the Program for information purposes. This may include, but is not limited to, Requests for Disbursements, items delivered to fulfill a condition precedent, implementation letters and any amendment to this Agreement. In addition, the Principal Recipient shall assist the CCM in the preparation of any Request for Continued Funding. The Principal Recipient understands that the Global Fund may, in its sole discretion, share information about the Program with the CCM.

Article 8. LOCAL FUND AGENT

(a) LFA

The Global Fund has retained the services of a Local Fund Agent (the "LFA"), as indicated in block 12 of the face sheet of this Agreement, to perform certain functions on behalf of the Global Fund, including:

i. assessment of the capacity of the Principal Recipient to implement the Program and manage Grant funds; and

ii. verification of the Principal Recipient's progress towards the objectives of the Program, use of Grant funds and compliance with the terms and conditions of this Agreement.

(b) COOPERATION

The Principal Recipient shall, and shall ensure that Sub-recipients shall, cooperate fully with the LFA to permit the LFA to carry out its functions. To this end, the Principal Recipient shall, among other things:

i. submit all reports, Requests for Disbursement and other communications required under this Agreement to the Global Fund through the LFA;

ii. submit copies of all audit reports to the LFA;

iii. permit the LFA to perform ad hoc site visits at the times decided by the LFA;

iv. permit the LFA to review Program Books and Records, (as described in Article 13 of this Agreement) at the times and places decided by the LFA;

v. permit the LFA to interview its personnel and personnel of Sub-recipients;

vi. cooperate with the LFA to identify additional training and capacity building that the Principal Recipient and Sub-recipients may need to implement the Program; and

vii. cooperate with the LFA in other ways that the Global Fund may specify.

(c) LFA REPRESENTATIVE

For purposes of this Agreement, the principal representative of the LFA shall be the person named or acting in the position identified in block 12 of the face sheet of this Agreement. The Global Fund may, in its sole discretion, decide to replace the LFA or designate an alternative principal representative of the LFA and shall inform the Principal Recipient accordingly.

Article 9. MANAGEMENT OF GRANT FUNDS

The Principal Recipient shall ensure that all Grant funds are prudently managed and shall take all necessary action to ensure that Grant funds are used solely for Program purposes and consistent with the terms of this Agreement. Accordingly, the Principal Recipient shall use its reasonable efforts to ensure that Grant funds are not used by it or by any Sub-recipient to support or promote violence, to aid terrorists or terrorist-related activity, to conduct money-laundering activities or to fund organizations known to support terrorism or that are involved in money-laundering activities.

Article 10. DISBURSEMENT OF GRANT FUNDS

(a) DISBURSEMENTS

Notwithstanding the disbursement schedule set out in Annex A to this Agreement, the timing and amount of any disbursements of Grant funds shall be determined by the Global Fund in its sole discretion. In particular, unless otherwise agreed the Global Fund will not issue instructions for the first disbursement to be made pursuant to this Grant Agreement any earlier than 21 calendar days before the start date of the Commitment Period set forth in Block 5 of the face sheet of this Agreement, provided however, that the Principal Recipient has complied with the other provisions of this Article as set out below. The Global Fund will not make any disbursement of Grant funds unless:

i. the Principal Recipient has submitted to the Global Fund a Request for Disbursement, signed by the person or persons authorized by the Principal Recipient to do so, in form and substance satisfactory to the Global Fund, at a time acceptable to the Global Fund;

ii. the Global Fund has determined in its sole discretion that funds sufficient to make the disbursement are available to the Global Fund for such purpose at the time of the disbursement;

iii. the Principal Recipient has fulfilled, in form and substance satisfactory to the Global Fund, the conditions precedent to such disbursement or special conditions indicated in Annex A, if any, and within the applicable terminal date indicated on the face sheet of this Agreement or other deadlines noted in the special conditions;

iv. the Principal Recipient demonstrates that the amount requested in its Request for Disbursement is based on its reasonable cash flow needs during the period for which the disbursement is requested;

v. the Principal Recipient has provided to the Global Fund all Programmatic Progress reports referred to in Article 15(b) of this Agreement that were due prior to the date of the Request for Disbursement;

vi. the Principal Recipient demonstrates that it has achieved programmatic results consistent with the targets for indicators set forth in the Performance Framework(s) attached to Annex A of this Agreement during the periods set forth therein and explains any reasons for deviation from targets;

vii. following receipt in the country of Health Products procured using Grant funds, the Principal Recipient has reported the prices and other related supply information required to be reported to the Global Fund in accordance with Article 19(r) of this Agreement using the Price Reporting Mechanism available on the website of the Global Fund or other suitable tool that the Global Fund may make available for this purpose; and

viii. the LFA (referenced in Article 8 of this Agreement) verifies the information provided in the Request for Disbursement.

(b) DEADLINES

If the conditions precedent or special conditions indicated in the Program Implementation Description have not been met by the applicable terminal date or deadline, or if the Principal Recipient fails to achieve the programmatic targets set forth in this Agreement, during the periods set forth therein, the Global Fund may, at any time, and in its sole discretion, terminate or suspend this Agreement by written notice to the Principal Recipient under Article 26 of this Agreement.

(c) COMMITMENT PERIOD

The Global Fund will not authorize disbursement of any Grant funds after the end of the Commitment Period unless the parties amend this Agreement to reflect an approval of an Additional Commitment (as described in Article 3(b) of this Agreement).

Article 11. BANK ACCOUNTS, INTEREST AND OTHER PROGRAM REVENUES

(a) BANK ACCOUNT

The Principal Recipient shall ensure that:

i. Grant funds in the possession of the Principal Recipient or Sub-recipients remain, to the extent practicable, in a bank account which bears interest at a reasonable commercial rate available in the Host Country until they are expended for Program purposes;

ii. Grant funds are deposited in a bank that is fully compliant with all applicable local and international banking standards and regulations, including capital adequacy requirements; and

iii. at all times, Grant funds are held in cash and may be withdrawn at any time, in full, upon demand.

(b) **INTEREST**

Any interest on Grant funds disbursed by the Global Fund to the Principal Recipient under this Agreement or by the Principal Recipient to Sub-recipients shall be accounted for and used solely for Program purposes.

(c) **REVENUES**

Any revenues earned by the Principal Recipient or Sub-recipients from Program activities, including but not limited to revenues from "social marketing" activities, shall be accounted for and used solely for Program purposes.

Article 12. TAXES AND DUTIES

(a) **FREE FROM TAXES**

The Principal Recipient is strongly encouraged to ensure that this Agreement and the purchase of any goods or service using Grant funds by the Principal Recipient and any Sub-recipients shall be free from taxes and duties imposed under laws in effect in the Host Country. The Principal Recipient shall, not later than 90 days after the start of the Commitment Period, inform the Global Fund of the status of the exemption from taxes and duties that may be accorded to assistance under this Agreement.

(b) **REFUND OF TAXES**

If a tax or duty has been levied and paid by the Principal Recipient or Sub-recipient despite the exemption from such tax or duty, the Global Fund may, in its sole discretion, (i) 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 (ii) 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) **RESOLUTION OF TAX ISSUES**

In the event of a disagreement about the application of an exemption that has been granted by the government of the Host Country, the Global Fund and the Principal Recipient shall endeavor promptly to resolve such matters, guided by the principle that the Grant funds are intended to be free from taxation, so that all of the Grant funds provided by the Global Fund shall contribute directly to the treatment and prevention of disease in the Host Country.

Article 13. AUDITS AND RECORDS

(a) **BOOKS AND RECORDS OF THE PRINCIPAL RECIPIENT**

The Principal Recipient shall, and shall ensure that Sub-recipients shall, maintain accounting books, records, documents and other evidence relating to this Agreement, adequate to show, without limitation, all costs incurred and revenues earned by the Principal Recipient for the Program and the overall progress toward completion of the Program ("Program Books and Records"). The Principal Recipient and Sub-recipients shall maintain Program Books and Records in accordance with the generally accepted accounting standards in the Host Country. Program Books and Records must be kept in the possession of the Principal Recipient 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 enquiries, or if required to do so by the Global Fund.

(b) **PRINCIPAL RECIPIENT AUDITS**

The Principal Recipient shall have annual financial audits of Program revenues and expenditures conducted by an independent auditor. The first period under audit shall be the first completed fiscal year of the Principal Recipient (as indicated in Block 11 of the face sheet of this Agreement). However, if the end of the first such fiscal year is less than

six months after the start of the Commitment Period, the first period under audit shall be from the start of the Commitment Period until the end of the second such fiscal year.

(c) **INDEPENDENT AUDITOR**

Not later than three months after the start of the Commitment Period, the Principal Recipient shall notify the Global Fund of the independent auditor that it has selected to perform the annual audits referred to in paragraph (b) of this Article. The final selection of the independent auditor and its terms of reference shall be subject to the approval of the Global Fund and shall occur not later than six months after the start of the Commitment Period.

(d) **SUB-RECIPIENT AUDITS**

The Principal Recipient shall ensure that annual audits of the revenues and expenditures of each Sub-recipient of Grant funds are carried out. In connection with this requirement, the Principal Recipient shall submit to the Global Fund a plan for such Sub-recipient audits no later than six months after the start of the Commitment Period and a copy of all completed Sub-recipient audits. The first period under audit of Sub-recipients shall be not later than the first period of audit applicable under subsection (b) above.

(e) **AUDIT REPORTS**

The Principal Recipient shall provide to the Global Fund an audit report for each audit arranged for by the Principal Recipient or a Sub-recipient in accordance with this Article not later than six months after the period under audit.

(f) **AUDIT BY THE GLOBAL FUND**

The Global Fund reserves the right, on its own or through an agent (utilizing Grant funds or other resources available for this purpose) to perform the audits required under this Agreement and/or, to conduct a financial review, forensic audit or evaluation, or to take any other actions that it deems necessary to ensure the accountability of the Principal Recipient and Sub-recipients for Grant funds and to monitor compliance by the Principal Recipient with the terms of this Agreement. The Principal Recipient shall, and shall ensure that its Sub-recipients, cooperate with the Global Fund and its agents in the conduct of such review, audit, evaluation or other action.

(g) **RIGHT OF ACCESS**

The Principal Recipient shall permit or ensure authorized representatives of the Global Fund, its agents or any other third party authorized by the Global Fund, access at all times to: (i) Program Books and Records or any other documentation related to the Program held by the Principal Recipient; (ii) the premises of the Principal Recipient or any Sub-recipient where the Program Books and Records are kept or Program activities are carried out; (iii) other sites where Program-related documentation is kept or Program activities are carried out; and (iv) all personnel of the Principal Recipient and/or Sub-recipients of Grant Funds. The Principal Recipient shall ensure that its agreements with Sub-recipients include the rights of access of the Global Fund under this sub-section.

(h) **NOTIFICATION**

The Principal Recipient shall notify the Global Fund promptly in writing of any audit or forensic investigation pertaining to operations of the Principal Recipient or of a Sub-recipient.

Article 14. SUB-RECIPIENTS

From time to time, the Principal Recipient may, under this Agreement, provide Grant funds to other entities or make direct payments to third parties on behalf of other entities to carry out Program activities ("Sub-recipients"), provided that the Principal Recipient:

(a) assesses the capacity of each Sub-recipient to implement Program activities and report thereon, makes such assessments available to the Global Fund upon request, and selects

each Sub-recipient based on a positive assessment of that Sub-recipient's capacity to carry out the Program activities that are being assigned to it and in a transparent documented manner;

(b) enters into a grant agreement with each Sub-recipient creating obligations of the Sub-recipient to the Principal Recipient that are generally equivalent to those of the Principal Recipient under this Agreement, and which are designed to facilitate the compliance of the Principal Recipient with the terms of this Agreement. Such obligations shall include, but not be limited to, a requirement that the Sub-recipient employ all Grant funds solely for Program purposes, and use reasonable efforts to ensure that Grant funds are not employed to support or promote violence, to aid terrorists or terrorist related activity, to conduct money-laundering activities or to fund organizations known to support terrorism or that are involved in money-laundering activities;

(c) makes a copy of each Sub-recipient grant agreement available to the Global Fund upon request; and

(d) maintains and complies with a system to monitor the performance of sub-Recipients and assure regular reporting from them in accordance with this Agreement.

The Principal Recipient acknowledges and agrees that providing Grant funds to Sub-recipients or making payments on behalf of Sub-recipients to implement Program activities does not relieve the Principal Recipient of its obligations and liabilities under this Agreement. The Principal Recipient is responsible for the acts and omissions of its Sub-recipients in relation to the Program as if they were the acts and omissions of the Principal Recipient.

Article 15. PROGRAMMATIC PROGRESS REPORTS

(a) PROVISION OF REPORTS

The Principal Recipient shall provide to the Global Fund the reports specified in paragraph (b) of this Article. In addition, the Principal Recipient shall provide to the Global Fund such other information and reports at such times as the Global Fund may request. From time to time, the Global Fund may provide to the Principal Recipient guidance, through postings on the Global Fund's Internet web site or through implementation letters, on the acceptable frequency, form and content of the reports required under this Article. The Principal Recipient shall provide to the CCM a copy of all reports that the Principal Recipient submits to the Global Fund under this Article.

(b) PERIODIC REPORTS:

The Principal Recipient shall, not later than 45 days after the end of each reporting period indicated in Annex A to this Agreement, report on the progress towards Program objectives and targets for that period indicated in Annex A. The Principal Recipient shall submit periodic reports on the form specified in Annex A. For the period in question, the Principal Recipient shall explain in the report any variance between planned and actual achievements and between planned and actual expenditures.

(c) USE OF REPORTS

The Principal Recipient acknowledges and agrees that the Global Fund may release in the public domain reports, in whole or in part, that have been submitted by the Principal Recipient to the Global Fund under this Agreement. The Principal Recipient also acknowledges and agrees that the Global Fund may use, reproduce, modify and/or adapt information and other data contained in such reports for any reason whatsoever.

Article 16. MONITORING AND EVALUATION

The Principal Recipient shall monitor and evaluate the progress of the Program toward its objective, including the activities implemented by Sub-Recipients, in accordance with the monitoring and evaluation plan approved by the Global Fund. The Principal Recipient shall

ensure that it receives quality data regarding such progress and report accurately on the Program results.

Article 17. EVALUATIONS BY THE GLOBAL FUND

The Global Fund may, in its sole discretion, conduct or commission evaluations of the Program, or of specified Program activities, implementing structures or other Program issues. The Global Fund shall specify the terms of reference for any evaluation and an appropriate schedule for conducting it. The Principal Recipient shall, and shall require Sub-recipients to, facilitate the evaluation. Exercise by the Global Fund of this right does not mitigate the obligation of the Principal Recipient to monitor and evaluate the Program.

Article 18. CONTRACTS FOR GOODS AND SERVICES

(a) PROCUREMENT PRACTICES

The Principal Recipient shall keep the Global Fund continuously informed about the policies and practices that it shall use to contract for goods and services under this Agreement. At a minimum, the policies and practices governing all procurement under the Program shall conform to the requirements (i) through (viii) listed below and, where Health Products are being procured, those in Article 19 of this Agreement. The Principal Recipient shall ensure that such policies and practices are followed at all times.

i. Contracts shall be awarded on a transparent and, subject only to established exemptions included in written procurement policies and practices provided to the Global Fund, on a competitive basis.

ii. All solicitations for contract bids must be clearly notified to all prospective bidders, which shall be given a sufficient amount of time to respond to such solicitation.

iii. Solicitations for goods and services shall provide all information necessary for a prospective bidder to prepare a bid and, as such, shall be based upon a clear and accurate description of the proposed terms and conditions of the contract and the goods or services to be acquired.

iv. The conditions of participating in a contract bid shall be limited to those that are essential to ensure the participant's capability to fulfill the contract in question and compliance with domestic procurement laws.

v. Contracts shall be awarded only to responsible contractors that possess the ability to successfully perform the contracts.

vi. 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.

vii. The Principal Recipient and its representatives and agents shall not engage in any of the practices described in Article 21(b) in relation to such procurement.

viii. The Principal Recipient shall maintain records documenting in detail the receipt and use of goods and services acquired under the Agreement by the Principal Recipient, the nature and extent of solicitations of prospective suppliers of goods and services acquired by the Principal Recipient, and the basis of award of Principal Recipient contracts and orders.

(b) SUPPLY CHAIN

The Principal Recipient shall use its best efforts to ensure optimal reliability, efficiency and security with regard to the supply chain for all products purchased with Grant funds.

(c) COMPLIANCE OF SUB-RECIPIENTS

The Principal Recipient shall ensure that Sub-recipients comply with the requirements of this Article when Sub-recipients undertake procurement of goods and services for the Program.

(d) **RECORDING**

The Principal Recipient shall, and shall ensure that Sub-recipients maintain appropriate records of all fixed assets purchased with Grant funds.

(e) **TITLE**

Title to goods or other property financed by the Global Fund under this Agreement ("Program Assets") shall be held by the Principal Recipient or a Sub-recipient or other entity approved by the Principal Recipient, unless the Global Fund directs, at any time in its sole discretion, that title be transferred to the Global Fund or another entity nominated by the Global Fund.

(f) **PROGRAM PURPOSES**

In accordance with Article 9 of this Agreement, the Principal Recipient shall ensure that all goods and services and activities financed with Grant funds, including those procured and implemented by Sub-recipients, are used solely for Program purposes.

Article 19. PHARMACEUTICAL AND OTHER HEALTH PRODUCTS

(a) **DEFINITIONS**

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

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

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

i.

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

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

and

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

(a) the WHO Prequalification Programme;

(b) a Stringent Drug Regulatory Authority;

(c) or a drug regulatory authority participating in the Pharmaceutical Inspection Cooperation Scheme.

ERP Recommendation Period means the period during which an Expert Review Panel recommendation for the use of a particular Finished Pharmaceutical Product remains in full force and effect. If the Expert Review Panel recommends the use of a Finished Pharmaceutical Product, the recommendation shall be valid for an initial period of no more than 12 months or until the Finished Pharmaceutical Product is prequalified by the WHO Prequalification

Programme or authorized for use by a Stringent Drug Regulatory Authority, whichever is earlier. The Global Fund may, in its sole discretion, request the Expert Review Panel to consider extending the ERP Recommendation Period.

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

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

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

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

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

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

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

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

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

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

Stringent Drug Regulatory Authority means a regulatory authority which is (a) a member of the ICH (as specified on its website); or (b) an ICH Observer, being the European Free Trade Association (EFTA), Health Canada and WHO (as may be updated from time to time); or (c) a regulatory authority associated with an ICH member through a legally binding mutual recognition agreement.

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

(b) HEALTH PRODUCT MANAGEMENT ASSESSMENT AND PSM PLAN

Due to the complexity and significant risks of the procurement of Health Products, Grant funds may not be used to finance such procurement until:

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

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

The Global Fund shall advise the Principal Recipient in writing whether it has approved the PSM Plan. The Principal Recipient shall ensure that the procurement and supply

management of Health Products under the Program is carried out in accordance with the approved PSM Plan. The Principal Recipient must submit any proposed changes to the approved PSM Plan to the Global Fund for approval.

(c) LIST OF MEDICINES TO BE PROCURED

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

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

(d) PROCUREMENT RESPONSIBILITIES

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

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

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

(e) PROCUREMENT PRACTICES

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

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

(f) LOWEST POSSIBLE PRICE

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

(g) QUALITY STANDARDS FOR ALL FINISHED PHARMACEUTICAL PRODUCTS

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

(h) ADDITIONAL QUALITY STANDARDS FOR ANTIRETROVIRAL, ANTIMALARIAL AND/OR ANTITUBERCULOSIS FINISHED PHARMACEUTICAL PRODUCTS

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

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

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

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

(i) SELECTION PROCESS FOR PROCURING ANTIRETROVIRAL, ANTIMALARIAL AND/OR ANTITUBERCULOSIS FINISHED PHARMACEUTICAL PRODUCTS

i. If there are two or more Finished Pharmaceutical Products Available for the same Product Formulation that are either prequalified by the WHO Prequalification Programme or authorized for use by a Stringent Drug Regulatory Authority, the Principal Recipient may only use Grant funds to procure a Finished Pharmaceutical Product that meets either of those standards.

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

(j) QUALITY STANDARDS FOR LONG-LASTING INSECTICIDAL MOSQUITO NETS

Grant funds may only be used to procure long-lasting insecticidal mosquito nets that are recommended for use by the WHO Pesticide Evaluation Scheme.

(k) QUALITY STANDARDS FOR ALL OTHER HEALTH PRODUCTS

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

(l) MONITORING SUPPLIER PERFORMANCE

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

(m) MONITORING PRODUCT QUALITY

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

(n) QUALITY CONTROL TESTS OF FINISHED PHARMACEUTICAL PRODUCTS

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

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

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

      (i) Prequalified by WHO Prequalification Programme, or

      (ii) Accredited in accordance with ISO17025; or

   (c) a laboratory contracted by the Global Fund.

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

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

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

(o) SUPPLY CHAIN AND INVENTORY MANAGEMENT

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

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

(p) AVOIDANCE OF DIVERSION

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

(q) ADHERENCE TO TREATMENT PROTOCOLS, DRUG RESISTANCE AND ADVERSE EFFECTS

The Principal Recipient shall implement mechanisms to:

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

ii. ensure prescribers' adherence to agreed treatment guidelines;

iii. monitor and contain drug resistance; and

iv. monitor adverse drug reactions according to existing international guidelines.

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

(r) PRICE AND QUALITY REPORTING

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

(s) AMENDMENTS TO THIS ARTICLE

The Global Fund may, from time to time, change all or part of its policy for procurement of Health Products. Notwithstanding Article 31, these policy changes will be reflected through amendments to this Article which shall apply as of the date specified by the Global Fund. The Global Fund shall provide the Principal Recipient with reasonable notice of these policy changes.

Article 20. INSURANCE AND LIABILITY FOR LOSS, THEFT OR DAMAGE

(a) INSURANCE

The Principal Recipient shall maintain, where available at a reasonable cost, all risk property insurance on Program assets and comprehensive general liability insurance with financially sound and reputable insurance companies. The insurance coverage shall be consistent with that held by similar entities engaged in comparable activities.

(b) RESPONSIBILITY FOR LOSS OR THEFT

The Principal Recipient shall be solely liable for the loss or theft of, or damage to any and all items purchased with Grant funds (including those in the possession of Sub-recipients), and, immediately upon any such loss, theft or damage, shall replace such items at its own expense in compliance with the procurement requirements set forth in Article 18 and Article 19 of this Agreement. In addition, the Principal Recipient shall be solely liable for the loss or theft of any cash in the possession of the Principal Recipient or any of its agents or Sub-recipients and shall have no recourse to the Global Fund for any such loss or theft.

Article 21. CONFLICTS OF INTEREST; ANTI-CORRUPTION; CODE OF CONDUCT FOR SUPPLIERS

(a) STANDARDS OF CONDUCT

The Principal Recipient shall maintain and enforce standards of conduct to govern the performance of persons affiliated with the Principal Recipient or any Sub-recipient (for example, directors, officers, employees or agents) engaged in the award and administration of contracts, grants, or other benefits using Grant funds to ensure that such persons do not engage in any practice set forth in paragraph (b) below.

(b) **NO CORRUPTION**

The Principal Recipient shall not, and shall ensure that no Sub-recipient or person affiliated with the Principal Recipient or any Sub-recipient:

i. participate(s) 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;

ii. participate(s) in transactions involving organizations or entities with which or whom that person is negotiating or has any arrangement concerning prospective employment;

iii. offer(s), give(s), solicit(s) or receive(s), directly or indirectly, gratuities, favors, gifts or anything else of value to influence the action of any person involved in the procurement process or contract execution;

iv. misrepresents or omits facts in order to influence the procurement process or the execution of a contract;

v. engage(s) in a scheme or arrangement between two or more bidders, with or without the knowledge of the Principal Recipient or Sub-recipient, designed to establish bid prices at artificial, non-competitive levels; or

vi. participate(s) in any other practice that is or could be construed as an illegal or corrupt practice in the Host Country.

(c) **DISCLOSURE**

If the Principal Recipient has knowledge or becomes aware of any:

i. actual, apparent or potential conflict between the financial interests of any person affiliated with the Principal Recipient, any Sub-recipient, the CCM, the LFA, or the Global Fund and that person's duties with respect to the implementation of the Program; or

ii. any of the practices listed in paragraph (b) above,

the Principal Recipient shall immediately disclose the actual, apparent or potential conflict of interest directly to the Global Fund.

(d) **CODE OF CONDUCT FOR SUPPLIERS**

The Principal Recipient shall ensure that the Global Fund's Code of Conduct for Suppliers, as amended from time to time, (the "Code of Conduct") shall be communicated to all bidders, suppliers, agents, intermediaries, consultants and contractors (the "Suppliers"). The Principal Recipient acknowledges and agrees that in the event of non-compliance with the Code of Conduct, to be determined by the Global Fund in its sole discretion, the Global Fund reserves the right not to fund the contract between the Principal Recipient and the Supplier or seek the refund of the Grant funds in the event if the payment has already been made to the Supplier.

Article 22. USE OF GLOBAL FUND'S LOGOS OR TRADEMARKS

The Principal Recipient shall not, and shall require that its Sub-recipients do not use the logo or any trademarks of the Global Fund unless the Principal Recipient and its Sub-recipients have respectively executed valid license agreements with the Global Fund for such use.

Article 23. NOVATION; TRANSFER OF PRINCIPAL RECIPIENT

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 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 CCM. The Principal Recipient shall cooperate fully with the Global Fund and the CCM to facilitate the transfer.

Article 24. ADDITIONAL PRINCIPAL RECIPIENTS

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

Article 25. NOTICES

Any notice, request, document, report, or other communication submitted by either the Principal Recipient or the Global Fund, unless this Agreement expressly provides otherwise, shall be sent to the other party's: (i) Authorized Representative noted in block 15 or 16 of the face sheet of this Agreement, as appropriate; or (ii) The Name/Address for Notices noted in block 13 or 14 of the face sheet of this Agreement, as appropriate. All such documents shall be copied to the CCM. 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 12 of the face sheet of this Agreement. All communications under this Agreement shall be in English.

Article 26. TERMINATION; SUSPENSION; EXPIRY OF THE COMMITMENT PERIOD

(a) SOLE DISCRETION OF GLOBAL FUND

The Global Fund may terminate or suspend this Agreement in whole or in part, for any reason to be determined in its sole discretion, 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) PROCEDURES UPON TERMINATION OR THE EXPIRY OF THE COMMITMENT PERIOD

Upon full or partial termination of this Agreement for any reason or the expiry of the Commitment Period, the Principal Recipient shall, among other procedures which may be requested by the Global Fund:

i. immediately return to the Global Fund any Grant funds that have not been expended by the Principal Recipient and Sub-recipients as of the date of the termination notice or the expiry date of the Commitment Period (as applicable), if requested to do so by the Global Fund;

ii. provide to the Global Fund a final audited financial report of the Program;

iii. provide to the Global Fund an inventory of all assets and receivables purchased with Grant funds; and

iv. if so requested by the Global Fund, provide a plan (prepared in consultation with the CCM) for the use of all assets and receivables referred to in sub-paragraph iii. above (the "Close-out Plan"). The Close-out Plan shall be subject to the final approval of the Global Fund.

(c) TRANSFER

Upon the expiry of the Commitment Period or on the earlier termination of this Agreement, the Global Fund may direct, in accordance with Article 18(e) of this Agreement, that title to any Program Asset be transferred to the Global Fund or another entity nominated by the Global Fund.

Article 27. REFUNDS

Notwithstanding the availability or exercise of any other remedies under this Agreement, the Global Fund may require the Principal Recipient to immediately refund to the Global Fund any disbursement of the Grant funds in the currency in which it was disbursed in any of the following circumstances:

(a) this Agreement has been terminated or suspended;

(b) there has been a breach by the Principal Recipient of any provision of this Agreement;

(c) the Global Fund has disbursed an amount to the Principal Recipient in error; or

(d) the Principal Recipient has made a material misrepresentation with respect to any matter related to this Agreement.

Article 28. LIMITS OF GLOBAL FUND LIABILITY

(a) The Global Fund shall be responsible only for performing the obligations that are specifically set forth in this Agreement. Except for those obligations, the Global Fund shall have no liability to the CCM (or any member thereof), the Principal Recipient, Sub-recipients, any employees or any contractor thereof 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 sole responsibility of the Principal Recipient.

(b) The Principal Recipient implements the Program on behalf of the CCM 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. The Principal Recipient shall not, under any circumstances, represent that it is an agent of the Global Fund, and shall take all reasonable precautions to avoid any perception that such relationship exists.

Article 29. INDEMNIFICATION

The Principal Recipient shall defend, indemnify and hold harmless the Global Fund, its directors, officers and employees and any of the Global Fund's agents and contractors from and against (i) any and all losses of the Global Fund, its officers and employees, and (ii) any and all claims, liabilities suits, actions (including charges, disbursements and reasonable fees of counsel), proceedings, damages, expenses and obligations of any kind that may be incurred by the Global Fund or asserted against the Global Fund, its officers and employees, by or on behalf of any person on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Principal Recipient and its agents, employees, Sub-recipients, assignees, transferees, delegees or successors, for which the Principal Recipient retains responsibility.

Article 30. IMPLEMENTATION LETTERS

To assist the Principal Recipient in the implementation of this Agreement, the Global Fund shall issue, from time to time, implementation letters that shall provide additional information and guidance about matters stated in this Agreement.

Article 31. MODIFICATION OR AMENDMENT

No modification of this Agreement shall be valid unless in writing and signed by an authorized representative of the Global Fund and an authorized representative of the Principal Recipient. Any change to the terms of this Agreement shall be made in an implementation letter signed by the parties to this Agreement.

Article 32. DISSEMINATION OF INFORMATION

The Principal Recipient understands that the Global Fund reserves the right to freely publish or disseminate information derived from the implementation of this Program.

Article 33. NONWAIVER OF REMEDIES

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

Article 34. 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 35. ARBITRATION

Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the United Nations Commission on International Trade Law (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 appointment authority for such arbitrator shall be the International Chamber of Commerce International Court of Arbitration. The number of arbitrators shall be three. The place of arbitration shall be Geneva, Switzerland. The language to be used in the arbitral proceedings shall be English.

Article 36. APPLICABLE LAW

This Agreement shall be governed by the UNIDROIT Principles (2004).

Article 37. ENTIRE AGREEMENT

This Agreement and any annexes and attachments hereto constitute the entire agreement between the Parties and set out all the conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any attachments hereto.

Article 38. EFFECTIVE DATE

This Agreement, prepared in two originals, shall become effective 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 of the face sheet of the Agreement.

Article 39. SURVIVAL

(a) All covenants, agreements, representations and warranties made by the Principal Recipient in this Agreement shall be considered to have been relied upon by the Global Fund and shall survive the execution and delivery of this Agreement, regardless of any investigation made by the Global Fund or on its behalf and notwithstanding that the Global Fund may have had notice or knowledge of any fact or incorrect representation or warranty at any time in the Commitment Period, and shall continue in full force and effect until the end of the Commitment Period.

(b) The provisions of Article 6 (Covenants of the Principal Recipient), Article 8 (Local Fund Agent), Article 9 (Management of Grant Funds), paragraphs (a), (f)and (g) of Article 13 (Audits and Records), paragraph (c) of Article 15 (Programmatic Progress Reports),

Article 17 (Evaluations by the Global Fund), Article 18 (Contracts for Goods and Services), Article 19 (Pharmaceutical and Other Health Products), Article 19 (Pharmaceutical and Other Health Products), Article 21 (Conflicts of Interest; Anti-Corruption), Article 27 (Refunds), Article 28 (Limits o Global Fund Liability) and Article 29 (Indemnification) shall survive and remain in full force and effect regardless of the expiry of the Commitment Period or the termination of this Agreement.

Article 40. COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which will constitute one and the same agreement.

Article 41. PRIVILEGES AND IMMUNITIES

(a) Nothing in or related to this Agreement may be construed as a waiver, express or implied, of the privileges and immunities accorded to the Global Fund under (i) international law, including international customary law, any international conventions, treaties or agreements, (ii) any national laws including but not limited to the United States of America's International Organizations Immunities Act (22 United States Code 288), or (iii) under the Headquarters Agreement between the Global Fund and the Swiss Federal Council dated 13 December 2004.

(b) The Principal Recipient will use its best efforts, upon the request of the Global Fund, to secure recognition by the Host Country of the Global Fund as an institution to which the privileges and immunities normally granted to international organizations apply.

Article 42. TRUSTEE

The Global Fund and the International Bank for Reconstruction and Development (the "World Bank") have entered into an agreement 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. All of the obligations of the Global Fund under this Agreement are obligations of the Global Fund and the World Bank has no personal liability for the obligations of the Global Fund under this Agreement.

Article 43. ACRONYMS

If used in this Agreement (including in the Program Implementation Description and any other annex or attachment to this Agreement), the following acronyms have the meanings ascribed to them below:

Acronym	Meaning
ACT	Artemisinin-based combination therapy
AIDS	Acquired immune deficiency syndrome
ANC	Antenatal Clinic
ART	Antiretroviral therapy
ARV	Antiretroviral
BCC	Behavioral change communication
BSS	Behavior Surveillance Survey
CBO	Community-based organization
CHBC	Community Home Based Care
CCM	Country Coordinating Mechanism
CRIS	Country response information system
CSW	Commercial sex worker
CT	Counseling and testing
DDT	Dichlorodiphenyltrichloroethane
DFID	United Kingdom Department for International Development
DHS	Demographic and Health Surveys
DOTS	Directly Observed Treatment, Short Course

DRS	Drug resistance surveillance
DST	Drug susceptibility testing
FBO	Faith-based organization
EML	Essential medicines list
ERP	Expert Review Panel
GLC	Green Light Committee
GMP	Good Manufacturing Practices
GTZ	German Technical Cooperation
HAART	Highly active antiretroviral therapy
HCW	Health care worker
HDI	Human development index
HIS	Health Information System
HIV	Human immunodeficiency virus
HMIS	Health Management Information System
ICH	International Conference on Harmonization of Technical Requirements for the Registration of Pharmaceuticals for Human Use
IDU	Injecting drug user
IEC	Information education and communication
IPT	Intermittent preventive treatment
IRS	Indoor residual spraying
ITN	Insecticide-treated net
KAP	Knowledge, Attitudes and Practices survey
LFA	Local Fund Agent
LLITN	Long-lasting insecticide treated net
MDG	United Nations Millennium Development Goals
MDR	Multi-drug resistant
M&E	Monitoring and Evaluation
MERG	Monitoring and Evaluation Reference Group
MICS	Multi indicator cluster surveys
MoH	Ministry of Health
MSM	Men who have sex with men
NAC	National AIDS Committee
NAP	National AIDS Programme
NDRA	National Drug Regulatory Authority
NGO	Non-governmental organization
NMCP	National malaria control program
NTP	National tuberculosis control program
OI	Opportunistic infection
OVC	Orphans and children made vulnerable by AIDS
PAHO	Pan American Health Organization
PHC	Primary Health Care
PEP	Post-Exposure Prophylaxis
PIC/S	Pharmaceutical Inspection Cooperation Scheme
PMTCT	Prevention of Mother to Child Transmission
PLWHA	Persons living with HIV/AIDS
PPTCT	Prevention of Parent to Child Transmission
PR	Principal Recipient
PSM	Procurement and Supply Management
RBM	Roll Back Malaria
RCM	Regional Coordinating Mechanism
RDT	Rapid diagnostic test
SR	Sub-recipient
STD	Sexually transmitted disease
STG	Standard treatment guidelines
STI	Sexually transmitted infection
TB	Tuberculosis
UNAIDS	Joint United Nations Programme on HIV/AIDS

UNCITRAL	United Nations Commission on International Trade Law
UNDP	United Nations Development Programme
UNESCO	United Nations Educational Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNGASS	United Nations General Assembly Special Session
UNICEF	United Nations Children's Fund
UNIDROIT	International Institute for the Unification of Private Law
USAID	United States Agency for International Development
VCT	Voluntary counseling and testing
WHO	World Health Organization
WHOPES	WHO Pesticide Evaluation Scheme

ANNEX A to the PROGRAM GRANT AGREEMENT

Program Implementation Description

Country:	**Republic of Moldova**
Program Title:	**Strengthening Tuberculosis Control in the Republic of Moldova**
Grant Number:	**MOL-S10-G08-T**
Disease:	**Tuberculosis**
Principal Recipient:	**Public Institution "Coordination, Implementation and Monitoring Unit of the Health System Restructuring Project" (PI "CIMU HSRP")**

Capitalized terms and acronyms used but not defined in this Annex A or the attachments to this Annex A have the meaning given to them in the Standard Terms and Conditions of this Agreement.

In the event of any conflict between the terms of this Annex A and any provision of the Standard Terms and Conditions of this Agreement, the terms of this Annex A shall prevail.

A. PROGRAM DESCRIPTION

1. Background and Summary:

The Republic of Moldova is an Eastern European country in transition with a population of approximately 4.0 million. Tuberculosis (TB) re-emerged as an important public health problem after Moldova's independence in 1991 and its burden remains high. The case notification rate is 141 per 100,000 population (Global Tuberculosis Control: Epidemiology, Strategy, Financing: WHO Report 2009 WHO/HTM/TB/2009.411) and is the 2nd highest among the 53 countries of the WHO European Region.

As in the other former Soviet Union republics, resistance to anti-TB drugs represents a serious obstacle to effective control of the TB epidemic. The nation-wide Drug Resistance Survey in 2006 revealed a very high prevalence of multidrug-resistant TB (MDR-TB) of 19.4% among new smear positive cases and 50.8% among previously treated cases.

The overall strategy of the Program is to solidify the accomplishments of the directly observed treatment, short-course (DOTS) expansion carried out in the previous years in the Republic of Moldova by improving the quality of DOTS and addressing the challenges of MDR-TB, TB/HIV co-infection, and the management capacities of the National Program on Prophylaxis and Control of Tuberculosis (NTP). The goal of the Program is to reduce the burden of tuberculosis by making substantial progress in four key areas, specifically (a) strengthening DOTS realization to improve TB detection and case management; (b) ensuring universal access to diagnosis and treatment of drug-resistant TB (DR-TB); (c)

strengthening the M&E system and management and coordination of the National Healthcare System for TB patients; and (d) increasing public awareness of tuberculosis and reducing stigmatization.

The proposed Program is closely linked to the NTP for 2006-2010 and is consistent with its goals to stabilize and reduce the incidence of drug-susceptible and drug-resistant TB, to reduce TB mortality, and to improve case detection and treatment success.

2. **Goal:**

The goal of the Program is to reduce the burden of TB in the country.

3. **Target Group/Beneficiaries:**

- TB patients;
- MDR-TB patients;
- Prisoners;
- Labor migrants;
- People living with HIV/AIDS;
- Families of the target groups;
- Healthcare providers involved in diagnosis, case management, and treatment of TB including primary healthcare (PHC) providers;
- NTP staff; and
- General population.

4. **Strategies:**

- To strengthen DOTS realization to improve TB detection and case management;
- To ensure universal access to diagnosis and treatment of DR-TB;
- To strengthen the M&E system and management and coordination of the National Healthcare System for TB patients;
- To increase public awareness of TB and reduce stigmatization.

5. **Planned Activities:**

- Procurement of equipment, supplies, and first-line TB drugs to ensure timely detection and quality treatment of TB cases;
- Training and re-training in DOTS of TB doctors and other staff of the national TB service, PHC providers and laboratory staff;
- Supporting the improvement of TB diagnosis in affected communities and the prison sector, strengthening TB contacts tracing, and supporting treatment adherence of released prisoners.
- Procurement of consumables and supplies for diagnostics of MDR-TB, including for rapid methods, under safe working conditions for laboratory staff;
- Procurement of second-line TB drugs;

- Rehabilitation of the MDR-TB ward at the Vorniceni TB Hospital, renovation of the MDR-TB Department of Bender TB Hospital, and installation of ventilation in TB department of the Prison hospital in Tiraspol; Participation of TB doctors and laboratory staff in international trainings in DR-TB management;
- Assurance of technical assistance (by external consultants) in selected aspects of the DR-TB management;
- Training of NTP staff abroad, local trainings in drug management cycles, and second-line TB drug management;
- Strengthening the existing national system for monitoring and evaluation of TB and MDR-TB by extending and adjusting the existing TB reporting software, and training of involved personnel;
- Conducting operational surveys on TB, including: operational research on priority problems of DR-TB; operational research on priority problems of treatment adherence; operational surveys on TB treatment default and failure rates in the civilian and prison sectors; and implementation of a TB health services audit survey; and
- Developing and broadcasting radio and TV programs, public service announcements, and a short documentary on TB; training journalists; developming and distributing information and education materials for the general public, TB patients, and their families; conducting road shows; and training peer educators.

B. CONDITIONS PRECEDENT TO DISBURSEMENT

1. Condition(s) Precedent to First Disbursement (Terminal Date as stated in block 7A of the Face Sheet)

The first disbursement of Grant funds by the Global Fund to the Principal Recipient is subject to the satisfaction of each of the following conditions:

a. the delivery by the Principal Recipient to the Global Fund of a statement confirming the bank account into which the Grant funds will be disbursed as indicated in block 10 of the face sheet of this Agreement; and

b. the delivery by the Principal Recipient to the Global Fund of 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 10 of the Standard Terms and Conditions of this Agreement and, in the event a disbursement request may be signed by more than one person, the conditions under which each may sign.

2. Condition(s) Precedent to Use of Funds for Rehabilitation of Infrastructure (Terminal Date as stated in block 7B of the Face Sheet)

The use of Grant funds by the Principal Recipient to finance the rehabilitation of the MDR-TB ward at the Vorniceni TB Hospital (the "Renovation"), is subject to the satisfaction of each of the following conditions:

a. the delivery by the Principal Recipient to the Global Fund of a detailed budget and work plan for the Renovation and the related tender documents (the "Renovation Budget and Work Plan"), with detailed assumptions including, where

applicable, appropriate technical costing documents such as detailed bills of quantity and architects' estimates;

b. the delivery by the Principal Recipient to the Global Fund of the bids received as well as the bid's evaluation under the set criteria;

c. the delivery by the Principal Recipient to the Global Fund of information, satisfactory in form and substance to the Global Fund, on the means by which it will monitor and control the costs related to the Renovation; and

d. the written approval by the Global Fund of the Renovation Budget and Work Plan referred to in paragraph (a) above.

C. SPECIAL TERMS AND CONDITIONS FOR THIS AGREEMENT

1. By no later than 31 May 2010, the Principal Recipient shall provide to the Global Fund evidence, in form and substance satisfactory to the Global Fund, that the Data Management Information System for DOTS-Plus surveillance and monitoring has been implemented and is fully operational. The system shall be used in all institutions involved in the monitoring and control of TB Moldova including but not limited to in-patient and out-patient treatment institutions and laboratories. The system shall be used to record the following verifiable data:
   a. Number of registered MDR TB cases; and
   b. Treatment outcome monitoring of MDR TB cases.

D. FORMS APPLICABLE TO THIS AGREEMENT

For purposes of Article 15b of the Standard Terms and Conditions of this Agreement entitled "Periodic Reports," the Principal Recipient shall use the "On-going Progress Update and Disbursement Request", available from the Global Fund upon request.

E. ANTICIPATED DISBURSEMENT SCHEDULE

For the purposes of Article 10a. of the Standard Terms and Conditions of this Agreement, the anticipated disbursement schedule for the Program shall be *semi-annual* commencing from the start date of the Commitment Period.

F. GLOBAL FUND STAGGERED FUNDING COMMITMENT POLICY

At the time of signing this Agreement, the Global Fund shall set aside ("commit") funds up to the amount of the First Commitment indicated in block 8 of the face sheet, subject to the terms and conditions of this Agreement. A Second Commitment of Grant funds up to the amount indicated in block 8 of the face sheet (the "Second Commitment") may be committed under this Agreement not earlier than 18 months after the start date of the Commitment Period. Any Second Commitment shall be undertaken in a manner consistent with the Global Fund's discretion and authority as described in Article 10 of this Agreement, taking into account, among other things, the reasonable cash flow needs of

the Principal Recipient. The Second Commitment under this Program may be committed under this Agreement upon written notice sent by the Global Fund to the Principal Recipient. The Principal Recipient acknowledges and understands that the Second Commitment may not be released in full or part by the Global Fund in the event of non-compliance by the Principal Recipient to the terms of this Agreement, based on the sole judgment of the Global Fund.

Tool for the development of a Single Stream of Funding (SSF) consolidated performance framework Year 1, 2 and 3: Indicators, Targets and Periods Covered

Program Details

Country:	Republic of Moldova
Disease:	Tuberculosis
Grant number:	MOL-S10-G08-T
Principal Recipient:	Public Institution "Coordination, Implementation and Monitoring Unit of the Health System Restructuring Project"

TB

A. Periods covered and dates for disbursement requests and progress updates (typically completed by the Secretariat during the Grant negotiations process)

Round 6	P 13	P 14	P 15	P 16	P 17	P 18	P 19	P 20	N/A
Round 8	P 5	P 6	P 7	P 8	P 9	P 10	P 11	P 12	P 13
Round 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Single Stream of Funding (Consolidated)	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
Period Covered: from	1-Oct-10	01.янв.11	01.апр.11	01.июл.11	01.окт.11	01.янв.12	01.апр.12	01.июл.12	01.окт.12
Period Covered: to	31-Dec-10	31.мар.11	30.июн.11	30.сен.11	31.дек.11	31.мар.12	30.июн.12	30.сен.13	31.дек.12
Date Disbursement Request/Progress Update due	15-Feb-11	N/A	15-Aug-11	N/A	15-Feb-12	N/A	15-Aug-12	N/A	15-Feb-13

	Year 1	Year 2	Year 3
Audit Report Due Date:	June 30, 2011 (fiscal year 2010)	June 30, 2012 (fiscal year 2011)	June 30, 2013 (fiscal year 2012)

B. Program Goal, impact and outcome indicators

Consolidated goals:

1	Reduce the burden of tuberculosis in the Republic of Moldova

Impact indicator number	Round	Impact indicator formulation	Baselines			Targets over consolidation period										Comments[2]
			value	Year	Source	Year 1	Report due date	Year 2	Report due date	Year 3	Report due date	Year 4	Report due date	Year 5	Report due date	
1	**SSF (consolidated)**	TB mortality rate - Estimated number of deaths due to TB (all forms) per year per 100,000 population	18,0	2009	NTP	13	15.08.2011	12	15.08.2012	10	15.08.2013	<10	15.08.2014	8	15.08.2015	Numerator: Number of deaths attributable to TB (all forms) registered in a specified period per 100,000 population. Denominator: Total population in country from National Centre of Health Management. Source of measurement for the indicator: SYME TB

Outcome indicator number	Round	Outcome indicator formulation	Baselines			Targets over consolidation period										Comments[2]
			value	Year	Source	Year 1	Report due date	Year 2	Report due date	Year 3	Report due date	Year 4	Report due date	Year 5	Report due date	
1	**SSF (consolidated)**	New smear-positive TB patients notified to the national health authorities per 100,000 population	32,1	2009	NTP Report	34,39	15.08.2011	35,12	15.08.2012	36,10	15.08.2013	36,83	15.08.2014	37,32	15.08.2015	Numerator: Number of new smear-positive TB patients notified to the national health authorities per year per 100,000 population. Denominator: Total population in country from National Centre of Health Management. Source of measurement for the indicator: SYME TB. The targets have been set according to NTP predictions for New TB Programme for 2011-2015. It is expected that the targets will increase during next period because of improved quality of smear investigations and increased case detection rate for new SS+ TB cases.
2	**SSF (consolidated)**	Treatment success rate - number and percentage of new smear-positive TB cases successfully treated [cured plus treatment completed] among the new smear-positive TB cases registered in a given year	57,2% (878/1,533)	2009 (2008 cohort)	R&R TB system, quarterly reports	73% (962/1,318) cohort 2009	15.08.2011	77% (1,086 / 1,410) cohort 2010	15.08.2012	81% (1,166 / 1,440) cohort 2011	15.08.2013	82% (1,213 / 1,480) cohort 2012	15.08.2014	85% (1,283 / 1,510) cohort 2013	15.08.2015	Numerator: Number of new smear-positive pulmonary TB patients in a given year who subsequently were successfully treated [sum of WHO outcome categories "cured" plus "treatment completed]" during specified period. Denominator: Total number of new-smear pulmonary TB patients registered for treatment in the same specified period. Source of measurement for the indicator: SYME TB. Baseline is from the latest NTP data for 2008 cohort.
3	**SSF (consolidated)**	Treatment success rate of MDR-TB patients: number and percentage of laboratory-confirmed MDR-TB patients successfully treated [cured plus completed treatment] among those enrolled in second -line anti-TB treatment during a specified period	67,0% (59/88)	2009 (2006 MDR-TB cohort)	R&R TB system, quarterly reports	66% (for 2007 MDR-TB cohort)	15.08.2011	68% (for 2008 MDR-TB cohort)	15.08.2012	70% (for 2009 MDR-TB cohort)	15.08.2013	>70% (for 2010 MDR-TB cohort)	15.08.2014	72% (for 2011 MDR-TB cohort)	15.08.2015	Numerator: Number of laboratory-confirmed MDR-TB patients successfully treated (cured plus completed treatment) during specified period. Denominator: Total number of laboratory-confirmed MDR-TB patients enrolled in second -line anti-TB treatment during specified period. Final outcomes of MDR-TB treatment to be evaluated in 36-months' cohorts (i.e. 3 years from the treatment start).
4	**SSF (consolidated)**	MDR-TB prevalence among new smear positive cases	22,07% (262/1,187)	2009	R&R TB system, quarterly reports	17%	15.08.2011	16%	15.08.2012	15%	15.08.2013	14%	15.08.2014	<14	15.08.2015	Numerator: Number of new culture positive TB cases tested to DST to first line drugs and diagnosed with MDR over the given year. Denominator: Total number of new culture positive TB cases tested to DST to first line drugs over the given year cohort. Source of measurement for the indicator: SYME TB
5	**SSF (consolidated)**	MDR-TB prevalence among previously treated smear positive cases	67,36% (648/962)	2009	R&R TB system, quarterly reports	46%	15.08.2011	44%	15.08.2012	42%	15.08.2013	40%	15.08.2014	<40	15.08.2015	Numerator: Number of previously treated culture positive TB cases tested to DST to first line drugs and diagnosed with MDR over the given year. Denominator: All previously treated culture positive TB cases tested to DST to first line drugs over the given year cohort. Source of measurement for the indicator: SYME TB

C. Program Objectives, Service Delivery Areas and Indicators

Objective Number	Consolidated objectives
1	Strengthening DOTS realization to improve TB detection and case management
2	Ensure universal access to diagnosis and treatment of drug-resistant tuberculosis
3	Strengthening M&E system and management and coordination of the National Healthcare System for TB patients
4	Increase public awareness of tuberculosis and reduce stigmatization

Indicator/ Objective Number	Round	Service Delivery Area	Indicator Formulation	Top 10 indicator	Baseline				Tied to	Target Cumulation [3]	Targets for existing grants and for the consolidated grant									Comments/Explanations[2]
					Value	Year	Source	Baselines included in			Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	27 months	
										Round 6[1]	Period 13	Period 14	Period 15	Period 16	Period 17	Period 18	Period 19	Period 20	N/A	
										Round 8[1]	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Period 13	
										Round 9[1]	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	
										SSF (consolidated)	Period 1 (Oct-Dec10)	Period 2 (Jan-Mar11)	Period 3 (Apr-Jun11)	Period 4 (Jul-Sep11)	Period 5 (Oct-Dec11)	Period 6 (Jan-Mar12)	Period 7 (Apr-Jun12)	Period 8 (Jul-Sep12)	Period 9 (Oct-Dec12)	
1,1	**SSF (consolidated)**	High Quality DOTS	Number of new smear-positive TB patients reported to the national health authority	Top 10	1 318	2009	R&R TB system, quarterly reports	No	National Program	Y - cumulative annually	1 410	360	720	1 080	1 440	370	740	1 110	1 480	Activities under this indicator are partially supported by the current SSF TB grant.
1,2	**SSF (consolidated)**	High Quality DOTS	Number of people receiving DOTS treatment - (Absolute number of TB patients with instituted treatment (directly observed treament, short course (DOTS) based)	Not Top 10	13 875	мар.10	R&R TB system, quarterly reports	Yes	National Program	Y - over program term	18 488	19 791	21 093	22 396	23 698	24 949	26 199	27 450	28 700	The targets include the baseline, which is the number of people provided with treatment under the R6 TB grant by 1 October 2010. The indicator refers to all TB patients (new SS+ cases, new SS-, new EP cases and all re-treatment cases (relapses, after failure, after default, others). The new SS+ cases account for 30% from all TB cases, new SS-/EP cases for 45% and re-treatment for 25%. Targets are partially supported by the current SSF TB grant.
1,3	**SSF (consolidated)**	TB: Timely detection and quality treatment of cases	Number and percentage of new smear-positive TB cases registered under DOTS who are successfully treated	Top 10	61,50%	2005	NTP	No	National Program	Y - cumulative annually	73.0% (962/1,318) 2009 cohort	77% (271 / 352) Q1, 2010 cohort	77% (542 / 704) Q1-2, 2010 cohort	77% (813 / 1,056) Q1-3, 2010 cohort	77% (1,086 / 1,410) 2010 cohort	81% (291 / 360) Q1, 2011 cohort	81% (583 / 720) Q1-2, 2011 cohort	81% (875 / 1,080) Q1-3, 2011 cohort	81% (1166 / 1,440) 2011 cohort	Numerator: Number of new smear-positive pulmonary TB patients in a given year who subsequently were successfully treated [sum of WHO outcome categories "cured" plus "treatment completed]" during specified period. Denominator: Total number of new-smear pulmonary TB patients registered for treatment in the same specified period. The targets reflect programmatic activities supported with financial resources from the GF grant and the national budget. Targets are cumulative annually and aligned with the calendar year.

Indicator/ Objective Number	Round	Service Delivery Area	Indicator Formulation	Top 10 indicator	Baseline				Tied to	Target Cumulation [3]	Targets for existing grants and for the consolidated grant									Comments/Explanations[2]
					Value	Year	Source	Baselines included in			Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	27 months	
										Round 6[1]	Period 13	Period 14	Period 15	Period 16	Period 17	Period 18	Period 19	Period 20	N/A	
										Round 8[1]	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Period 13	
										Round 9[1]	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	
										SSF (consolidated)	Period 1 (Oct-Dec10)	Period 2 (Jan-Mar11)	Period 3 (Apr-Jun11)	Period 4 (Jul-Sep11)	Period 5 (Oct-Dec11)	Period 6 (Jan-Mar12)	Period 7 (Apr-Jun12)	Period 8 (Jul-Sep12)	Period 9 (Oct-Dec12)	
1,4	**SSF (consolidated)**	High Quality DOTS	Number of medical staff trained in DOTS activities	Top 10	1 589	мар.10	Training records	Yes	GF	Y - over program term	1 665	1 815	1 960	2 110	2 195	2 325	2 450	2 450	2 450	The targets include the baseline, which is the number of people trained under the R6 TB grant by 1 October 2010. The targets refer to the number of TB doctors, primary health care personnel and laboratory staff trained.
1,5	**SSF (consolidated)**	TB/HIV	Number and percentage of TB patients who had an HIV test result recorded in the TB register among the total number of registered TB patients	Top 10	4,344/4,792 90.7%	2009	R&R TB system, quarterly reports	No	National Program	Y - cumulative annually	4,894 / 5,438 90%	1,173 / 1,303 90%	2,345 / 2,605 90%	3,517 / 3,907 90%	4,689 / 5,210 90%	>1,126 / 1,201 > 90%	>2,250 / 2,501 > 90%	>3,376 / 3,752 > 90%	>4,502 / 5,002 > 90%	Numerator: Number of TB patients registered during a given time period who had an HIV test result recorded in the TB register. Denominator: Total number of TB patients registered during the same time period. The indicator is linked to percentages and absolute numbers will be updated when reporting the results. Activities under this indicator are partially supported by the GF grants, including HIV grant.
1,6	**SSF (consolidated)**	High-risk groups	Percentage of prisoners screened for TB using MRP mobile equipment	Not Top 10	98.5% (4,977/ 5,050)	2009, semester II	Ministry of Justice, Department of Penitenciary Institutions, reports	No	National Program	N - not cumulative	> 95%	Not Applicable	> 95%	Not Applicable	> 95%	Not Applicable	> 95%	Not Applicable	> 95%	Numerator: Number of prisoners screened for TB. Denominator: Total number of prisoners in the penitentiary system during the period. The baseline and targets do not include data from the Trandniester region. Targets refer to 9 institutions. Mobile MRP equipment is used for screening of prisoners twice a year. The population of these institutions on July 01, 2010 was 3,701 people (the capacity of these 9 prisons is for 5,050 detainees). Because the denominator may vary the targets are set in percentage and absolute numbers will be reported with each Progress Update. Activities under this indicator are partially supported by the current SSF TB grant. The screening is carried out twice a year: from April to May and from October to November.
1,7	**SSF (consolidated)**	High-risk groups	Number of released prison inmates on TB treatment supported through the TB treatment follow-up program	Top 10	0	2009	Program reports	No	GF	Y - over program term	0	50	75	100	125	150	175	200	225	All inmates participating in the treatment follow-up program will be provided with financial incentives upon completion of their treatment. When needed, the beneficiaries will be also provided with legal support/processing of legal papers/identification documents. Activities under this indicator are fully supported by the current SSF TB grant.
2,1	**SSF (consolidated)**	MDR-TB	Number of laboratory-confirmed MDR-TB patients enrolled in second-line anti-TB treatment	Top 10	1 630	мар.10	R&R TB system, quarterly reports	No	National Program	Y - cumulative annually	555 (cumulative target for 2010)	145	270	395	535	140	265	390	523	Data refers to civilian and penitentiary sectors. The baseline refers to cumulative number of patients enrolled in DOTS Plus treatment since the program start in Q4 of 2005 till March 2010.
2,2	**SSF (consolidated)**	MDR-TB	Interim treatment success rate of MDR-TB patients: number and procentage of MDR-TB patients who have negative culture at the end of of 6 months of treatment	Not Top 10	63,8% (333/522)	2008 MDR-TB cohort	R&R TB system, quarterly reports	No	National Program	Y - cumulative annually	70% (112/160) Jan-Mar 2010	70% (200/285) Jan-Jun 2010	70% (287/410) Jan-Sep 2010	71% (394/555) 2010 cohort	71% (103/145) Jan-Mar 2011	72% (194/270) Jan-Jun 2011	72% (284/395) Jan-Sep 2011	72% (385/535) 2011 cohort	73% (102/140) Jan-Mar 2012	Numerator: Number of MDR-TB cases initiated on a second-line anti-TB treatment regimen during the specified period of time, who have a negative culture at the end of 6 months of treatment. Denominator: Number of MDR-TB cases initiated on second-line anti-TB treatment during the specified period of time.
2,3	**SSF (consolidated)**	MDR-TB	Number and percentage of laboratory-confirmed MDR-TB patients successfully treated (cured plus completed treatment) among those enrolled in second -line anti-TB treatment	Top 10	40% (2/5) Q1, 2007 MDR-TB cohort	мар.10	R&R TB system, quarterly reports	No	National Program	Y - cumulative annually	66% (168/254) 2007 MDR-TB cohort	68% (41/60) Q1, 2008 MDR-TB cohort	68% (152/223) Q1-2, 2008 MDR-TB cohort	68% (214/314) Q1-3, 2008 MDR-TB cohort	68% (355/522) 2008 MDR-TB cohort	70% (92/132) Q1, 2009 MDR-TB cohort	70% (190/271) Q1-2, 2009 MDR-TB cohort	70% (307/439) Q1-3, 2009 MDR-TB cohort	70% (410/586) 2009 MDR-TB cohort	Numerator: Number of laboratory-confirmed MDR-TB patients successfully treated (cured plus completed treatment) during a specified period. Denominator: Total number of laboratory-confirmed MDR-TB patients enrolled in second -line anti-TB treatment during a specified period. The targets refer to the patient cohort of the preceding 36 months (final result). Activities under this indicator are mainly supported by the current SSF TB grant.
2,4	**SSF (consolidated)**	MDR-TB	Number and percentage of new and retreatment TB patients receiving DST for the first-line TB drugs using automated MGIT technique among the people eligible as per national policy during the specified period	Not Top 10	35,8% (1,103 / 3,078)	2009	TB laboratory register, NRL activity reports	No	National Program	Y - cumulative annually	45,0% (1,342/ 2,982)	70,0% (504/ 720)	70,0% (980/ 1,400)	70,0% (1,512/ 2,160)	70,0% (1,973 / 2,819)	75,0% (498/ 664)	75,0% (996 / 1,329)	75,0% (1,495 / 1,993)	90,0% (2,953 / 2,658)	Numerator: Number of new and retreatment TB cases tested to DST to first line TB drugs using automated MGIT technique over the specified period. Denominator: Total number of new and retreatment TB cases eligible to be tested to DST to first line TB drugs using automated MGIT technique over the specified period. Source of measurement for this indicator: TB laboratory registers. This indicators covers both civilian and penitentiary sectors. Activities under this indicator are mainly supported by the current SSF TB grant.
2,5	**SSF (consolidated)**	MDR-TB	Number of tests performed for rapid identification of R/H resistance using PCR technique	Not Top 10	644	мар.10	TB laboratory register, NRL activity reports	No	National Program	Y - cumulative annually	1 270	600	1 200	1 800	2 399	588	1 176	1 764	2 354	This indicator covers both civilian and penitentiary sectors. Activities under this indicator are mainly supported by the current SSF TB grant.
2,6	**SSF (consolidated)**	MDR-TB	Number and percentage of new and retreatment TB patients receiving diagnostic DST for 2nd line MDR-TB drugs among the people eligible for DST as per national policy during the specified period	Not Top 10	94,5% (1,618 / 1,712)	2009	TB laboratory register, NRL activity reports	No	National Program	N - not cumulative	>95,0% (1,503/ 1,582)	>95,0% (339/ 357)	>95,0% (678/ 714)	>95,0% (1,017/ 1,071)	>95,0% (1,357/ 1,428)	>95,0% (309/ 325)	>95,0% (618/ 651)	>95,0% (927/ 976)	>95,0% (1,237/ 1,302)	Numerator: Number of new and retreatment TB cases tested to DST to second line TB drugs over the specified period. Denominator: Total number of new and retreatment TB cases eligible to be tested to DST to second line TB drugs over the specified period. This indicator covers both civilian and penitentiary sectors. Activities under this indicator are mainly supported by the current SSF TB grant.