



Investing in our future

**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

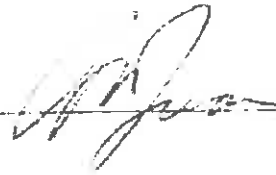
**PROGRAM GRANT AGREEMENT**

1. Country: The United Mexican States		
2. Principal Recipient Name and Address: Fundacion Mexicana para la salud A.C. (FUNSALLUD), Periférico Sur no. 4809, El Arenal Tepepan, Tlalpan, cp. 14610, México D.F.		
3. Program Title: Strengthening the National Response to HIV for MSM and male and female IDU in Mexico		
4. Grant Number: MEX-910-G01-H		4A. Modification Number: N/A
5. Phase 1 Starting Date:	6. Phase 1 Ending Date:	7. Phase 2 Ending Date:
7A. Condition Precedent Terminal Date: 15 November 2010	7B. Condition Precedent Terminal Date: 31 March 2011	7C. Condition Precedent Terminal Date: 31 December 2011
7D. Condition Precedent Terminal Date: 31 December 2011	7E. Condition Precedent Terminal Date: N/A	7F. Condition Precedent Terminal Date: N/A
8. Grant Funds: Up to the amount of US\$ 26,363,118 (Twenty-Six Million Three Hundred Sixty-Three Thousand One Hundred and Eighteen United States Dollars).		
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 an Initial First Commitment of US\$ 23,726,807 (Twenty-Three Million Seven Hundred Twenty-Six Thousand Eight Hundred and Seven United States Dollars) and a Supplementary First Commitment of US\$ 2,636,311 (Two Million Six Hundred Thirty-Six Thousand Three Hundred and Eleven United States Dollars).		
9. Program Coverage: HIV/AIDS		
10. Information for Principal Recipient Bank Account into Which Grant Funds Will Be Disbursed:		
11. The fiscal year of the Principal Recipient is from 1 January to 31 December.		
12. Local Fund Agent: PricewaterhouseCoopers, S. C. Adolfo Ramírez Fernández del Castillo Partner Mariano Escobedo 573, Col. Rincón de Bosque, C. P. 11580, México City, México. Tel: +52 55 52 63 60 00 Fax: +52 55 52 63 60 10      Attention: Adolfo Ramírez Fernández del Castillo E-mail: <a href="mailto:adolfo.ramirez@mx.pwc.com">adolfo.ramirez@mx.pwc.com</a>		
13. Name/Address for Notices to Principal Recipient: Fundación Mexicana para la Salud A.C. José Cuauhtémoc Valdés Olmedo General Coordinator Periférico Sur 4809, El Arenal Tepepan, Tlalpan CP 14610, México DF Tel.: +52 55 5655 9011 Fax: +52 55 5655 8211 E-mail: <a href="mailto:cvolmedo@funsalud.org.mx">cvolmedo@funsalud.org.mx</a>		14. Name/Address for Notices to Global Fund: Luca Occhini Regional Team Leader a.i. Latin America and The Caribbean Team 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: November 4, 2010

Signature: \_\_\_\_\_



María de las Mercedes Juan López  
Executive President

16. Signed for the Global Fund by its Authorized Representative

Date: \_\_\_\_\_

5/11/2010

Signature: \_\_\_\_\_



Prof. Michel Kazatchkine  
Executive Director

17. Acknowledged by the Chair of the Country Coordinating Mechanism

Date: November 4, 2010

Signature: \_\_\_\_\_

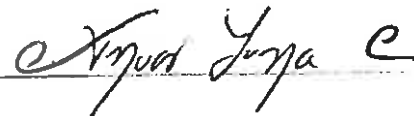


Gudelia Rangel Gómez  
Presidenta  
Colegio de la Frontera Norte/COLEF

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

Date: November 4, 2010

Signature: \_\_\_\_\_



Amair Ismael Luna Cadena  
Presidente  
Red Mexicana de Personas que viven con VIH

## STANDARD TERMS AND CONDITIONS

### 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 Program Term. 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. PROGRAM TERM

- (a) Phase 1. The Principal Recipient acknowledges that, as of the effective date of this Agreement (referred to in Article 38 of this Agreement), the Global Fund has committed funds to the Program under this Agreement for a 24 month period which starts on the Phase 1 Starting Date (indicated in block 5 of the face sheet of this Agreement) and ends on the Phase 1 Ending Date (indicated in block 6 of the face sheet of this Agreement) (hereinafter, the “Program Term”).
- (b) Phase 2. The Global Fund may decide, in its sole discretion, to extend the Program Term beyond the Phase 1 Ending Date and commit funding for Phase 2 of the Program (a “Phase 2 Approval”). If the Global Fund issues a Phase 2 Approval, the parties shall execute an amendment to this Agreement and the “Program Term” shall be extended to the Phase 2 Ending Date (indicated in block 7 the face sheet of this Agreement) or any other date specified by the Global Fund in its Phase 2 Approval.
- (c) Deemed Disbursement. The Phase 1 Starting Date, the Phase 1 Ending Date and the Phase 2 Ending Date will be determined by the date on which the Principal Recipient receives the first disbursement of Grant funds under this Agreement or as otherwise agreed between the Parties. For that purpose, the Principal Recipient shall be deemed to have received the first disbursement seven calendar days after the Global Fund Trustee issues a wire transfer for such disbursement into the Principal Recipient’s bank account (the “Deemed Receipt Date”). If the Deemed Receipt Date is between the first and the fourteenth day of the month, the Phase 1 Starting Date shall be the first day of that month. If the Deemed Receipt Date is after

the fourteenth day of the month, the Phase 1 Starting Date shall be the first day of the following month.

- (d) Notice. After the Deemed Receipt Date, the Global Fund shall provide notice to the Principal Recipient of the Phase 1 Starting Date, the Phase 1 Ending Date and the Phase 2 Ending Date and the face sheet of this Agreement shall be updated 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 Program Term 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 Program Term:

- (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 Program Term.
- (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 continued funding beyond the Phase 1 Ending Date (“Request for Continued Funding”) 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

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by the Global Fund in its sole discretion. In particular, 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) Phase 1 Ending Date. The Global Fund will not authorize disbursement of any Grant funds after the Phase 1 Ending Date unless the parties amend this Agreement to reflect a Phase 2 Approval (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 Phase 1 Starting Date, 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 Phase 1 Starting Date, the first period under audit shall be from the Phase 1 Starting Date until the end of the second such fiscal year.
- (c) **Independent Auditor.** Not later than three months after the Phase 1 Starting Date, 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 Phase 1 Starting Date.
- (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 Phase 1 Starting Date 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

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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: [www.picscheme.org](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 ISO 17025; 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

- (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 LOGOS OR TRADEMARKS**

**Use of Global Fund's Logo and 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 PROGRAM TERM

- (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 Program Term. Upon full or partial termination of this Agreement for any reason or the expiry of the Program Term, 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 Program Term (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 Program Term 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.

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**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 Program Term, and shall continue in full force and effect until the Phase 1 Ending Date, or, if a Phase 2 Approval is issued by the Global Fund, the Phase 2 Ending Date.
- (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 Of Global Fund Liability) and Article 29 (Indemnification) shall survive and remain in full force and effect regardless of the expiry of the Program Term 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

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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:	The United Mexican States
Program Title:	Strengthening the National Response to HIV for MSM and male and female IDU in Mexico
Grant Number:	MEX-910-G01-H
Disease:	HIV/AIDS
Principal Recipient:	Fundación Mexicana para la Salud A.C. (FUNSALUD)

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 HIV/AIDS epidemic in Mexico is concentrated among two population groups: men who have sex with men (MSM) and more recently among injecting drug users (IDU). In order to prevent the epidemic from growing among these populations and others linked to them, Mexico must improve the quality and coverage of its HIV/AIDS prevention strategies.

The primary focus of this Program is to reduce HIV transmission through the development and implementation of prevention strategies for MSM and IDU. Additional objectives of the Program are to improve timely screening of HIV infection and to decrease stigma and discrimination against MSM and IDU using a human rights framework.

The program focuses primarily on prevention which is the weakest and most under-resourced part of the overall HIV/AIDS response in Mexico. To date, some Civil Society Organizations (CSOs) have concentrated their efforts on defending human rights and fighting stigma, discrimination and homophobia, whereas the government has taken the lead on the provision of care, treatment and support for people living with HIV. Prevention efforts, especially those related specifically to key populations, have been limited and most CSOs are lacking the necessary resources and managerial capacity to implement prevention activities for most at risk populations. Although Mexico is a middle-income country, it has a relatively high poverty level.

The Round 9 proposal was developed in response to the gaps and limitations documented in the National Action Plan 2007–2012. The goals of this program and the federal government’s long-term health strategy are consistent with each other. The program will be implemented in the 44 cities where the burden of HIV among MSM and IDU is highest. Services will be offered at community meeting places and at health centers through joint government and civil society efforts. The project will begin with a situational assessment among the key populations that will be used to develop educational materials and to adapt interventions to the specific needs of key population subgroups (considering identity, gender, practices, social/cultural context, etc.). Concurrently, there will be intensive training activities to increase technical and managerial capacity of service providers, as well as scaling-up of programs to decrease stigma and discrimination towards key populations. The program is designed to be both sustainable and expandable to other cities.

**2. Goal:**

To reduce the incidence of HIV infection among high-risk and vulnerable populations (MSM and IDU).

**3. Target Group/Beneficiaries:**

- MSM (including transgendered individuals, transsexuals and transvestites)
- Injecting drug users (mainly heroin users)

**4. Strategies:**

- Increase the number and quality of stigma-free and discrimination-free services of community service providers and government service providers to key populations and HIV-infected individuals;
- Create and deliver standard packages of prevention interventions that are different for IDU and MSM as well as for subgroups of those key populations; and
- Improve the technical, managerial and administrative capabilities of government health services and CSOs for the development of prevention activities.

**5. Planned Activities:**

- Compile a comprehensive inventory of prevention strategies that have proven their national/international effectiveness with key populations which will be adapted and validated as thematic guidelines for specific interventions.
- Implementation of behavior change models among MSM population subgroups and IDUs as per the local cultural context. Three types of interventions will be implemented: community, group and individual.
- Sex health promotion and HIV prevention for MSM through the Internet. The main activities foreseen will be to (i) design and webcast spots and banners with messages about sex health promotion and HIV and Sexually Transmitted Infection (STI) prevention, and (ii) train and hire individuals in local community organizations to send chat-room messages on sexuality, eroticism, safer sex, HIV testing, STI detection, stigma, discrimination and homophobia, sexual health, and sexual and gender violence.
- Service providers will be trained in prevention interventions adapted and validated to the needs of MSM and male and female IDU living with HIV.

- Training of peer counselors in positive prevention and training of peer educators from the HIV population.
- Promotion of healthy sexual activities aimed at MSM and IDU living with HIV. This intervention is to be developed in small groups that allow for reflection, analysis, and the development of skills to practice healthy sexual behaviors. It focuses on the construction of skills, self-esteem and positive expectations towards new behaviors.
- In order to ensure stigma-free and discrimination-free service, training will be provided to public servants (health services providers, public prosecution counselors, and the federal, state and municipal police). Factors such as the right to dignity, the right to health, the right to equality, the right to confidentiality and gender sensitivity will be integrated into services as rights honored.
- In order to strengthen community and government health systems, an assessment will be done of the needs to implement technical and managerial training workshops. Training will improve the performance, quality and homogeneity of the sexual health prevention and promotion services that will be imparted to the key populations in the 44 cities to leave the technical capabilities locally installed.

**B. CONDITIONS PRECEDENT TO DISBURSEMENT**

**1. Conditions 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;
- 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.
- c. the delivery by the Principal Recipient to the Global Fund of evidence demonstrating that the Principal Recipient has recruited the following suitably qualified professionals to work in the Program: a Program Manager, a Senior Finance Officer, a Senior Monitoring & Evaluation Officer, a Senior Procurement Officer and a Senior Technical Officer. The evidence shall consist of the signed employment contracts with each of those professionals, for a start date of employment of January 2011 as employees of the Principal Recipient;
- d. the delivery by the Principal Recipient to the Global Fund of an updated Manual for Administrative and Financial Procedures;
- e. the written approval of the Global Fund of the updated Manual for Administrative and Financial Procedures referred in Section B.1.d. above;
- f. the delivery by the Principal Recipient to the Global Fund of a revised Procurement Manual; and
- g. the written approval of the Global Fund of the Procurement Manual referred in Section B.1.f. above.

**2. Conditions Precedent to Disbursement to Sub-recipients (Terminal Date as stated in block 7B of the Face Sheet)**

The disbursement of Grant funds by the Global Fund to the Principal Recipient for activities implemented by Sub-recipients or the disbursement of Grant funds by the Principal Recipient to any Sub-recipients is subject to the satisfaction of each of the following conditions:

- a. the delivery by the Principal Recipient to the Global Fund, in form and substance satisfactory to the Global Fund, of a policy and procedures for the assessment and monitoring of Sub-recipients;
- b. the delivery by the Principal Recipient to the Global Fund of updated budgets of each Sub-recipient; and
- c. the written approval of the Global Fund of the updated budgets referred in Section B.2.b above.

**3. Conditions Precedent to Disbursement for Procurement of Lubricants for Programmatic Year 2 (Terminal Date as stated in block 7C of the Face Sheet)**

The disbursement by the Global Fund or use by the Principal Recipient of Grant funds to finance the procurement of lubricants to be used after 31 December 2011 is subject to the satisfaction of each of the following conditions:

- a. the delivery by the Principal Recipient to the Global Fund of evidence (obtained through a survey) of the cost-effectiveness of the packages of lubricants for single use in the overall Program strategy; and
- b. the written approval of the Global Fund of a revised quantification and an updated budget for the procurement of lubricants to be used after 31 December 2011.

**4. Conditions Precedent to Disbursement for Procurement of Rapid Diagnostic Tests for HIV for Programmatic Year 2 (Terminal Date as stated in block 7D of the Face Sheet)**

The disbursement by the Global Fund or use by the Principal Recipient of Grant funds to finance the procurement of Rapid Diagnostic Tests to be used after 31 December 2011 is subject to the satisfaction of each of the following conditions:

- a. the delivery by the Principal Recipient to the Global Fund of a revised quantification and budget taking into account the procurement conducted in programmatic year 1; and
- b. the written approval of the Global Fund of a revised quantification and an updated budget for the procurement of Rapid Diagnostic Tests to be used after 31 December 2011.

**C. SPECIAL TERMS AND CONDITIONS FOR THIS AGREEMENT**

1. No later than 15 November 2010, the Principal Recipient shall submit to the Global Fund a policy on salary and benefits, in form and substance satisfactory to the Global Fund, which shall include a description of the process followed to develop such policy and a benchmark with employment positions with the similar level of responsibilities in existing comparable organizations.

2. In line with what is provided for in Article 21 of the Standard Terms and Conditions of this Agreement, the Principal Recipient shall promptly and proactively report to the Global Fund the results of procurement processes in which an "asociado institucional" of FUNSALUD or any other party related or affiliated to FUNSALUD is selected as winner of the process.

3. The Principal Recipient agrees that technical specifications and tender evaluation criteria of Health Products to be procured with use of Grant funds shall require the previous written approval of the Global Fund.

4. No later than 23 December 2010, the Principal Recipient shall deliver to the Global Fund a document, in form and substance satisfactory to the Global Fund, describing its Program implementation strategy with detailed roles and responsibilities of all the entities implementing Program activities, including, but not limited to, Sub-recipients.

5. No later than 31 March 2011, the Principal Recipient shall deliver to the Global Fund a training plan, in form and substance satisfactory to the Global Fund, which shall include:

- i) objectives of each training workshop;
- ii) terms of reference for participants;
- iii) policies on per diem; and
- iv) detailed cost structure of each workshop.

6. No later than 30 June 2011, the Principal Recipient shall deliver to the Global Fund evidence that it has established and implemented an updated system for financial management.

7. The Principal Recipient shall report with each Programmatic Progress Report (as defined in Article 15 of the Standard Terms and Conditions of this Agreement) the steps taken and progress made to obtain tax exemption. Furthermore, the Principal Recipient acknowledges and agrees that it shall provide to the Global Fund on a quarterly basis information on the amount of taxes paid by the Principal Recipient to the Government of the United Mexican States for the items purchased with Grant funds under this Program.

**D. FORMS APPLICABLE TO THIS AGREEMENT**

For purposes of Article 15(b) 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 10(a) of the Standard Terms and Conditions of this Agreement, the anticipated disbursement schedule for the Program shall be quarterly starting from the Phase 1 Starting Date and semi-annual starting from Period 2 as set out in the attached Performance Framework.

**F. GLOBAL FUND STAGGERED FUNDING COMMITMENT POLICY**

At the time of signing this Agreement, the Global Fund shall set aside ("commit") 90 % of Grant funds indicated in block 8 of the face sheet, subject to the terms and conditions of this Agreement (the "Initial First Commitment"). The remaining 10% of the Grant funds (the "Supplementary First Commitment") may be committed under this Agreement not earlier than 12 months after the Phase 1 Starting Date. Any Supplementary First 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 Supplementary First 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 Supplementary First 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.

Performance Framework Year 1 & 2: Indicators, Targets, and Periods Covered

HIV

Response Details	United Mexican States
Country Code	MEX
Country Name	MEXICO
Country Name (Spanish)	México
Country Name (French)	Mexique
Country Name (German)	Mexiko
Country Name (Italian)	Messico
Country Name (Japanese)	メキシコ
Country Name (Korean)	멕시코
Country Name (Portuguese)	México
Country Name (Russian)	Мексика
Country Name (Spanish)	México
Country Name (Swedish)	Mexiko
Country Name (Thai)	เม็กซิโก
Country Name (Vietnamese)	Mexico
Country Name (Zulu)	Mexiko
Country Name (Arabic)	مكسيكو
Country Name (Hebrew)	מקסיקו
Country Name (Indonesian)	Mexiko
Country Name (Malay)	Mexiko
Country Name (Tagalog)	Mexiko
Country Name (Urdu)	میکسیکو
Country Name (Yiddish)	מקסיקו
Country Name (Cyrillic)	Мексика
Country Name (Greek)	Μεξικό
Country Name (Latin)	Mexico
Country Name (Dutch)	Mexico
Country Name (Finnish)	Mexiko
Country Name (Norwegian)	Mexiko
Country Name (Danish)	Mexiko
Country Name (Portuguese)	México
Country Name (Spanish)	México
Country Name (Catalan)	Mèxic
Country Name (Basque)	Mexiko
Country Name (Galician)	México
Country Name (Asturian)	México
Country Name (Leonese)	México
Country Name (Aragonese)	México
Country Name (Catalan)	Mèxic
Country Name (Basque)	Mexiko
Country Name (Galician)	México
Country Name (Asturian)	México
Country Name (Leonese)	México
Country Name (Aragonese)	México

Indicator	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10
Female Circumcision Prevalence	14-16/2011	17-19/2011	20-22/2011	23-25/2011	28-30/2011	31-03/11	04-06/11	07-09/11	10-12/11	13-01/12
Male Circumcision Prevalence	14-16/2011	17-19/2011	20-22/2011	23-25/2011	28-30/2011	31-03/11	04-06/11	07-09/11	10-12/11	13-01/12
Condom Use	14-16/2011	17-19/2011	20-22/2011	23-25/2011	28-30/2011	31-03/11	04-06/11	07-09/11	10-12/11	13-01/12
Injection Safety	14-16/2011	17-19/2011	20-22/2011	23-25/2011	28-30/2011	31-03/11	04-06/11	07-09/11	10-12/11	13-01/12
Drug Safety	14-16/2011	17-19/2011	20-22/2011	23-25/2011	28-30/2011	31-03/11	04-06/11	07-09/11	10-12/11	13-01/12
Injection Safety (continued)	14-16/2011	17-19/2011	20-22/2011	23-25/2011	28-30/2011	31-03/11	04-06/11	07-09/11	10-12/11	13-01/12
Drug Safety (continued)	14-16/2011	17-19/2011	20-22/2011	23-25/2011	28-30/2011	31-03/11	04-06/11	07-09/11	10-12/11	13-01/12

Indicator	Year 1	Year 2
Female Circumcision Prevalence	2011-12	2012-12
Male Circumcision Prevalence	2011-12	2012-12
Condom Use	2011-12	2012-12
Injection Safety	2011-12	2012-12
Drug Safety	2011-12	2012-12
Injection Safety (continued)	2011-12	2012-12
Drug Safety (continued)	2011-12	2012-12

Indicator	Year 1	Year 2
Female Circumcision Prevalence	2011-12	2012-12
Male Circumcision Prevalence	2011-12	2012-12
Condom Use	2011-12	2012-12
Injection Safety	2011-12	2012-12
Drug Safety	2011-12	2012-12
Injection Safety (continued)	2011-12	2012-12
Drug Safety (continued)	2011-12	2012-12

Indicator	Year 1	Year 2
1	10%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10.0%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10.0%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10.0%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

The baseline as a national estimate which will be confirmed during the 1st semester of 2012 with a survey in the 44 cities at meeting points in each of the 44 cities for MSM and 4 cities for IDUs. The national program has established that mortality due to AIDS will be reduced by 10% in 2013 and by 18% in 2015 in comparison to 2008. Targets are based on a 10% reduction in incidence for 2013 and 25% for 2015.

The baseline as a national estimate which will be confirmed during the 1st semester of 2012 with a survey to take place at meeting points in each of the 44 cities for MSM and 4 cities for IDUs. The national program has established that mortality due to AIDS will be reduced by 10% in 2013 and by 18% in 2015 in comparison to 2008. Targets are based on a 7% reduction in incidence for 2013 and 15% for 2015.

The baseline as a national estimate which will be confirmed during the 1st semester of 2012 with a survey to take place at meeting points in each of the 44 cities for MSM and 4 cities for IDUs. The national program has established that mortality due to AIDS will be reduced by 10% in 2013 and by 18% in 2015 in comparison to 2008. Targets are based on a 7% reduction in incidence for 2013 and 25% for 2015.

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Indicator	Year 1	Year 2
1	10%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Indicator	Year 1	Year 2
1	10%	10.6%
2	6%	6.2%
3	TBD year 2	TBD year 2

Objective Number	Service Delivery Activity	Intervention Activities	Prevalence Targets by year (A-F)										Type of Measurement	Frequency	Target	Status							
			Year	Year	Year	Year	Year	Year	Year	Year	Year	Year											
1	Condom	Number and % of MSM and MSW that received during the period a package with condoms, lubricants and educational pamphlets in the service centers and meeting points in the 44 cities.	0	Service Reports	73495	15.4%	8377	17.5%	15488	32.4%	180813	33.7%	160613	33.7%	167037	35%	182316	38.3%	GF	N - not cumulative	N	Top 10	The estimated prevalence is 47% (SD) MSM in the 44 cities. Each MSM receives a pre-visit package each quarter containing condoms, lubricants and educational material. MSW receives a package with a larger number of condoms (biweekly).
1	Testing and Counseling	Number and % of MSM and MSW that were tested for HIV in the last 12 months and know their result.	0	Service Reports	15686	3.3%	31374	6.6%	32072	6.7%	64145	13.5%	98218	20.2%	128261	26.9%	46920	8.5%	GF	Y - cumulative annually	N	Top 10	Estimated prevalence is 47% (SD) MSM in the 44 cities. Number of MSM who do the test and know their result during the year.
2	Condom	Number and % of IDUs of both sexes that received during the period a package with syringe, condoms, lubricants and educational pamphlets in the 4 cities.	0	Service Reports	500	2.1%	1000	4.2%	1500	6.3%	2000	9.6%	3174	13.3%	7951	28.5%	7951	33.3%	GF	N - not cumulative	N	Top 10	Each IDU receives each quarter a pre-visit package containing condoms (120), syringe (80), lubricant, condoms, syringe and educational pamphlets. IDUs also receive kermas condoms (100), and only 30 male condoms.
2	Training and Counseling	Number and % of IDUs of both sexes that were tested for HIV in the last 12 months and know their result.	0	Service Reports	528	2.2%	1057	4.4%	358	1.4%	716	3%	1074	4.1%	1432	5%	1719	7.2%	GF	Y - cumulative annually	N	Top 10	Estimated prevalence is 23 (SD) in the 4 cities. Number of IDUs who do the test and know their result during the year.
2	Strengthening of civil society and institutional capacity building	Number of IDUs reached in the methadone program (by sex) in the cities of Guadalajara and Hermosillo.	0	Service Reports	100		100		100		100		100		100		100		GF	N - not cumulative	N	Top 10	Reporting mechanisms in Round 9 the program includes 2 cities and the National Program the reporting mechanisms. The reporting mechanisms treatment. The persons reached must be kept under treatment between 16 to 24 months. Therefore the 100 total subjects put on treatment will be the same over during Phase 1.
3	BCC - community outreach and schools	MSM, MSW and IDUs of both sexes living with HIV reached with secondary prevention interventions.	0	Service Reports	262		262		262		262		262		262		262		GF	N - not cumulative	N	Top 10	These targets were established according to the estimated population of infected MSM and IDUs who will be reached by individual and group activities. The target will be reached by individual activities 40% by group activities and 20% by leaders. The expected coverage of PLHIV is of 33% by the end of Year 2. It is important to reach 11% the first year and the rest by the second year.
3	BCC - community outreach and schools	MSM, MSW and IDUs of both sexes living with HIV that have received condoms and counseling regarding treatment adherence, condom use, and opportunistic infections, anal health and other.	0	Service Reports	2 185		4 371		6 694		8 817		10 739		12 881		16 002		GF	Y - over program term	N	Top 10	To arrive at the length of PLHIV the assumptions and forecasts were based on the estimated MSM and IDUs in the 4 cities and a 10% increase in the number of IDUs. Of which 80% of MSM are considered reachable and 80% of IDUs. The target was derived from the reachable and a coverage of 20% for MSM and 25% for IDUs. On the first year we expect to reach 20% of MSM and 25% of IDUs. On the second year coverage should reach 30% of MSM and 25% of IDUs and for the 29 remaining cities.
4	Stigma reduction in all settings	Number of public servants trained in workshops for the reduction of stigma and discrimination (by sex).	0	Training records	150		300		450		600		750		900		1050		GF	Y - over program term	N	Top 10	We decided to train an average of one provider per 10 thousand men of 15-49 years in 700 towns that in Valle de Mexico (60 providers should be trained and for Puebla/Tehuacan 70 should be trained). There will be a session with a provider for every 1000 men. It is possible that the number of people trained could change according to the any gap.
4	Stigma reduction in all settings	Number of persons from civil society trained in human rights and community oversight (both sexes).	0	Training records	150		300		450		600		750		900		1050		GF	Y - over program term	N	Top 10	We will train persons from civil society at an average of one per 15 men of 15 to 49 years old. Regarding civil society we have chosen a lower ratio as they are the most vulnerable concerning the subject.
4	Stigma reduction in all settings	Number of service centers certified as being free of stigma and discrimination in the 44 cities.	0	Operational Research	7	15.9%	14	31.8%	21	47.7%	28	63.6%	35	79.5%	42	95.5%	49	111.4%	GF	Y - over program term	N	Not Top 10	7 service centers in 10 municipalities outside (38.6%) (61.3%)
5	HSS, Health Workforce	Number of health workers, representatives of the public service and NGOs that receive technical and managerial training.	0	Administrative records	300		600		900		1200		1500		1800		2100		GF	Y - over program term	N	Top 10	We are training the 32 coordinators from the 44 cities (100% of the total) and the CSO that will function as SR and SSRs.
5	HSS, Service delivery	Number of warehouses per city strengthened for proper stock of condoms and other products according to the evaluation to be done in the 44 cities.	0	Operational Research	25	56.8%	50	113.6%	75	168.2%	100	227.3%	125	281.8%	150	336.4%	175	395.5%	GF	Y - over program term	N	Not Top 10	Applicable if phase 1 is completed by 3 months.

\* Applicable if phase 1 is completed by 3 months.

**SUMMARY BUDGET Year 1 and 2**

**HIV\_AIDS**

Program Details  
 Country: The United Mexican States  
 Grant No: MEX516-001-4  
 Proj: FUNDACION MEXICANA PARA LA SALUD A.C. (FUNSALUD)  
 Currency: USD  
 Brand/Order/Invoice: FUND-1

Period	Y1		Y2		Y3		Y4		Y5		Y6		Y7		Y8		Y9		Y10		N/A
	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	
Period Available	31-Mar-11	30-Jun-11	30-Jun-11	30-Sep-11	30-Sep-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11	31-Dec-11

#	Category	Year 1										Year 2										TOTAL	%
		P1		P2		P3		P4		P5		P6		P7		P8		P9		P10			
		1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11		
1	Human Resources	309,469	309,469	622,832	622,832	639,899	639,899	1,881,833	1,881,833	1,007,366	1,007,366	1,024,803	1,024,803	1,042,240	1,042,240	4,099,212	4,099,212	5,910,847	5,910,847	23%			
2	Technical Assistance	100,000	76,800	83,844	83,844	213,863	213,863	478,313	478,313	282,308	282,308	269,662	272,700	376,087	1,130,735	1,607,648	1,607,648	1,607,648	1,607,648	6%			
3	Training	30,000	318,385	203,670	415,975	988,040	988,040	634,735	634,735	634,735	634,735	517,030	517,030	514,305	2,255,600	3,221,440	3,221,440	3,221,440	3,221,440	12%			
4	Health Products and Health Equipment	2,015,783	1,260	0	0	1,280	1,280	6,781,992	6,781,992	4,230,593	4,230,593	1,260	1,260	1,260	4,234,373	9,896,368	9,896,368	9,896,368	9,896,368	36%			
5	Medicines and Pharmaceutical Products	2,108	308	74,063	96,755	173,530	173,530	188,482	188,482	172,182	172,182	181,930	181,930	614,360	857,000	857,000	857,000	857,000	3%				
6	Procurement and Supply Management Costs	76,129	60,000	37,500	37,500	0	0	173,929	173,929	40,000	40,000	148,500	148,500	0	181,500	362,129	362,129	362,129	1%				
7	Infrastructure and Other Equipment	192,298	0	196,853	196,853	0	0	352,281	352,281	230,388	230,388	12,000	12,000	0	242,388	694,639	694,639	694,639	2%				
8	Communications Materials	421,307	75,307	305,974	75,307	877,895	877,895	852,190	852,190	75,525	75,525	75,525	75,525	75,525	879,765	1,756,660	1,756,660	1,756,660	7%				
9	Monitoring and Evaluation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%			
10	Swing Support to Client/Target Population	421,162	32,720	32,720	32,720	32,720	32,720	519,322	519,322	34,323	34,323	34,323	34,323	34,323	137,292	656,614	656,614	656,614	2%				
11	Planning and Administration	66,895	80,271	106,932	104,318	358,416	358,416	126,999	126,999	131,637	131,637	134,389	134,389	555,870	914,286	914,286	914,286	914,286	3%				
12	Overhead	0	0	69,200	69,200	69,200	69,200	69,200	69,200	69,200	69,200	69,200	69,200	69,200	276,800	415,200	415,200	415,200	2%				
13	Other	3,835,458	954,328	5,440,371	1,649,289	11,879,423	11,879,423	7,404,488	7,404,488	2,898,640	2,898,640	2,379,239	2,379,239	14,883,899	28,363,118	28,363,118	28,363,118	28,363,118	100%				

#	Macro-Category	Objectives	Service Delivery Area*	Year 1										Year 2										TOTAL	%
				P1		P2		P3		P4		P5		P6		P7		P8		P9		P10			
				1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11		
1	HIV Supportive Environment	Strengthening of civil society and institutional capacity building	93,600	375,925	61,950	271,845	803,020	803,020	351,125	635,670	323,720	353,760	1,694,275	1,694,275	2,497,295	2,497,295	9%								
2	HIV Prevention	Prevention, BCC - community outreach	148,188	1,568	445,350	194,336	789,440	789,440	4,060,573	210,544	220,953	226,964	1,837,044	1,837,044	2,428,444	2,428,444	9%								
3	HIV Prevention	Prevention, Condom distribution	1,694,651	0	3,599,202	341,551	5,635,484	4,060,573	6,339,973	6,339,973	6,005,814	6,005,814	11,841,218	11,841,218	11,841,218	11,841,218	44%								
4	HIV Prevention	Prevention, Training and Counseling	143,315	0	374,304	98,454	818,873	465,823	184,363	194,943	242,463	1,087,612	1,087,612	1,703,685	1,703,685	6%									
5	HIV Prevention	Prevention, STI diagnosis and treatment	35,100	0	0	0	35,100	35,100	0	0	0	0	35,100	35,100	0%										
6	HIV Supportive Environment	Supportive environment, Stigma reduction in all settings	1,500	75,070	174,220	176,220	427,010	234,130	231,130	221,630	190,335	190,335	877,275	877,275	1,304,285	1,304,285	5%								
7	HIV Prevention	Prevention, BCC - Mass media	7,000	4,000	4,000	4,000	19,000	19,000	4,000	4,000	4,000	4,000	31,000	31,000	50,000	50,000	0%								
8	HIV Health Systems Strengthening (HSS)	HSS, Information system & Operational research	563,239	0	230,666	0	783,904	783,904	576,665	0	0	0	576,665	576,665	1,370,569	1,370,569	5%								
9	HIV Supportive Environment	Supportive environment Program management and administration	308,469	308,469	352,218	352,218	1,323,375	453,437	453,437	453,437	453,437	453,437	1,813,748	1,813,748	3,137,123	3,137,123	12%								
10	HIV Supportive Environment	Monitoring & Evaluation	75,308	75,307	75,308	75,308	301,230	75,525	75,525	75,525	75,525	302,100	302,100	603,330	603,330	2%									
11	HIV Supportive Environment	PMU Infrastructure	76,129	0	0	0	76,129	76,129	0	0	0	0	0	0	76,129	76,129	0%								
12	HIV Supportive Environment	Planning and Administration	421,162	32,720	32,720	32,720	519,322	34,323	34,323	34,323	34,323	137,292	137,292	656,614	656,614	2%									
13	HIV Supportive Environment	Overhead	66,895	80,271	80,432	102,818	340,416	125,499	132,345	130,137	132,889	520,870	520,870	861,286	861,286	3%									
TOTAL			3,835,458	954,328	5,440,371	1,649,289	11,879,423	7,404,488	2,898,640	2,379,239	2,379,239	14,883,899	14,883,899	28,363,118	28,363,118	100%									

\* For the purpose of this report the SOA Program management and administration should be included in the Supportive Environment Macro Category

#	PRSR	Name	Type of Implementing Entity	Year 1										Year 2										TOTAL	%
				P1		P2		P3		P4		P5		P6		P7		P8		P9		P10			
				1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11	1-Jul-11	31-Dec-11		
1	PR	Fundacion Mexicana para la salud AC	NGO/CBO/Academic	3,614,597	585,688	4,607,589	694,423	8,702,308	5,567,850	805,728	761,508	759,807	6,316,129	6,316,129	18,019,437	18,019,437	65%								
2	SR	SR 1, Training	NGO/CBO/Academic	11,157	359,032	106,707	425,716	984,612	588,678	564,905	564,755	576,500	2,393,838	2,393,838	3,378,450	3,378,450	13%								
3	SR	SR 2, Implementation	NGO/CBO/Academic	9,701	9,587	444,075	528,130	992,503	927,922	1,028,697	972,277	1,043,832	3,973,728	3,973,728	4,966,231	4,966,231	18%								
TOTAL				3,835,458	954,328	5,440,371	1,649,289	11,879,423	7,404,488	2,898,640	2,379,239	2,379,239	14,883,899	14,883,899	28,363,118	28,363,118	100%								

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