

## ANNEX A to the PROGRAM GRANT AGREEMENT

### Program Implementation Abstract

Country:	Union of Myanmar
Program Title:	TB control to reduce morbidity, mortality and transmission of TB in Myanmar
Grant Number:	MYN-S10-G09-T
Disease:	Tuberculosis
Principal Recipient:	UNOPS

#### A. PROGRAM DESCRIPTION

##### 1. Background and Summary:

Tuberculosis (TB) in Myanmar is a major public health problem. In 2009, WHO estimated an incidence of 171 TB patients per 100,000, however this figure is likely to underestimate the true burden of disease. In 2007, indeed, 124,416 TB cases were notified (all forms) corresponding to a case notification rate of 265 cases per 100,000 population. Data from 2007 indicate that the treatment success under DOTS is approximately 84%. Multi-drug resistant TB (MDR-TB) was estimated to be 4.2% and 10% among new and previously treated patients respectively, while Extensively Drug Resistant TB has also been reported in the country. The HIV prevalence among new adult TB patients has been estimated to be at 9.8%, with TB being the leading opportunistic infection among HIV patients. There are multiple barriers for patients to access adequate diagnostic and treatment services particularly in hard to reach areas, including limited laboratory capacity and gaps in human resources. It is estimated that nearly 70% of TB patients seek care in the private sector, making the involvement of the private sector a crucial element in the fight against the epidemic.

This proposal builds on the NTP strategic plan (2011-2015) and the Stop TB Strategy in order to address the above mentioned challenges. It is expected that, through strengthening and expanding basic DOTS across sectors, the prevalence of TB will decrease and MDR-TB among new sputum smear positive patients of TB will be contained at the current 4% level.

##### 2. Goal:

To reduce the burden of TB by 2015 in line with the MDGs and STOP TB Partnership targets.

### **3. Target Group/Beneficiaries:**

- Population in areas of programme implementation.
- TB patients.
- Patients with TB/HIV co-infection.
- Patients with MDR-TB.

### **4. Objectives:**

- Pursuing high quality DOTS: Enhancing the quality and expanding services to all TB patients, to sustain and further improve case detection and treatment success rates.
- Addressing TB/HIV, MDR-TB and other challenges such as TB care for high risk groups in border areas and infection control.
- Engaging all health care providers through Public-Private Mix DOTS, Public-Public Mix DOTS and introducing the International Standards of TB Care (ISTC) in other sector.
- Advocacy, Communication, Social Mobilization (ASCM) and community based DOTS in hard-to-reach areas by partner agencies.

### **5. Planned Activities:**

- Improvement of diagnosis.
- Provision of patient support.
- Procurement of TB drugs and supply management.
- Supportive programme management and administration.
- Human Resource development.
- Supportive Monitoring and Evaluation.
- TB/HIV collaborative interventions.
- Detection and treatment of MDR-TB.
- TB care for high-risk groups.
- Establishing infection control measures.
- Engaging all care provides through PPM DOTS: Public-Private Mix DOTS, Public-Public Mix DOTS.
- Advocacy, communication and social mobilization activities.
- Community based TB care.

## **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 the Principal Recipient's operating procedures for managing the flow of Grant funds from the time of Global Fund disbursement through to the funds arriving in the Myanmar Country Office of the Principal Recipient, including the operating procedures for the exchange and management of Grant funds in local currency; and

- b) the delivery by the Principal Recipient to the Global Fund of an Internal Audit Plan, in form and substance satisfactory to the Global Fund, outlining the audit coverage at both Principal Recipient and Sub-recipient levels.

## **2. Conditions Precedent to Disbursement to Sub-recipients**

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-recipient is subject to the satisfaction of each of the following conditions:

- a) the delivery by the Principal Recipient to the Global Fund of the Principal Recipient's operating procedures for disbursements of Grant funds to the Sub-recipients;
- b) the delivery by the Principal Recipient to the Global Fund of a plan, in form and substance satisfactory to the Global Fund, for the oversight of Sub-recipients;
- c) the delivery by the Principal Recipient to the Global Fund of evidence, in form and substance satisfactory to the Global Fund, that the Principal Recipient has assessed the capacity of each Sub-recipient and confirmed that each Sub-recipient either meets the minimum Global Fund requirements in relation to financial management or has developed a capacity building plan to address any significant weaknesses identified; and
- d) the delivery by the Principal Recipient to the Global Fund of a plan, in form and substance satisfactory to the Global Fund, for the audit of the expenditures of Sub Recipients under the Program.

## **3. Conditions Precedent to Disbursement for Procurement of Health Products (as defined in Article 18 of the Standard Terms and Conditions)**

The disbursement by the Global Fund to the Principal Recipient of Grant funds to finance the procurement of Health Products is subject to the satisfaction of each of the following conditions:

- a) the delivery by the Principal Recipient to the Global Fund of a plan for the procurement, use and supply management of Health Products for the Program as described in subsection (b) of Article 18 of the Standard Terms and Conditions of this Agreement (the "PSM Plan");
- b) the written approval by the Global Fund of the PSM Plan; and
- c) the delivery by the Principal Recipient to the Global Fund, of evidence, in form and substance satisfactory to the Global Fund, that the Principal Recipient has recruited qualified staff members to manage the Procurement and Supply Management of Health Products for the Program;

## **4. Conditions Precedent to Disbursement or Use of Grant funds for upgrading of the storage and distribution system of the Health Products (Terminal Date as stated in block 7B of the Face Sheet)**

The disbursement by the Global Fund or use by the Principal Recipient of Grant funds to finance the upgrading of the storage and distribution system of the Health Products 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 an assessment report of the storage and distribution system of the Health Products; and
- b) the delivery by the Principal Recipient to the Global Fund, in form and substance satisfactory to the Global Fund, of a costed work plan for such upgrading, which shall include timeframes and deliverables for priority improvements.

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

1. The parties to this Agreement acknowledge that as of the date of this Agreement, the Global Fund has received the commitment of the Host Government to the following: (a) to issue renewable annual multi-entry visas for the Principal Recipient and the Local Fund Agent personnel in advance of their start dates of employment as notified by either the Principal Recipient or the Local Fund Agent, and (b) to allow the Principal Recipient, the Local Fund Agent, and the Global Fund representatives ad-hoc access to project implementation sites.

2. The Parties to this Agreement acknowledge and agree that expenditure of Grant funds or implementation of the Program activities shall not take place in locations where staff members or individuals contracted and acting on behalf of the Principal Recipient, Sub recipients, the Local Fund Agent or the Global Fund are denied access. The Principal Recipient acknowledges and agrees that in the event that the Principal Recipient, Sub-recipients, Local Fund Agent or the Global Fund are denied access to project sites, the Global Fund may discontinue the funding for activities occurring in such project site or resort to remedies of suspension and termination under this Agreement.

3. In the event that an additional Sub-recipient is selected during the Commitment Period, the Parties to this Agreement acknowledge and agree that prior to the disbursement of Grant funds by the Principal Recipient to such Sub-recipient, the Principal Recipient shall furnish to the Global Fund, in form and substance satisfactory to the Global Fund, the following:

- i. evidence demonstrating that the Principal Recipient has conducted a comprehensive assessment of the Sub-recipient;
- ii. evidence demonstrating that the Principal Recipient has signed an agreement with the Sub-recipient, which, without limitation, shall include a budget, workplan, implementation and financial and programmatic reporting responsibilities of the Sub-recipient;
- iii. details identifying the financial institution or institutions into which Grant funds will be disbursed for the benefit of the Sub-recipient; and
- iv. documentation demonstrating that the Sub-recipient has received training on monitoring and evaluation responsibilities sufficient to meet its requirements under the Program.

4. Notwithstanding Section C.3 above, the Global Fund reserves the right to request the assessment by the Local Fund Agent of any additional Sub-recipient selected in accordance with this Agreement.

5. The Principal Recipient and the Global Fund agree that, without the prior written approval of the Global Fund, the Principal Recipient shall not advance Grant funds to any implementing entity, except for the United Nations entities and the International Union against Tuberculosis and Lung Disease. With exception of the funding provided by the Principal Recipient to United Nations entities and the International Union against Tuberculosis and Lung Disease, the Principal Recipient shall provide funding to implementing entities only on a reimbursable basis by adhering to a zero cash balance policy, which limits funding to either a) reimbursing actual expenditures made in accordance with budgets and work plans which have been verified by the Principal Recipient or b) by the Principal Recipient making direct payments to vendors for goods and services procured to support the activities of such implementing entities.

6. The advance of Grant funds to implementing entities for activities at the township level is subject to the satisfaction of each of the following conditions:

- a) the delivery by the Principal Recipient to the Global Fund of a plan, in form and substance satisfactory to the Global Fund, for the management of the fund flow process at the township level (the “Fund Flow Mechanism ”); and
- b) the written approval by the Global Fund of the Fund Flow Mechanism.

7. The Global Fund reserves the right to unilaterally revoke the operation of the Fund Flow Mechanism and request the Principal Recipient to submit to the Global Fund for approval an adjusted Fund Flow Mechanism plan to implement the activities covered under this system using a zero cash balance policy as defined under Section C.5. In this event, the Principal Recipient shall be entitled to submit a request to access the supplementary funds budgeted for the financial management and implementation of the zero cash balance policy related to the activities previously covered under the Fund Flow Mechanism. For the avoidance of doubt, parties acknowledge that supplementary funds are currently budgeted in the amount of US\$114,000 and may not be utilized for any other purpose, without written approval of the Global Fund.

8. The Principal Recipient and the Global Fund acknowledge and agree that the financing of activities implemented by the Sub-recipients shall be subject to the foregoing conditions:

- a. Grant funds shall only be used to provide support for the following:
  - i) health care and service provision,
  - ii) patient support costs,
  - iii) the supply management function,
  - iv) provision of essential equipment,
  - v) monitoring, supervision and coordination of Program activities,
  - vi) training,
  - vii) technical and management support to enable decentralised levels of civilian administrations to manage and monitor service delivery, and
  - viii) domestic travel and accommodation costs incurred in the course of implementation of the Program;
- b. Domestic travel and accommodation costs incurred in the course of the implementation of the Program by Sub-recipients other than UN agencies and the International Union against Tuberculosis and Lung Disease shall not exceed the costs authorized by the rules established by the United Nations Development Programme

for Myanmar. The Principal Recipient shall endeavor to harmonize the rates and rules with those being applied by the 3 Diseases Fund;

- c. International travel and accommodation expenses incurred in the course of the implementation of the Program shall be subject to Global Fund approval;
- d. Program activities in support of the government agencies at national, divisional/state, district, township health authority or local civilian administrative level or below must be included in the work plans and budgets of United Nations agencies and such actions, including fund disbursement and commodity provision, shall be monitored by the Principal Recipient at least on a quarterly basis;
- e. Support to government-implemented components of the national programs shall not include staff salaries and allowances, recruitment fees, international fellowships, recurrent costs or expenses for rehabilitation of Ministry of Health facilities without prior written approval of the Global Fund; and
- f. Support to patients using public health facilities can be made for supporting the care for patients suffering from HIV, tuberculosis and malaria in the form of provision of in kind drugs, medical supplies and consumables and diagnostic procedures directly related to HIV, TB and malaria care only.

9. The Principal Recipient acknowledges and agrees that percentage-based overheads or cost recovery fees of Sub-recipients shall not exceed the amounts established in the budget approved by the Global Fund, unless the Global Fund has expressly authorized in writing the payment of higher amounts. Sub-recipients in receipt of such payments, other than United Nations entities, shall submit their organization's annual Audited Financial Statements upon request of the Global Fund.

10. The parties to this Agreement acknowledge and agree that cost recovery charges levied by the Principal Recipient under this Agreement shall be made in accordance with rates mutually agreed by the Principal Recipient and the Global Fund.

11. During the term of this Agreement the Principal Recipient shall maintain a minimum level of staffing consisting, without limitation, of the following professionals of experience and qualifications competitive at international level: a Program Coordinator, a Finance Officer, a Monitoring and Evaluation Officer and a Procurement Officer. In the event that consultants are contracted to cover gaps caused by delays in recruitment, such consultants must have equivalent qualifications and experience.

12. The Principal Recipient shall ensure that vehicles or other fixed assets procured or leased by the Principal Recipient or any implementing entity, using Grant funds may be made available to the Host Government or national entities only on a loan basis. The Principal Recipient shall use its best efforts to ensure that vehicles and other fixed assets which have been made available to the Host Government or national entities, by the Principal Recipient or any other implementing entity, including Sub-recipients, on a loan basis are used for Program activities only. The Principal Recipient and implementing entities, including Sub-recipients, shall maintain log books for all vehicles and fixed assets. The Principal Recipient and implementing entities shall ensure that the location of such vehicles and/or fixed assets are known at all times and are available for inspection by staff of the Principal Recipient, Sub-recipient, Local Fund Agent and/or the Global Fund.

13. The Parties to this Agreement acknowledge and agree that the procurement of supplies and equipment using Grant funds, including supplies and equipment to support the activities of implementing entities, shall be conducted exclusively by the Principal Recipient. The procurement of Health Products will be governed by the Standard Terms and Conditions of this Agreement and Section C.14 of this Agreement.

14. The Principal Recipient acknowledges and agrees that the procurement of Health Products with the use of Grant funds shall be done through a suitably qualified Procurement Agent (as assessed by the Local Fund Agent and approved by the Global Fund in writing) until the Global Fund has agreed in writing, upon relevant assessment by the Local Fund Agent, that such procurement can be properly managed by the Principal Recipient.

15. In accordance with Articles 18(b)(2), 18(c) and 18(g) of the Standard Terms and Conditions of this Agreement, the parties agree that the procurement of Medicines will strictly follow the list contained in the PSM Plan, which may include Medicines whose registration has been waived by the National Drug Regulatory Authority of the Union of Myanmar.

16. No later than 30 June 2011, the Principal Recipient shall deliver to the Global Fund evidence, in form and substance satisfactory to the Global Fund, that the Principal Recipient has established a functional system for storage, distribution, recording and reporting and utilization of information to manage the program, recording and reporting on patient and inventory related information (Management Information System), including a system for validating analyzing and utilizing the reported information in the management of the programs. The Principal Recipient shall also deliver to the Global Fund, Standard Operating Procedures for storage, distribution of health products, and recording and reporting and utilization of information to manage the program. The procedures shall also take into account the requirements of the Global Fund, Quality Assurance Policy on Finished Pharmaceutical Products and the reporting requirements with respect to the Price and Quality Reporting (PQR).

17. The Global Fund reserves the right to conduct periodic reviews of the Procurement and Supply Management function of the Principal Recipient.

18. The Principal Recipient shall notify the Global Fund in advance of any proposed changes to the implementation arrangements described in this Agreement. Such proposed change in the implementation arrangements shall be subject to the prior written approval of the Global Fund.

19. The Principal Recipient shall ensure that the Oversight Plan for Sub-recipients (as described in Section B.2.b above) and the Internal Audit Plan (as described in Section B.1.b above) is implemented as scheduled and shall report any findings arising to the Global Fund on a quarterly basis including measures to address issues identified.

20. No later than 1 February 2011, the Principal Recipient shall deliver to the Global Fund a Conflict of Interest Policy signed by all personnel working for the Principal Recipient on the Program.

21. The Principal Recipient agrees that Grant funds cannot be used to finance WHO positions for the calendar year 2012 unless such support has been approved by the Global Fund by 30 June 2011.

22. The Principal Recipient shall use its best efforts to co-ordinate the development of a national monitoring and evaluation plan for TB (the “National M&E Plan”) and to submit a copy to the Global Fund. Prior to submission of the National M&E Plan to the Global Fund, the Principal Recipient shall, upon request, provide progress updates to the Global Fund.

23. The Principal Recipient shall ensure that the United Nations operational rate of exchange applies to currency conversions from United States Dollars into Myanmar Kyats during the term of this Agreement in accordance with the procedures referred to in Section B.1.a above. Notwithstanding above, the parties acknowledge and agree that the International Union against Tuberculosis and Lung Disease is entitled to employ other competitive currency conversion rates, provided that best efforts are used to employ the most beneficial rate available in accordance with their own approved procedures.

24. For the purposes of this Agreement, implementing entities shall include the Principal Recipient, Sub-recipients, Sub-sub-recipients and any other entity or individual that receives Grant funds for implementation of Program activities.

25. Notwithstanding what provided for in Article 3(c) of the Standard Terms and Conditions of this Agreement, any interest or other earnings generated by any Sub-Recipient which is an organization of the United Nations system shall be treated in accordance with the financial rules and regulations of such Sub-recipient.

26. The Global Fund and the Principal Recipient agree that the detailed program evaluations mentioned in Article 15 of the Standard Terms and Conditions of this Agreement are limited to those evaluations previously agreed in the detailed Monitoring and Evaluation Plan.

#### D. FORMS APPLICABLE TO THIS AGREEMENT

For purposes of Article 13(b) of the Standard Terms and Conditions of this Agreement entitled “Quarterly 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 6(a) of the Standard Terms and Conditions of this Agreement, the anticipated disbursement schedule shall be as indicated in the Performance Framework attached to this Annex A.

#### 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 (the “Initial First Commitment”). The Global Fund will thereafter seek to commit the remaining 10% of the Grant funds (the “Supplementary First Commitment”) approximately 12 months after the starting date of the Commitment Period. Any Supplementary First Commitment shall be undertaken in a manner consistent with the Global Fund’s discretion and authority as described in Article 6 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.

#### G. PROGRAM BUDGET

The Summary Budget(s) attached to this Annex A set forth anticipated expenditures for the Program term.

#### H. PERFORMANCE FRAMEWORK

The Performance Framework(s) attached to this Annex A set forth the main objectives of the Program, key indicators, intended results, targets and reporting periods of the Program.