

Framework Agreement

between

**The Global Fund
to Fight AIDS, Tuberculosis and Malaria**

and

United Nations Development Programme

Dated as of 13 October 2016

FRAMEWORK AGREEMENT

This **Framework Agreement** (the "Framework Agreement"), dated as of 13 October 2016 (the "Effective Date"), is made by and between **The Global Fund to Fight AIDS, Tuberculosis and Malaria**, an international financing institution duly formed as a non-profit foundation under the laws of Switzerland and recognized as an international organization by various national governments, with its office located at Chemin de Blandonnet 8, 1214 Vernier, Geneva, Switzerland (the "Global Fund") and the **United Nations Development Programme**, a subsidiary organ of the United Nations, having its headquarters at 1 UN Plaza, New York, NY 10017, USA ("UNDP" or the "Principal Recipient") (the Global Fund and UNDP hereinafter referred to collectively as the "Parties" and individually each a "Party").

WHEREAS, the Global Fund was established in January 2002 as an innovative financing institution for the purpose of attracting and managing financial resources globally as well as providing such resources to countries to support national and regional programs that prevent, treat and care for people with the diseases of HIV/AIDS, tuberculosis and/or malaria; and

WHEREAS, UNDP has been, or is expected to be, nominated to implement relevant Program(s) (as defined herein) in a relevant Host Country (as defined herein) or Host Countries;

WHEREAS, operational matters such as budgeting and cost recovery, grant negotiations, closure processes, templates and tailored tools are addressed by UNDP and the Global Fund through operational guidelines which may be amended from time to time (the "Operational Guidelines").

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1 UNDP-GLOBAL FUND GRANT REGULATIONS

- 1.1 **Framework Agreement documents.** All the provisions of the UNDP-Global Fund Grant Regulations (the "Grant Regulations," formerly known as the Standard Terms and Conditions) attached hereto as Annex A are incorporated into this Framework Agreement with the same force and effect as if they were fully set forth herein.
- 1.2 **Defined Terms.** Wherever used in this Framework Agreement, the terms defined in the Grant Regulations attached hereto as Annex A shall have the respective meanings set forth therein unless modified herein or the context requires otherwise; provided, however, that any reference to the "Principal Recipient" shall mean "UNDP." In addition, the following terms when used in this Framework Agreement shall have the meanings respectively defined below:
 - (1) "Concept Note" means a written proposal prepared for a Program or, as the case may be, Programs in accordance with the requirements of the Global Fund;
 - (2) "Grant Agreement," in respect of a Program, means collectively the Framework Agreement, the Grant Confirmation, and any and all amendments to the Framework Agreement and/or the Grant Confirmation;
 - (3) "Grant Confirmation" means a written confirmation that contains a detailed implementation plan and budget for a Program and is prepared, issued and duly executed by the respective duly authorized representatives of the Global Fund and UNDP pursuant to the terms and conditions of this Framework Agreement;
 - (4) "Grant Funds" mean the funds specified in a Grant Confirmation, which the Global Fund, subject to the terms and conditions set forth in the Grant Agreement,

- agrees to make available to UNDP in the form of a grant for the implementation of the relevant Program;
- (5) "Health Product" shall have the same meaning as defined in the Health Products Guide;
 - (6) "Health Products Guide" means the Global Fund's "Guide to Global Fund's Policies on Procurement and Supply Management of Health Products" (2016, as may be amended from time to time), available at the Global Fund's Internet site;
 - (7) "Implementation Period", in respect of a Program, means the period in which the relevant Program Activities are scheduled to be implemented and completed;
 - (8) "Program Activities" means activities directly supporting or relating to the implementation of the Program or otherwise financed by the Program with the relevant Grant Funds; and
 - (9) "UNDP Governing Bodies" means the United Nations General Assembly, Executive Board and internal oversight bodies (such as the Chief Executive Board ("CEB"), High Level Committee on Management ("HLCM") and the UNDP Executive Group) and such other organs of the United Nations that possess the authority to pass decisions of general applicability under the Charter of the United Nations or the legal framework of UNDP.

ARTICLE 2 CONFIRMATION OF GRANTS

2.1 Grant Confirmations.

- (1) The Global Fund and UNDP anticipate entering into one or more Grant Confirmations for implementing certain Program(s) in the relevant Host Country or Host Countries with relevant details set forth in each such Grant Confirmation.
- (2) Under each Grant Confirmation, and subject to the provisions of the Grant Regulations attached hereto as Annex A, the Global Fund will confirm its willingness to make available to UNDP, for the sole purpose of the Program and for the duration of the Implementation Period, certain Grant Funds on such terms and conditions as specified in such Grant Confirmation.
- (3) Under each Grant Confirmation, UNDP will confirm its readiness to implement relevant Program Activities using Grant Funds under such terms and conditions as specified in such Grant Confirmation.

2.2 No Reliance or Obligations. By entering into this Framework Agreement, the Global Fund is not obliged to prepare, issue or execute any Grant Confirmation unless it, at its sole discretion, decides to do so, nor is the Global Fund liable for any damages, loss, costs or liability that UNDP or any of its Sub-recipients or Suppliers actually or may potentially suffer or incur as a result of the Global Fund not preparing, issuing or executing one or more or any particular Grant Confirmation under this Framework Agreement. UNDP is not obliged to execute any Grant Confirmation unless it, at its sole discretion, decides to do so, nor is UNDP liable for any damages, loss, costs or liability that the Global Fund actually or may potentially suffer or incur as a result of UNDP not executing one or more or any particular Grant Confirmation.

ARTICLE 3 INTERPRETATION

3.1 Interpretation. Each and every Grant Confirmation is subject to the provisions of this Framework Agreement.

- 3.2 **Single Agreement.** All Grant Confirmations are made in reliance on the Parties' understanding that this Framework Agreement together with any Grant Confirmation (including any and all subsequent amendments thereto) form a single agreement between the Parties.

ARTICLE 4 MISCELLANEOUS

- 4.1 **Books and records.** UNDP shall ensure that (i) the Global Fund has the right to access non-UN Sub-recipient documents, including any supporting documents provided by non-UN Sub-recipients to UNDP, in line with UNDP guidance notes, and (ii) non-UN Sub-recipients abide by agreed objective guidelines around financial management and record keeping, as further described in the Operational Guidelines.
- 4.2 **Global Fund reviews.** As specified elsewhere in this Framework Agreement, the Global Fund may directly conduct certain types of reviews in line with UNDP guidance notes. The scope of such reviews is linked to the Global Fund verifying compliance with the terms of the relevant Grant Agreement and shall not constitute audit activities.
- 4.3 **Audits and investigations.** For the avoidance of doubt, consultation and coordination on audits and investigations are separately agreed through working arrangements between the independent oversight offices of UNDP and the Global Fund.
- 4.4 **Survival.**
- (1) For each Program, all agreements, representations and covenants made by UNDP in the Grant Agreement shall be considered to have been relied upon by the Global Fund and shall survive the execution and delivery of the Grant Agreement, regardless of any investigation or assessment made by the Global Fund or by other third party on its behalf prior to the execution and delivery of the Grant Agreement or notwithstanding that the Global Fund may have had notice or knowledge of any fact or incorrect representation or warranty at any time during the Implementation Period, and shall continue in full force and effect until the end of such Implementation Period.
 - (2) For each Program, Sections 1.1, 1.2, 2.2, 3.1, 3.2, and 4.1 to 4.6 of this Framework Agreement, and Sections 2(a), 3(a) to 3(c), 3(e), 6(a), 10(a)(ii), 10(a)(iii), 10(b), 10(d)(ii), 17(a)(v), 17(b), 17(d) and Articles 4, 7, 8, 11, 13, 15, 16 and 18 to 28 of the Grant Regulations attached hereto as Annex A shall survive the expiry of the Implementation Period or early termination of the Grant Agreement.
 - (3) For each Program, the expiry of the Implementation Period or any early termination of the Grant Agreement, for whatever reason, shall not affect any rights or obligations accrued or subsisting to either Party prior to such expiry or early termination.
- 4.5 **Governing law.** For each Program, the relevant Grant Agreement shall be governed by the principles of international commercial law, as codified in the UNIDROIT Principles of International Commercial Contracts (2010).
- 4.6 **Notices.**
- (1) Any notice under the Framework Agreement or any Grant Confirmation given by one Party to the other Party (the "Notice") shall be made in writing and delivered personally or by certified or registered mail (postage prepaid), by international courier, by fax, or by electronic messaging system to the relevant address and/or number described below, or to such other address(es) and/or

number(s) as any Party may designate by written notice to the other Party in accordance with this Section:

- (a) if for a matter concerning a specific Program, to the relevant address and/or number set forth in the relevant Grant Confirmation; and
- (b) if for a matter concerning this Framework Agreement in general or having potential impact on more than one Program under this Framework Agreement, to the relevant address and/or number set forth below, or to such other address(es) and/or number(s) as any Party may designate by written notice to the other Party in accordance with this Section:

For the Global Fund:

The Global Fund to Fight AIDS, Tuberculosis and Malaria
Chemin de Blandonnet 8, 1214 Vernier, Geneva, Switzerland

Attention: Head, Grant Management Division
Telephone: +41 58 791 1700
Facsimile: +41 58 791 1701
Email: headgrantmanagement@theglobalfund.org

For UNDP:

United Nations Development Programme - Geneva Office
11-13 Chemin des Anémones, Châtelaine
CH-1219 Geneva, Switzerland

Attention: Håkan Björkman
Manager
Health Implementation Support and Global Fund
Partnership
Health and Development Group
Bureau for Policy and Programme Support
Telephone: +41 22 917 8539
Email: hakan.bjorkman@undp.org

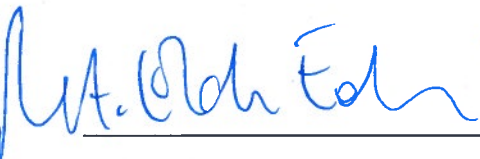
- (2) Any Notice shall be deemed to have been duly given (a) when delivery to the receiving Party is complete if delivered in person or via international courier, (b) upon receipt if delivered by registered or certified mail, postage prepaid, (c) upon confirmation of successful transmission if sent by facsimile, and (d) when successfully sent if effected through electronically messaging system.
- (3) In the case of any communication to the Global Fund through the LFA as may be required under the relevant Grant Agreement, UNDP shall submit such communication to the LFA representative whose details are set forth in the Grant Confirmation, following a principle similar to that described in subparagraph (2) of this Section above.
- (4) All communications under the relevant Grant Agreement shall be in English with a copy to the relevant Country Coordinating Mechanism ("CCM") or, if the Program is a regional intervention, the relevant Regional Coordinating Mechanism ("RCM") or Regional Organization ("RO").

- 4.7 **Counterparts; Delivery through Facsimile or Electronic Messaging System.** This Framework Agreement and all Grant Confirmations may be executed in one or more identical counterparts, all of which shall constitute one and the same agreement as if the Parties had signed the same document. This Framework Agreement and all Grant Confirmations may also be signed and delivered by facsimile transmission or by electronic messaging system, and such signature and delivery shall have the same force and effect as an original document with original signatures.
- 4.8 **Effective Date.** This Framework Agreement shall become effective on the date when the last Party to sign has executed this Framework Agreement.

IN WITNESS WHEREOF, the Parties have caused this Framework Agreement to be executed and delivered by their respective duly authorized representatives as of the Effective Date.

**The Global Fund
to Fight AIDS, Tuberculosis and Malaria**

United Nations Development Programme

By: 



Name: Mark Eldon-Edington

By: _____

Name: Magdy Martínez-Solimán

Title: Division Head, Grant Management

Title: Assistant Secretary General
Assistant Administrator and
Director
Bureau for Policy and Programme
Support

Date: 13 / 10 / 2016

Date: 13 October 2016

Annex A

UNDP-Global Fund Grant Regulations

Article 1. PURPOSE OF AGREEMENT

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

Article 2. THE PROGRAM

a. The Program is further described in Schedule 1 of the relevant Grant Confirmation, the "Integrated Grant Description." The Principal Recipient will implement or oversee the implementation of the Program in accordance with UNDP regulations, rules, policies and procedures and decisions of the UNDP Governing Bodies, as well as the terms and conditions of the relevant Grant Agreement. The Principal Recipient will be responsible and accountable to the Global Fund for all resources it receives under the relevant Grant Agreement and for the results that are to be accomplished.

b. The Global Fund and the Principal Recipient may by agreement in writing from time to time modify Schedule 1 of the relevant Grant Confirmation during the implementation of the Program.

Article 3. FISCAL TERMS

a. For the current Implementation Period, as set forth in the relevant Grant Confirmation, the Global Fund hereby grants to the Principal Recipient an amount not to exceed that stated in the relevant Grant Confirmation, which shall be made available to the Principal Recipient under the terms of the relevant Grant Agreement. For the purpose of the relevant Grant Agreement, the "Grant" shall consist of funds as stated in the relevant Grant Confirmation together with any funds previously granted by the Global Fund to the Principal Recipient for the Program. The Global Fund makes the Grant to the Principal Recipient in response to the request for financial assistance made by the Country Coordinating Mechanism ("CCM") or, if the Program is a regional intervention, the relevant Regional Coordinating Mechanism ("RCM") or Regional Organization ("RO"). The Grant shall be used solely for relevant Program Activities and consistent with the terms and conditions set forth in the relevant Grant Agreement.

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

c. (i) Total Global Fund funding for the Program is limited to the Grant. Each disbursement of Grant Funds shall be subject to the availability of funds to the Global Fund for such purpose at the time of the disbursement. Unless the Global Fund agrees otherwise in writing, the Grant may be used for Program expenditures beginning from the start date of the Implementation Period set forth in the relevant Grant Confirmation. If the Principal Recipient chooses to continue Program Activities after the Global Fund funding has been exhausted, the Principal Recipient understands that the Global Fund makes no commitment beyond the amounts available under the terms of the relevant Grant Agreement.

(ii) In making funds available for the Program, the Global Fund acknowledges that, in accordance with the Principal Recipient's financial regulations, rules, policies and procedures, disbursements to the Principal Recipient must be made in advance of the implementation of the activities to be financed. In the event funds are not available to the Global Fund, the Principal Recipient may reduce, suspend or terminate its support to the Program.

d. Conditions Precedent to use of Grant Funds

(i) The Grant Confirmation may state conditions precedent to the use of Grant Funds for a particular purpose, in excess of a specified amount or after a certain time. Unless the Global Fund and the Principal Recipient agree otherwise in writing, the Principal Recipient must satisfy the stated conditions, in form and substance satisfactory to the Global Fund, before the Global Fund will authorize the use of the relevant funds.

(ii) Unless the Global Fund advises the Principal Recipient otherwise in writing, the Principal Recipient will furnish to the Global Fund all items required to satisfy the conditions precedent stated in the relevant Grant Confirmation and shall ensure that members of the CCM or, as the case may be, the relevant RCM or RO receive copies of the items. The Global Fund will promptly notify the Principal Recipient when the Global Fund has determined that a condition precedent has been met.

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

Article 4. TAXES AND DUTIES

a. The Principal Recipient shall try to ensure through coordination with the government of the Host Country and the CCM or, as the case may be, the relevant RCM or

RO and otherwise that the relevant Grant Agreement and the assistance financed thereunder shall be free from taxes and duties imposed under laws in effect in the Host Country.

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

Article 5. THE TRUSTEE

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

Article 6. DISBURSEMENTS

a. For each Program, the total amount that the Global Fund agrees to make available under the relevant Grant Confirmation shall be set aside ("committed") by the Global Fund in tranches on an annual basis. At the time of each commitment decision by the Global Fund, the Global Fund shall commit funds up to the amount of the commitment decision amount, subject to the terms and conditions of the relevant Grant Agreement. Grant Funds shall be committed in a manner consistent with the Global Fund's discretion and authority as described in this Article, taking into account, among other things, the availability of Global Fund funding and the reasonable cash flow needs of the Principal Recipient. If a commitment of Grant Funds is made, such commitment decision will be communicated to the Principal Recipient through a written notice from the Global Fund. The Principal Recipient further acknowledges and understands that the Global Fund may decommit undisbursed Grant Funds, in its sole discretion, after the end date of the Implementation Period set forth in the relevant Grant Confirmation.

b. For each tranche of Grant Funds committed by the Global Fund for a Program, the Global Fund shall disburse relevant Grant Funds through one or more cash payments. The amount approved for disbursement will be based on achievement of Program milestones and the expected cash flow needs of the Principal Recipient. The Global Fund, at any time, may approve for disbursement an amount less than the disbursement request if the Global Fund concludes that the full disbursement request is not justified.

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

Article 7. AUDITS AND RECORDS

a. Program Books and Records.

The Principal Recipient shall maintain Program accounts, books, records, and all other documents relating to the Program or maintained under the Grant Agreement, adequate to

show, without limitation, all costs incurred by the Principal Recipient under the Grant Agreement and the overall progress toward completion of the Program ("Program Books and Records"). The Principal Recipient shall maintain Program Books and Records in United States dollars and in accordance with its regulations, rules, policies and procedures consistent with the International Public Accounting Standards. Program Books and Records of the Principal Recipient and Sub-recipients shall be retained in accordance with the policies and procedures of the Principal Recipient (which as of the Effective Date provide for retention of Program Books and Records for seven years after the document date), or for such longer period, if any, as may be requested by the Global Fund in writing to the Headquarters of the Principal Recipient in order to resolve any claims.

b. Principal Recipient Audits.

(i) The Program Books and Records of the Principal Recipient shall be subject exclusively to internal and external audit in accordance with its financial regulations, rules, policies and procedures.

(ii) With respect to each Program implemented in a Host Country that is subject to the Global Fund's Additional Safeguards Policy, should the Global Fund have reason to request a special purpose audit on the use of Global Fund resources, the Principal Recipient agrees to be responsible for: (1) securing the appointment of a mutually agreed independent auditor; and (2) preparing mutually agreed audit terms of reference which reflect, as necessary, circumstances giving rise to the Global Fund's request for said audit. The cost of such special purpose audit shall be borne by the Program. This shall be processed in conformity with the working arrangements agreed between the independent oversight offices of the Principal Recipient and the Global Fund.

(iii) The Office of Audit and Investigations of the Principal Recipient ("OAI") undertakes audits in accordance with its audit plans. It is acknowledged and understood that in developing its audit plan and risk model for undertaking any such audit, including as to parties or entities that receive financing from the Principal Recipient, OAI acts independently. Internal audits are conducted in accordance with the standards of the OAI. The report of such internal audit is subject to the provisions of relevant decisions of the Executive Board of the Principal Recipient. In the event that the management of the Principal Recipient is advised by the OAI of information that indicates the need for further management action in connection with matters relating directly to the Program or further scrutiny of the implementation of the Program or of any Grant expenditures (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to the Program), the management of the Principal Recipient shall so advise the Global Fund in writing, who, as may be warranted, shall maintain confidentiality of the information received from the Principal Recipient. The Principal Recipient shall, to the extent the information relates to actions within the authority or accountability of the Principal Recipient, take timely and appropriate action, in accordance with its accountability and oversight framework, including applicable regulations, rules, and administrative instructions, to investigate this information.

(iv) The Principal Recipient shall provide the Global Fund with a copy of its externally audited financial statements covering each year in which Grant Funds are expended, together with the opinion of its external auditors on such statements, not later than thirty (30) days after such audited financial statements and opinion are published.

c. Certified Financial Statements

No later than June 30 of each year, the Principal Recipient shall submit to the Global Fund a statement, certified by the Comptroller of the Principal Recipient, of income and expenditure of the Program during the preceding year. Such certified financial statement shall be in the Principal Recipient's standard format and categories of reporting. It shall be in United States dollars. The exchange rate used for converting expenditures in other currencies shall be the UN Operational Rate of Exchange in effect on the date the expenditure was made.

d. Sub-recipient Audits

(i) The Principal Recipient shall plan for the audit of expenditures of its Sub-recipients in consultation with the Global Fund. The Principal Recipient shall require that its Sub-recipients are audited in accordance with the plan. Upon request, the Principal Recipient shall furnish or cause to be furnished to the Global Fund a copy of reports of audits carried out in accordance with the plan.

(ii) The provisions of paragraph (d)(i) of this Article shall not apply in the case where Sub-recipients concerned are United Nations entities. The Principal Recipient shall provide the Global Fund with financial expenditure reports on the use of funds by such Sub-recipients which are United Nations entities, prepared in accordance with the financial regulations and rules applicable to such Sub-recipients.

e. Ad Hoc Site Visits

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

f. Notification

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

Article 8. REFUNDS

a. In the case of any disbursement of the Grant that is not made or used in accordance with the relevant Grant Agreement, or that finances goods or services that are not used in accordance with the relevant Grant Agreement, the Global Fund, notwithstanding the availability or exercise of any other remedies under the Grant Agreement, may require the Principal Recipient to refund the amount of such disbursement in United States dollars to the Global Fund.

b. If the Principal Recipient's failure to comply with any of its obligations under the relevant Grant Agreement has the result that goods or services financed or supported by the Grant are not used in accordance with the relevant Grant Agreement, the Global Fund may require the Principal Recipient to refund all or any part of the amount of the disbursements under the relevant Grant Agreement to the Global Fund.

c. Thirty (30) days prior to requesting a refund under this Article, the Global Fund shall notify the Headquarters of the Principal Recipient in writing in order to facilitate consultations and resolution. If resolution is not reached within thirty (30) days following the said notification, the Global Fund may require the Principal Recipient to refund the outstanding amount in United States dollars to the Global Fund within sixty (60) days of written request.

d. For the avoidance of doubt, the right under this Article to require a refund will continue, notwithstanding any other provision of the Grant Agreement, for the limitation period indicated in Chapter 10.2 of the UNIDROIT Principles of International Commercial Contracts (2010).

Article 9. ADDITIONALITY

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

Article 10. PROGRAM COOPERATION AND COORDINATION

a. The CCM, RCM and RO

(i) The Principal Recipient acknowledges that for each Program, the CCM in the relevant Host Country or, if the Program is a regional intervention, the relevant RCM or RO shall coordinate the submission of relevant Concept Note(s) to the Global Fund and oversee the implementation of Program Activities in such Host Country or region.

(ii) In implementing each Program, the Principal Recipient shall:

(1) cooperate with the Global Fund and the CCM or, as the case may be, the relevant RCM or RO;

(2) be available to meet regularly with the CCM or, as the case may be, the relevant RCM or RO to discuss plans, share information and communicate on matters that relate to the Program;

(3) provide to the CCM or, as the case may be, the relevant RCM or RO a copy of reports and material information relating to the Program for information purposes; and

(4) acknowledge and understand that the Global Fund may, at its sole discretion, share information about the Program with the CCM or, as the case may be, the relevant RCM or RO and/or other relevant Program stakeholders.

b. Sub-recipients

(i) From time to time, the Principal Recipient may, under the Grant Agreement, provide funding to other entities to carry out activities contemplated under the Program ("Sub-recipients"). The Principal Recipient will be responsible for the results it and Sub-recipients (if any) are to accomplish. The Principal Recipient shall ensure that all agreements with Sub-recipients ("Sub-recipient Agreements") include obligations that are generally equivalent to those of the Principal Recipient under the relevant Grant Agreement. Prior to any disbursement of Grant Funds to a Sub-recipient, the Principal Recipient shall obtain and maintain in effect a certification from such Sub-recipient that such Sub-recipient shall (1) undertake best efforts to ensure that none of the Grant Funds received by it are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by the Principal Recipient under the Sub-recipient Agreement do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999); and (2) ensure that the same undertaking is included in all sub-contracts or sub-agreements entered into under the Sub-recipient Agreement. The Principal Recipient shall furnish the Global Fund a copy of the form or forms of agreement, acceptable to the Global Fund, which the Principal Recipient will use with Sub-recipients.

(ii) The Principal Recipient's accountability and reporting shall encompass the funds disbursed to all Sub-recipients and to the activities Sub-recipients carry out (or fail to carry out but were obligated to) using the Grant. The Principal Recipient shall have systems in place to assess (before the Principal Recipient transfers any resources to a Sub-recipient) the capacity of Sub-recipients, monitor their performance, and assure regular reporting from them in accordance with the Grant Agreement. The Principal Recipient shall comply with such systems to assess Sub-recipients and supervise and monitor their activities and reporting under the Program. If the Principal Recipient finds that a Sub-recipient does not possess the required capacity to carry out the activities envisioned under the Program, the Principal Recipient will consult with the CCM or, as the case may be, the relevant RCM or RO and the Global Fund about how the situation should most appropriately be addressed.

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

(iv) The Parties acknowledge and agree that if a Sub-recipient is a United Nations entity, the oversight and control by the Principal Recipient of such Sub-recipient shall be subject to the accountability and oversight framework of such Sub-recipient.

c. Other Principal Recipients

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

d. The Local Fund Agent

(i) The Global Fund has entrusted an entity indicated in the relevant Grant Confirmation (the "LFA"), to assist the Global Fund in its oversight role during the implementation of the Program.

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

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

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

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

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

(iii) For purposes of the Grant Agreement, the principal representative of the LFA shall be the person named or acting in the position identified in the relevant Grant Confirmation, unless the Global Fund notifies the Principal Recipient otherwise in writing.

Article 11. COMMUNICATIONS

Any notice, request, document, report, or other communication submitted by either the Principal Recipient or the Global Fund, unless the Grant Agreement expressly provides otherwise or the Parties agree otherwise in writing, will be sent to the other party's Authorized Representative noted in the signature block of relevant Grant Confirmation, as appropriate, and/or a representative noted in the "Name/Address for Notices" section of the relevant Grant Confirmation, as appropriate, each as may be modified from time to time through written notice to the other Party. In the case of communications to the Global Fund through the LFA, the Principal Recipient shall submit such communications to the LFA representative identified in the relevant Grant Confirmation. All communications under the Grant Agreement will be in English, unless the Parties agree otherwise in writing.

Article 12. MANAGEMENT LETTERS AND IMPLEMENTATION LETTERS

To assist the Principal Recipient in the implementation of the Grant Agreement, the Global Fund may from time to time issue Management Letters that will furnish additional information and guidance about matters stated in the Grant Agreement. For the avoidance of doubt, it is understood that such guidance is advisory in nature. In addition, the Global Fund and the Principal Recipient may from time to time issue jointly signed Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of the Grant Agreement.

Article 13. REPORTS

a. Unless the Global Fund advises the Principal Recipient otherwise in writing, the Principal Recipient shall furnish to the Global Fund the reports specified in paragraph (d) below at the interval indicated in the relevant Grant Confirmation or at such other interval as the Global Fund and the Principal Recipient may agree in writing. The reports shall cover all funds and activities financed under the Grant during the relevant reporting period.

b. In addition, the Principal Recipient shall furnish to the Global Fund such other information and ad hoc reports at such times as the Global Fund may request.

c. The Principal Recipient shall furnish to the CCM or, as the case may be, the relevant RCM or RO a copy of all reports the Principal Recipient submits to the Global Fund.

d. Progress Reports

(i) With the exception of a progress update and disbursement request ("PUDR"), where required by the Global Fund, not later than forty-five (45) days after the end of each reporting period indicated in the relevant Grant Confirmation, the Principal Recipient shall submit to the Global Fund, in form and substance satisfactory to the Global Fund, a periodic report on the Program. The report shall reflect (1) a description of progress towards achieving the agreed-upon milestones set forth in the relevant Grant Confirmation and (2) financial activity during the period in question and cumulatively from the beginning of the Program until the end of the reporting period where required by the Global Fund. The Principal Recipient shall explain in the report any variance between planned and actual achievements for the period in question.

(ii) The PUDR shall be due no later than sixty (60) days after the end of the relevant reporting period indicated in the Grant Confirmation.

(iii) The Principal Recipient shall also report on in-country cash balances on a quarterly basis. Pending quarterly closure of accounts, the Principal Recipient shall submit to the Global Fund a provisional cash balance report thirty-five (35) days after the end of each quarter and a final cash balance report forty-five (45) days after the end of each quarter.

Article 14. MONITORING

The Principal Recipient will follow a principle of results-based monitoring congruent with the Global Fund's results-based disbursement approach. Not later than ninety (90) days after the relevant Grant Confirmation enters into force, the Principal Recipient shall submit to the Global Fund, in form and substance satisfactory to the Global Fund, a detailed plan for monitoring the Program implemented by the Principal Recipient.

Article 15. EVALUATION

The Global Fund, in its discretion, may conduct an independent evaluation of the Program. The Global Fund's evaluation will conform to international best practice standards that include a focus on results, transparency and substantive accountability. The Global Fund will

collaborate with the Evaluation Office of the Principal Recipient to specify, in consultation with the CCM or, as the case may be, the RCM or RO, the terms of reference for the evaluation and to plan, schedule and implement the evaluation. The Principal Recipient shall require all Sub-recipients to cooperate fully in the execution of the evaluation. The Global Fund will provide the Principal Recipient with a copy of the report of the evaluation.

Article 16. DISSEMINATION OF INFORMATION

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

Article 17. CONTRACTS FOR GOODS AND SERVICES

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

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

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

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

(iv) 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.

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

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

c. If the Sub-recipient concerned is a United Nations entity, such Sub-recipient during the Implementation Period shall be authorised to maintain title of the fixed assets and manage the assets in accordance with its policies and procedures.

d. For each Program, the Principal Recipient shall maintain, where available at a reasonable cost, all risk property insurance on goods or other property financed under the Grant Agreement 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. To the extent that the title to relevant goods or other property financed under the Grant Agreement is held by any Sub-recipient, the Principal Recipient shall require such Sub-recipient to maintain insurance of the type and coverage similar to the above.-

Article 18. PHARMACEUTICAL AND OTHER HEALTH PRODUCTS

For each Program, the Principal Recipient and each of its Sub-recipients shall ensure that all Health Products financed with Grant Funds are procured through contracts awarded in compliance with the relevant Grant Agreement and the Health Products Guide. All the provisions of the Health Products Guide are hereby incorporated into these Grant Regulations by reference in their entirety as if they were fully set forth herein.

Article 19. UTILIZATION OF GOODS AND SERVICES

All goods and services financed with Grant Funds will, unless otherwise agreed in writing by the Global Fund, be devoted to the Program until the completion or termination of the Grant Agreement. Thereafter any remaining property, including that procured by Sub-recipients, shall be transferred or disposed of in accordance with the Principal Recipient's regulations, rules, policies and procedures and relevant agreements with the Host Country, following consultation with the Global Fund. The Global Fund shall cooperate with the Principal Recipient as necessary and appropriate regarding any such transfer.

Article 20. AMENDMENT

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

Article 21. TERMINATION; SUSPENSION

a. Either the Global Fund or the Principal Recipient may terminate the Grant Agreement in whole or in part upon giving the other party sixty (60) days written notice. Either the Global Fund or the Principal Recipient may suspend the Grant Agreement in whole or in part upon giving the other party seven (7) days written notice. Any portion of the Grant Agreement that is not terminated or suspended shall remain in full force and effect.

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

c. The termination of any Grant Agreement shall be without prejudice to any rights and obligations of either Party accrued prior to the date of termination of such Grant Agreement. More specifically, notwithstanding the suspension or termination of a Grant

Agreement, the Principal Recipient may use portions of Grant Funds that have already been disbursed to it to satisfy commitments and liabilities already incurred in the implementation of the Program concerned before the date of termination or suspension.

d. Upon the expiry of the Implementation Period for a Program or the early full or partial termination of a Grant Agreement for any reason, the Parties shall seek to close the Grant in an orderly and responsible manner. More specifically, the Principal Recipient shall:

(i) identify and, following consultation with the Global Fund, dispose of all goods and services and all receivables (if any) outstanding under the relevant Grant Agreement in accordance with Article 19 above;

(ii) satisfy all commitments and liabilities already incurred in the implementation of the Program before the end of the relevant Implementation Period or termination of the relevant Grant Agreement, including for all Health Products, goods, services and activities financed with the Grant Funds;

(iii) satisfy all commitments and liabilities incurred in connection with the closure plan and budget agreed in writing by the Parties for the relevant Grant Agreement;

(iv) provide to the Global Fund, by June 30 of the year following the end of the relevant Implementation Period and any closure period, a final financial report, certified by the Comptroller of the Principal Recipient, of income and expenditure of the Program covering a period through the end of the relevant Implementation Period and any closure period; and

(v) after the Principal Recipient has satisfied all commitments and liabilities as provided in clauses (ii) and (iii) above, return to the Global Fund all remaining Grant Funds as indicated in the final financial statement, or otherwise dispose of such Grant Funds as directed by the Global Fund, within twelve (12) months following the grant closure date, or within such longer period as agreed in writing by the Parties.

e. No Grant Funds may be expended after the end of the Implementation Period or termination of the relevant Grant Agreement, unless specifically authorized in writing by the Global Fund, except to satisfy commitments and liabilities as provided in clauses (d)(ii) and (d)(iii) above.

**Article 22. NOVATION; TRANSFER OF PRINCIPAL RECIPIENT'S
RESPONSIBILITIES UNDER THE GRANT AGREEMENT**

If at any time, either the Principal Recipient or the Global Fund concludes that the Principal Recipient is not able to perform the role of Principal Recipient and to carry out its responsibilities under the Grant Agreement or if, for whatever reason, the Global Fund and the Principal Recipient wish to transfer some or all of the responsibilities of the Principal Recipient to another entity that is able and willing to accept those responsibilities, then the Global Fund and the Principal Recipient may agree that the other entity (a "New Principal Recipient"), may be substituted for the Principal Recipient in the Grant 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 or, as the case may be, the relevant

RCM or RO. The Principal Recipient hereby agrees to cooperate fully to make the transfer as smooth as possible.

Article 23. NONWAIVER OF REMEDIES

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

Article 24. SUCCESSORS AND ASSIGNEES

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

Article 25. LIMITS OF GLOBAL FUND LIABILITY

a. The Global Fund shall be responsible only for performing the obligations specifically set forth in the Grant Agreement. Except for those obligations, the Global Fund shall have no liability to the CCM or, as the case may be, the relevant RCM or RO, the Principal Recipient, Sub-recipients or any other person or entity as a result of the Grant Agreement or the implementation of the Program.

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

Article 26. ARBITRATION

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

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

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

Article 27. CONFLICTS OF INTEREST; ANTI-CORRUPTION

a. For each Program, the Global Fund and the Principal Recipient agree that it is important to take all necessary precautions to avoid conflicts of interest and corrupt practices. To this end, the Principal Recipient shall maintain standards of conduct that govern the performance of its staff, Sub-recipients and suppliers, including the prohibition of conflicts of interest and corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in, inter alia, the "Staff Regulations and Rules of the United Nations," the relevant financial regulations and rules applicable to the Principal Recipient, the Principal Recipient's anti-fraud policy, and the Principal Recipient's procurement policies and procedures.

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

c. If the Principal Recipient has knowledge or becomes aware of any actual, apparent or potential conflict between the financial interests of any person affiliated with the Principal Recipient, the CCM or, as the case may be, the RCM or RO, the LFA, or the Global Fund and that person's duties with respect to the implementation of the Program, the Principal Recipient shall immediately disclose the actual, apparent or potential conflict of interest directly to the Global Fund.

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

Article 28. PRIVILEGES AND IMMUNITIES

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

a. the privileges and immunities of the Principal Recipient pursuant to the Convention on the Privileges and Immunities of the United Nations, approved by the General Assembly of the United Nations on February 13, 1946 or otherwise under any international or national law, convention or agreement; or

b. the privileges and immunities accorded to the Global Fund under (i) international law including international customary law, any international conventions or agreements, (ii) under any national laws including but not limited to the to the United States of

America's International Organizations Immunities Act (22 United States Code 288), or (iii) under the Headquarters Agreement between the Global Fund and the Swiss Federal Council dated 13 December 2004.

Article 29. RESPECT FOR HUMAN RIGHTS

a. The Principal Recipient acknowledges that all Programs financed by the Global Fund are expected to:

- (i) grant non-discriminatory access to services for all, including people in detention;
- (ii) employ only scientifically sound and approved medicines or medical practices;
- (iii) not employ methods that constitute torture or that are cruel, inhuman or degrading;
- (iv) respect and protect informed consent, confidentiality and the right to privacy concerning medical testing, treatment or health services rendered; and
- (v) avoid medical detention and involuntary isolation, which, consistent with the relevant guidance published by the World Health Organization, are to be used only as a last resort.

b. The Principal Recipient shall ensure that the standards listed above are duly reflected in the Principal Recipient's agreement with, or communicated in writing to, each of its Sub-recipients and Suppliers.

c. In implementing each Program, the Principal Recipient shall take all necessary actions to ensure that it, in a timely manner, discloses to the Global Fund any actual or potential non-compliance of the standards listed in paragraph (a) of this Article. If so requested by the Global Fund, the Principal Recipient shall cooperate with the Global Fund and any of its agents or representatives to ascertain the facts of any non-compliance so disclosed.

d. In the event that the Global Fund, based on information received or otherwise available, determines in its sole discretion that a Program has substantially failed to comply with the standards listed in paragraph (a) of this Article, it may require the Principal Recipient to establish a work plan to be approved by the Global Fund to address such non-compliance.

