

INTENSIFIED MALARIA CONTROL PROJECT—II (IMCP—II)
SUB RECIPIENT MANAGEMENT PLAN
(2010-2012)

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ABBREVIATIONS

BCC	Behaviour Change Communications
CCM	Country Coordinating Mechanism
CHAI	Catholic Health Association of India
CRS	Catholic Relief Services
CPMU	Central Project Management Unit
CMAI	Christian Medical Association of India
CSO	Civil Society Organisations
DSSS	Diocesan Social Service Societies
EFR	Enhanced Financial Report
EOI	Expression of Interest
FMIS	Financial Management Information System
GFATM	Global Fund to fight AIDS, Tuberculosis, Malaria
GoI	Government of India
HR	Human Resource
IMCP	Intensified Malaria Control Project
LFA	Local Fund Agent
LMIS	Logistics Management Information Systems
M&E	Monitoring and Evaluations
MDGs	Millennium Development Goals
MIS	Management Information Systems
NE	North East
NVBDCP	National Vector Borne Diseases Control Programme
PR	Principal Recipient
PSI	Population Services International
PWC	Project Working Committee
PUDR	Progress Update Disbursement Request
QA	Quality Assessment
RPMU	Regional Project Management Unit
SDAs	Service Delivery Areas
SOPs	Standard Operating Procedures
SR	Sub Recipient
SSR	Sub –sub-recipient
STC	Standard Terms and Conditions
ToR	Terms of Reference
TWG	Technical Working Committee
VBDCP	Vector Borne Diseases Control Programme
VHAI	Voluntary Health Association of India

1. INTRODUCTION

The Global Fund to fight AIDS, Tuberculosis, Malaria (GFATM) Round 9 Intensified Malaria Control Project (IMCP)--II goal, objectives and targets are tuned to scale up effective preventive and curative interventions in those areas of the country, where the intensity of transmission is the highest and the health care delivery system constraints are the most severe. The IMCP--II aims for universal coverage catalyzing decline in malaria related mortality and morbidity and contributing to achievement of national goals and Millennium Development Goals (MDGs). Overall, the IMCP—II will be implemented in 86 districts in the seven northeastern (NE) states. The states are: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura.

Caritas India, leading a non-government consortium is a Principal Recipient (PR) of the GFATM Round 9 grant. Caritas India along with their Sub-recipients (SRs)¹, will be complementing the malaria control efforts of the National Vector Borne Diseases Control Programme (NVBDCP) of the Government of India (GoI)—the other PR of the GFATM Round 9 grant, by scaling up effective preventive and curative interventions at community level in 5,661 villages in 49 districts. The SRs will receive grant funds in accordance with the terms and conditions in SR Grant Agreement.

The GFATM assesses the PR's capacity to assess, select and manage SRs using a SR management assessment tool and through the PR's Grant Agreement; provides guidance on involvement of SRs; and specifies terms and conditions the PR must include in the SR Agreement (Article 14 of Standard Terms and Conditions of PR Grant Agreement) [Annexure-1].

The LFA includes the findings of the SR management tool in the PR Assessment Report before the grant is awarded.

As required in Article 14, the PR needs to select appropriate entities as SRs, conduct assessment and capacitate, as necessary and enter into a formal agreement with each SR creating obligations/accountability of the SRs to the PR that will be drawn from those defined for the PR under the Grant agreement entered between PR and GFATM. The PR needs to ensure effective oversight over SR performance during grant implementation.

1.1 Outline of Sub-recipient Management Plan

This SR Management Plan describes the following aspects:

- 1) SR selection
- 2) SR assessment
- 3) SR appointment
- 4) Coordination, communication and oversight
- 5) Disbursement

¹ Refer to "Grant Implementing Entities".

- 6) Monitoring and evaluation
- 7) Reporting.

The SR Management plan aims to document the systems and processes for implementation of IMCP--II by the PR through SRs. The document is intended to provide guidance to the PR and the SRs on effective and transparent grant implementation, management and reporting towards optimal grant performance.

The SR Management Plan will remain dynamic and will be reviewed/fine-tuned and adjusted from time to time (annually or whenever the same is necessary) in consultation with SRs drawing from lessons learned from project implementation and/or change in GFATM requirements and/or suggestions of the GFATM/LFA.

The Project Director in agreement with the Executive Director/Assistant Executive Director of Caritas India will communicate revision(s)/amendment(s)/update(s) in the SR Management Plan, if any, to the GFATM/LFA as well as the SRs. The revised/amended/updated edition will be shared within Caritas India and with SRs. In the absence of any additional processes/systems deemed necessary, yet not specified in the SR management plan, Project Director in agreement with the Executive Director/Assistant Executive Director of Caritas India will make a decision to facilitate the transparent and effective grant implementation. The same will be documented with reason(s)/justification(s) and shared with the stakeholders.

2. SUB-RECIPIENT SELECTION

For IMCP—II, the SR selection had been concluded prior to GFATM proposal submission. In general, this approach is a preferred one as the proposed SR(s) involvement in grant implementation is taken into consideration during the GFATM proposal development and review process. The entire process of SR selection is outlined below.

In 2008, it was recognized that given the situation of malaria in the country it was important that civil society strengthen the efforts of the government for its prevention and control. From March 2008 onwards a series of meetings were held amongst civil society organizations (CSOs)/private sector² interested to work on malaria component of GFATM Round 8 that were primarily convened and coordinated by Caritas India. All the interested organizations submitted their capability statement to Caritas India along with official letter of interest/commitment indicating their willingness to be a member of the Caritas India led consortium. The capability statement emphasized on: technical strength [expertise and experience in relevant SDAs (viz. BCC, trainings, M&E, malaria prevention, diagnosis and treatment)], and quality resources available (including human resources) in managing performance driven programmes/projects, including those funded by GFATM; local organization, access to impact areas/targeted populations, management of large scale funding, adequacy of monitoring and reporting system. The submitted information were assessed by Caritas India team including experts, based on which specific SDAs

² Caritas India, Futures Group International India Private Limited, Voluntary Health Association of India, Christian Medical Association of India, Catholic Relief Services, Catholic Health Association of India, Population Services International, Care India.

and states/districts were allocated to SRs following mutual agreement.

There was a consensus that areas, which were highly endemic for malaria would be targeted and that civil society consortium would apply as a separate PR in addition to the NVBDCP, which would be the other PR for the malaria component. It was agreed by all members of the civil society consortium that Caritas India would play the lead role and would be designated as PR, both for the preparation of the GFATM Round 8 proposal as well as coordination of programme activities, if the Round 8 proposal was a success. All other organizations would play the role of SRs. It was also agreed that there would be SRs to provide implementation support on the ground and technical support. All were unanimous that the SR identification/selection as implementers under the Caritas India should be transparent and documented. Moreover, an assessment of the pre-identified/selected SR would be mandatory and that the all project activities of the civil society consortium would follow NVBDCP guidelines.

In consultation with the NVBDCP, it was decided that since this process of consultation between civil society organizations had taken place over a long time period and adequate knowledge about the malaria proposal development process and relevant expertise and experience existed, it would be better that the SRs be selected prior to and as part of the process of Round 8 proposal development. This had the advantage that it fostered greater ownership and commitment to the delivery of results; as SRs were more likely to see themselves as partners than as agents contracted to deliver specified services. Furthermore, the technical expertise of potential SRs would substantially improve the quality and feasibility of proposal, allowing for a more accurate reflection of institutional and capacity gaps within the proposal. A concept note submitted to the India Country Coordination Mechanism (CCM) by civil society consortium with Caritas India as the PR was approved and was recommended as eligible for submitting Round 8 proposal to GFATM. The India CCM officially requested Caritas India to add two additional organizations to its consortium namely, Bethesda Charitable Trust and Roman Catholic Diocesan Corporation. Subsequently, the strengths and weaknesses of each of the SRs were further assessed and roles and responsibilities allocated accordingly. In consultation with the NVBDCP, a single proposal was developed with NVBDCP and Caritas India as PRs, which was modified based on feedback from the India CCM and finally submitted to the Global Fund for Round 8. Unfortunately, the entire India Round 8 proposals to GFATM were not approved.

In 2009, the NVBDCP and civil society consortium decided to re-apply for the malaria component of GFATM Round 9. A meeting was held with members of the civil society consortium and the following important decisions were taken: 1) Caritas India would continue to play the lead role for the development of the Round 9 malaria proposal; 2) the proposal would address the comments raised by the reviewers of the Round 8 proposal; 3) the proposal would be limited to the seven NE states of India; 4) the strengths and weakness of partners (SRs) who could be part of this revised proposal was to be re-assessed.

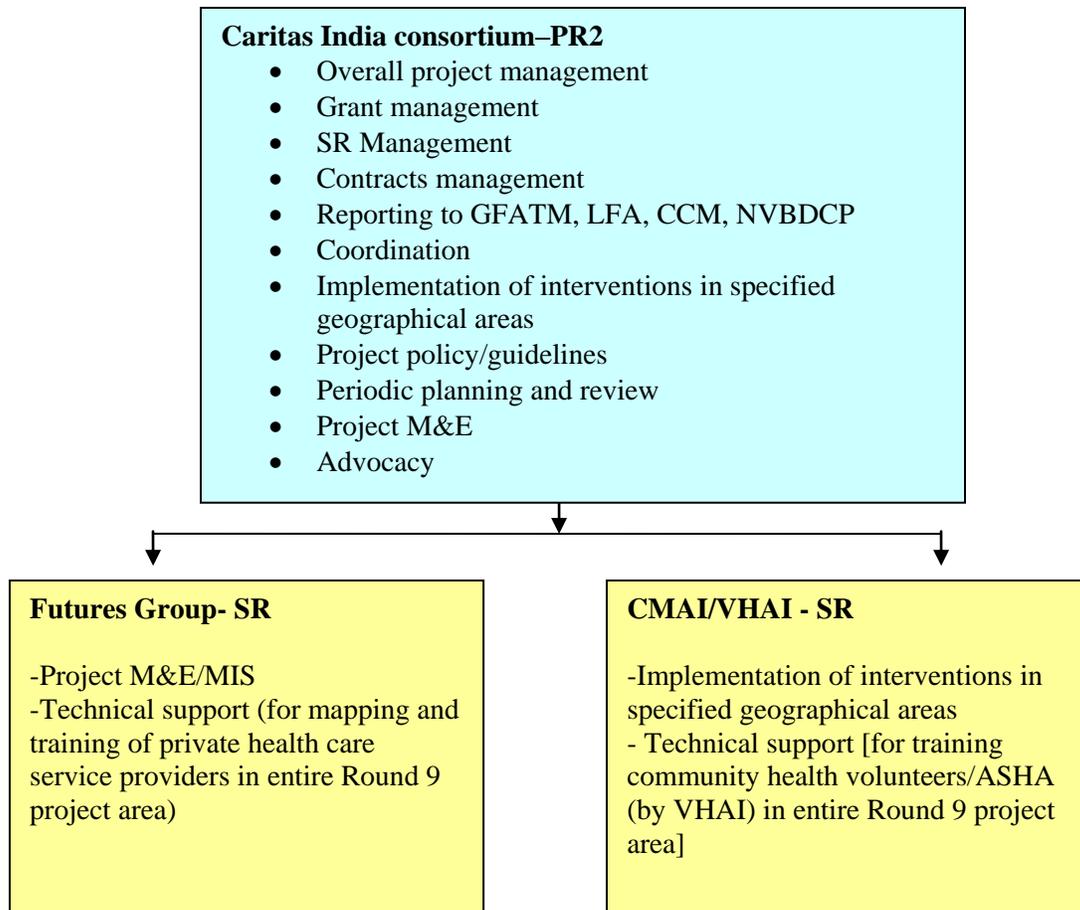
In the time that elapsed between Round 8 and Round 9 proposal preparation, the NVBDCP had successfully obtained funding for malaria control in 93 districts in different states of the country, excluding those in the NE region. This funding meant that certain districts originally proposed

under GFATM Round 8 had to be dropped and brought under the World Bank/NVBDCP domestic funding. The process of rationalization necessitated that Caritas India focus its work only in the NE states. This consequently implied that some SRs considered in Round 8 proposal could not be continued in Round 9 proposal. In addition, PSI voluntarily opted out of the civil society Consortium on account of their internal policy decision. Hence, three partners continued in the Round 9 as SRs, namely CMAI, VHAI and Futures Group International India Private Limited. The three SRs are non-government entities, namely, Futures Group International India Private Limited (Sub-recipient 1)—a for-profit organization, Voluntary Health association of India (VHAI) [Sub-recipient 2]—a non-government organization, and Christian Medical Association of India (CMAI) [Sub-recipient 3]—a faith based organization. These organizations have extensive technical expertise and community based presence and experience in specified service delivery areas (malaria prevention, diagnosis and treatment, BCC, training/capacity building, M&E/MIS).

It was decided that Caritas India as PR would manage IMCP--II implementation coordination, monitoring and reporting, besides implementing interventions in specified geographic areas through the Diocesan Social Service Societies (DSSS)--its partner network. Caritas India's partner network providing implementation support, vendors supporting procurement and supply of non-health products) would not be considered as SRs.

Working in close collaboration with the NVBDCP, Caritas India led the civil society consortium in significantly realigning the strategy, SDAs, and the implementation plan along with corresponding budget and helped draft a new Round 9 proposal to address the problem of malaria. As a result of the many consultations that were held and based on the core competency of each organization, it was finally decided that the SRs would be basically of two categories: SRs who would provide implementation support and SRs who would provide technical support. It was further agreed that the pre-identified/selected SRs would be implementing interventions in specified districts of NE states. Allocation of geographical areas was based on: community presence/availability of health facilities and infrastructure, ability to carry out community outreach and community based activities, past experience in working on malaria and other diseases as well as relevant (local) technical resource/expertise. Each SR submitted their capability statement to Caritas India once again along with a document indicating their community presence in terms of the number and details of community groups, community workers, volunteers and health infrastructure they had in a district/block in NE states.

The roles assigned to Round 9 SRs (and PR) are captured by the following schematic:



The Round 9 proposal, IMCP—II, was submitted to the GFATM through the India CCM and was finally approved by the GFATM. Once the official communication regarding the acceptance of Caritas India as the PR for the malaria component of Round 9 was received, all three pre-identified/selected SRs were invited to a meeting where this information was shared with them and a plan of action developed with tentative timelines for an assessment to ensure that the systems and processes were in place for the roll out of IMCP--II. The assessment of the pre-identified/selected SR [in terms of legal status, management and organization, infrastructure and information systems, technical expertise (programmatic/finance/M&E)] was agreed to be mandatory. The allocation of geographical areas was also looked into.³

While the pre-identified/selected SR(s) is expected to partner for IMCP—II through the life of the project, in the event of unsatisfactory performance and/or any fiduciary issues and failure to reach a resolution within the stipulated terms and conditions of the SR agreement, Caritas India will keep the option of termination of agreement and may select other SR(s) or carry out grant implementation on its own through its chosen partner network.

³ PR will implement malaria control interventions in 54% of the geographic area; the VHAI (SR2) and CMAI (SR3) will implement interventions in 19% and 27%, respectively, of the geographic area, under the ambit of Caritas India consortium (5,661 villages in 49 districts).

In the event involvement of any new SR is decided, PR will follow standard procedures as done for selection/hiring of sub-contractors/consultancy services with appropriate intimation to India CCM, LFA, GFATM, and NVBDCP. The standard procedures will include one of the following: 1) call for expression of interest (EOI) in a prescribed format clearly mentioning the requirements related to expertise and experience for programmatic and financial reporting, either through advertisement in local newspapers/Caritas India website or through limited circulation of notice within Caritas India's partner organizations; 2) constitution of a selection committee [Executive Director/Assistant Executive Director, Head of Programmes, Project Director, Project Manager, Project Grant and Finance Manager, Representative from NVBDCP and Representative from India CCM (optional/as appropriate)] with clearly defined ToR for assessment and selection of SR; 3) process documentation and sharing with India CCM, LFA, GFATM, and NVBDCP. The new SR's capacity assessment will also be conducted and report will be shared with key stakeholders. In accordance with the principle of transparency, the agencies not selected as SR will be so informed and given the reasons for non-selection. The PR may consider providing technical assistance to an organization on required SDAs, if an organization is deemed fit otherwise.

3. SUB-RECIPIENT ASSESSMENT

The Article 14(a) specifies that, PR may provide grant to third parties (SRs) provided the PR: “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.”

As required in Article 14(a) of the STC of Round 9 Grant Agreement, after identification/selection of SRs⁴, the PR needs to undertake assessment of the SRs, especially since SRs are provided funding from the grant for implementing activities as per work plan that are key to achieving the desired objectives, although the PR is accountable for grant performance in the end.

Prior to grant signature, the LFA conducts an assessment of PR's capacity for SR management using a Sub-Recipient Management Assessment Tool,⁵ that essentially includes: 1) Sub-Recipient Selection, 2) Sub-Recipient Capacity Assessment, and 3) Sub-Recipient Management and Oversight. The minimum capacity as per GFATM requirement that a PR must have, include the following: capacity for undertaking SR capacity assessment and providing capacity building/technical support, as needed, to ensure that the SRs have the required capacities to implement proposed activities; adequate management arrangements for monitoring of grant implementation at SR level by way of effective and timely implementation of interventions and finance/logistics management by SRs.

An assessment of the three pre-identified/selected SRs under IMCP—II purview was conducted

⁴ Refer to “Sub-recipient Selection”.

⁵ http://www.theglobalfund.org/documents/lfa/BeforeGrantImplementation/Sub-Recipient_Management_Assessment_Tool.doc.

in February 2010 by a team of experts (programmatic, administrative, financial, M&E) to assess the processes and systems that they had in place and to ensure that they would be in a position to effectively manage the responsibilities that were to be assigned to them as SRs in the IMCP--II. A checklist was used to understand SR capacity in relation to: 1) Programme Management and M&E; 2) Financial Management and Systems; and 3) Sub-sub-recipient (SSR) Management, if any. The checklist was drawn from the one used by the GFATM/LFA for PR capacity assessment.

Another comprehensive assessment was carried out in January-February 2011, following signature of Grant Agreement between PR and GFATM as per requirements specified in Annex A (relevant portions only) of the Grant Agreement.

“B.3. Condition(s) Precedent to disbursement of Grant funds for disbursement to Sub-recipients (Terminal Date as stated in block 7C of the Face Sheet)

The disbursement of Grant funds by the Principal Recipient to Sub-recipients is subject to the satisfaction of each of the following conditions:

- b. delivery by the Principal Recipient to the Global Fund of evidence, in form and substance satisfactory to the Global Fund, demonstrating that the Principal Recipient has conducted a comprehensive assessment of each Sub-recipient; and
- c. delivery by the Principal Recipient to the Global Fund of evidence, in form and substance satisfactory to the Global Fund, that each Sub-recipient has received time-bound recommendations for addressing any programmatic, managerial and financial capacity gaps identified during the course of the assessment described in condition B.3(b) above.”

The assessment objectives hence, included specifying time-bound recommendations for SRs to address any capacity gaps observed during the course of the assessment in relation to: 1) Programme Management and M&E; 2) Financial Management and Systems; and 3) Partner network/Sub-sub-recipient (SSR) Management, if any.

The methodologies included desk review of relevant documents and information collection through key informant interview, group discussions, on site visits using a checklist (Annexure-2), once again essentially drawn from the checklist used by the GFATM/LFA for PR assessment.

The key observations and recommendations that have been shared with the three SRs as per requirement stated in Annex A of the PR Grant Agreement are summarized as Annexure-3.

4. SUB-RECIPIENT APPOINTMENT

As per Article 14(b) of the Standard Terms and Conditions of the Grant Agreement, the PR,”enters into a grant agreement with each Sub-recipient creating obligations of the Sub-recipient to the PR that are generally equivalent to those of the PR under the Agreement, and which are designed to facilitate the compliance of the PR 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;” Based on requirement of the Article 14(b), PR develops a SR Grant Agreement to be signed by the PR and SRs for the implementation of the project. The format of SR grant agreement may be changed, subject to the requirement of the Article 14(b).

The PR, based on the SR assessment observations/experience of the project, may stipulate certain condition precedent that the SR must fulfill before the first disbursement/subsequent disbursements. Unless the PR and the SR agree otherwise in writing, the SR must satisfy the stated conditions, in form and substance satisfactory to the PR, to enable the PR to authorize necessary disbursement funds. Additionally, the PR may state, as part of the SR Grant Agreement, special terms and conditions that should be met by a SR within timelines set forth in the Agreement. Unless the PR and the SR agree otherwise in writing, the SR must satisfy the stated special terms and conditions, in form and substance satisfactory to the PR.

For IMCP—II, SR Grant Agreement has been developed. Below is an outline of the Articles included in SR Grant Agreement between Caritas India and a SR. The detailed version is appended as Annexure-4.

- Article 1. Purpose of Agreement
- Article 2. Implementation of The Program
- Article 3. Program term
- Article 4. Grant funds
- Article 5. Representations and warranties of the sub-recipient
- Article 6. Covenants of The Principal Recipient
- Article 7. Cooperation with local fund agent
- Article 8. Management of Grant Funds
- Article 9. Disbursement of Grant Funds
- Article 10. Bank accounts, interest and other program revenues
- Article 11. Taxes and duties
- Article 12. Audits and records
- Article 13. Programmatic progress reports
- Article 14. Monitoring and evaluation
- Article 15. Evaluations by the principal recipients
- Article 16. Contracts for goods and services
- Article 17. Insurance and liability for loss, theft or damage
- Article 18. Conflicts of interest; anti-corruption
- Article 19. Force majeure
- Article 20. Use of logos or trademarks
- Article 21. Novation; transfer of sub recipient

- Article 22. Additional sub recipients
- Article 23. Notices
- Article 24. Termination; suspension; expiry of the program term
- Article 25. Refunds
- Article 26. Limits of principal recipient's liability
- Article 27. Indemnification
- Article 28. Implementation letters
- Article 29. Modification or amendment
- Article 30. Nonwaiver of Remedies
- Article 31. Successors and assignees
- Article 32. Arbitration
- Article 33. Applicable Law
- Article 34. Entire Agreement
- Article 35. Effective Date
- Article 36. Survival
- Article 37. Acronyms

The SR Grant agreement will include SR budget, work plan and performance indicators and targets as well as additional deliverables specified as conditions precedent and special terms and conditions as Annex A. The PR will review SR Grant Agreement annually (or whenever the same is required for effective implementation of the project or for any other appropriate reason) to amend the same, if required.

The SR Grant Agreement underscores the importance of implementing the proposed activities without discrimination, direct or indirect, because of race, ethnicity, religion or creed, status of nationality or political belief, gender, disability, or any other circumstances.

As per Article 14(c) of the Standard Terms and Conditions of the PR Grant Agreement, the PR “makes a copy of each Sub-recipient grant agreement available to the Global Fund upon request; and”

Once the SR Grant Agreement is signed by PR with the SRs, the PR will open a physical file containing the following:

- Signed original and copy of the SR Grant Agreement.
- Original Proposal, budget and work plan.
- All correspondence between SR and PR.

5. COORDINATION, COMMUNICATION AND OVERSIGHT

As per Point B. (3)(a)(i)(ii)(iii) of Annex A of the PR Grant Agreement, the condition precedent for disbursement of Grant funds to SRs is as follows:

“The disbursement of Grant funds by the Principal Recipient to Sub-recipients is subject to the satisfaction of each of the following conditions:

- a. delivery by the Principal Recipient to the Global Fund, in form and substance satisfactory to the Global Fund, of a Sub-recipient Management Plan. Such a plan shall in particular include details on the following aspects of the Principal Recipient’s management of Sub-recipients:
 - i. procedures for the coordination of the work of Sub-recipients;
 - ii. procedures for the Principal Recipient’s programmatic and financial oversight of Sub-recipients, including, without limitation, procedures governing the frequency of reporting by Sub-recipients and quality controls to ensure the integrity of financial and programmatic data;
 - iii. procedures to apply an efficient and transparent disbursement system for Sub-recipients based on the budget and programmatic and financial reporting approved by the Global Fund; ...

The Sub-Recipient Management Plan must also include a plan for the organization of periodic Sub-recipient workshop meetings involving, among other things, discussion of the implementation of adequate financial controls and reporting mechanisms.”

The SRs will carry out the specified roles and responsibilities as per the work plan and budget and in accordance with NVBDCP policies and guidelines.

The Project Director (based in Central Project Management Unit) will be responsible for overall SR management, who in turn, will apprise the Caritas India’s Executive Director/Assistant Executive Director from time to time on IMCP--II. However, for day-to-day coordination and communication with a SR, the Project Manager will support the Project Director. The Grant and Finance Manager and Technical Manager will coordinate with the Project Manager in all financial/technical matters related to SRs, as necessary and appropriate.

5.1 Coordination and Communication

For effective coordination between PR (Caritas India) and SRs, such structures, systems/processes as project working committee (PWC) meeting, M&E Technical Working Group (TWG) meeting, project MIS, planning and review meeting, training workshop, are planned.

The ToRs for the PWC⁶ that will oversee and review programmatic, financial and managerial status of IMCP—II on quarterly basis include the following:

- Oversee and support the implementation of Round 9 grant as per approved work plan and budget so that the project meets the desired goals and objectives including assessing physical/financial performance.

⁶ For details, refer to IMCP—II Project Implementation Plan.

- Facilitate coordination and cooperation with SRs, Caritas India at all levels in the areas of programme, finance, logistics management and M&E.
- Finalizing/agreeing to reporting and other activity schedules.
- Considering support to national programme in harmonizing actions/responses for malaria and other disease programmes and health system strengthening, as appropriate. Ensure alignment of actions with policies and guidelines of national programme.
- Bringing together various players to harmonize strategies, actions in relation to project SDAs, particularly behavior change and social mobilization.
- Understand/resolve issues, if any.

An M&E Technical Working Group (TWG) will be constituted in Caritas India to guide development, establishment, strengthening and project M&E systems and processes in line with the project M&E plan and NVBDCP's M&E framework towards the mandate of one national M&E system (for programmatic information). It will advise the PWC on M&E priorities and requirements (programmatic/financial/logistics) at national and sub-national levels. It will be instrumental in ensuring achievement of targets for performance framework indicators, regular monitoring and periodic evaluation.

The Project Director will be in chair. The project Technical Manager with Caritas India will be the member secretary. The Project Manager, Grant and Finance Manager, technical expert with Caritas India, the Strategic Advisors with SRs, and M&E expert, MIS expert with Futures Group International India Private Limited and designated M&E/MIS consultants with NVBDCP will be the members. The M&E TWG will meet quarterly. The specific roles and responsibilities of M&E TWG will include:

- Consolidation of project M&E plan in terms of one national M&E system.
- Consolidation of M&E/MIS action plans, SOPs from time to time, its dissemination. Development of calendar for SR monitoring. Advising on development/fine tuning of M&E/MIS forms, checklists drawing from the existing ones with NVBDCP.
- Oversight of establishment of systems and processes including recording/reporting/tracking, QA, etc. for M&E/ MIS. Advising on timely and quality data collection, compilation, analysis, reporting in relation to performance indicators and financial, logistics aspects as per work plan.
- Advising on developing/ disseminating curriculum, modules, reading materials related to M&E/MIS. Facilitating capacity building needs.
- Advising on developing additional indicators for measurement of critical processes, outputs, as deemed appropriate for different levels.
- Review of synthesis of supervision and monitoring visit reports, planning and review meeting reports and ensure time bound actions taken.
- Guiding coordination of surveys, evaluation, research, etc, to be carried out by NVBDCP.
- Facilitating identification of innovations, best practices, emerging issues and opportunities for scaling up response.

Planning and review meetings (at central/regional level annually) will be extremely important to take stock of project progress—both programmatic and financial, identify needs and gaps, bottlenecks and challenges and determine the way forward. Issues related to data (programmatic, logistics and financial) as well as various activities carried out by the PR and SRs will also be discussed in these meetings. Discussion will also be held on planning, implementation and M&E coordination between NVBDCP/state and district Vector Borne Diseases Control Programme (VBDCP). Information on best practices/ innovations and success stories related to grant/project management will be shared. The participants will include: central project management unit (CPMU), regional project management unit (RPMU) of PR, strategic advisors, experts, financial manager, other relevant personnel from SRs' central/regional units, particularly the regional project managers, and selected district project officers, field supervisors from the district levels.

In addition, the induction/refresher training workshops, as well as the workshops for BCC, social mobilization will also include a dedicated slot for productive exchange on IMCP—II coordination/communication/monitoring/reporting.

The minutes/record notes/reports of the above-mentioned meetings/workshops will be shared for feedback/action, within 10 working days of the events.

The following actions will further facilitate PR in coordination of the work of SRs towards common ownership of strategic planning, harmonized responses/actions and increased transparency and accountability:

- Sharing by SRs, project progress/update as per work plan and budget, as necessary.
- Sharing with the SRs, observations/comments on review of the programmatic and financial reports submitted by them within set timelines.
- Sharing with the SRs, observations/comments on review of the audit report submitted by them.
- Sharing with the SRs, observations/comments on monitoring visit reports submitted by them as well as by PR's consultants/personnel.
- Sharing with the SRs, feedback, guidance from GFATM, LFA, India CCM, NVBDCP, as appropriate.
- Sharing between PR and SRs documents and orienting to better understand each other's systems/processes for conducting activities/disbursements/approvals, etc.
- Providing orientation from time to time (as necessary) on project, set expectations from SRs, discussing concerns, etc.
- Providing support to SRs, in preparation of any reports, statements or disclosures, which are required by the GFATM or national programme.
- Developing/strengthening jointly project related action plan/guidelines/manual/modules, as appropriate and necessary.
- Assisting in/facilitating access to information, advisory/capacity building services, technical and professional support available, whenever necessary.
- Involving SRs in any advocacy exercises, as appropriate or useful.
- Recognizing SR successes, achievements.

The Caritas India (Executive Director/Assistant Executive Director/Project Director) will act as the principal channel for communicating with the national programme and the CCM regarding the activities, unless otherwise agreed with the SRs.

Robust two-way communication is envisaged between PR and SRs for effective and harmonized relationship building. For all communication with SRs with respect to IMCP—II, the Project Director will be the primary contact. The Project Director will direct queries, matters on a specific domain to the Project Manager, Grant and Finance Manager, Technical Manager, Regional Project Manager and/or as appropriate. The Project Director will apprise Caritas India's Executive Director/Assistant Executive Director periodically (monthly or as necessary) on SR related progress/issues. In the event the Project Director is on duty travel, his/her designate will be responsible for communicating with SRs or the Project Director will clearly designate project consultant/personnel as primary contact for specific matters (example, finance, BCC, etc.) during the inception period.

Such standard communication channels as, post, phone, e-mail, etc. will be used. Monthly conference calls (in the first week of a month) are planned. In addition to standard communication channels, the project MIS discussion platform will be utilized for ready exchange of information, feedback between PR and SRs, as appropriate and necessary. The website of Caritas India will have dedicated link that will be accessed by SRs for IMCP—II related information including reports.

A directory of IMCP—II will be created with contact details (full name, designation, address, telephone, fax, mobile, e-mail) of all central/regional level consultant/personnel, which will be shared with SRs. The contact details of Caritas India's Regional Project Manager will also be shared with SRs. Coordination at regional and district levels will be the responsibility of the Regional Project Manager. He/she will apprise/inform on all SR related matters to the Project Director on weekly basis or more frequently, if necessary. The district team contact details will also be included in the directory of IMCP—II and shared with SRs.

The coordination and communication aspects⁷ will be reviewed from time to time and updated/modified, as appropriate and necessary.

5.2 Programmatic and financial oversight

Overall, such structures as the PWC with support from M&E TWG, as mentioned in previous section will be responsible for programmatic and financial oversight of SRs. The Project Director, as chair will oversee, monitor related actions with support from relevant project consultant/personnel. The systems, processes that will facilitate PR's programmatic and financial oversight of SRs to ensure the integrity of financial and programmatic data are outlined below. SRs will also follow common project operational guidelines.

⁷ Details will be included in Project Operational Guidelines.

5.2.1 Monitoring visit

On site monitoring visits using standardized checklists will be carried out by relevant project consultant/personnel for oversight of both programmatic and financial aspects. The purpose will be to ensure that programme activities are carried out and grant funds are spent in accordance with the approved work plan and budget as well as guidelines set by PR/GFATM; the documents for the programmatic and financial reports submitted by the SRs are sufficient and adequate and easily available for review/scrutiny; proper systems/processes are in place to capture and report the programmatic, financial data to be submitted to PR; and measures are taken for smooth implementation of IMCP—II. A major focus will also be on identification and resolution of bottlenecks and challenges.

The visits will include: direct observation method, desk review of records and registers, feedback received from various stakeholders/previous visits, if any, and key informant interview, as appropriate. A calendar for monitoring visits will be prepared in P3 and amended, as necessary. The monitoring plan will be disseminated to SRs to prepare them for the visit. However, at least twice annually the visits will be conducted without notice so as to check the real situation. Site visit reports with specific recommendations/time bound actions will be prepared and shared with the concerned SRs within 10 working days of visit. If possible, ready solutions will be provided on the spot. Any technical assistance, if necessary will be suggested/facilitated. At the national level planning and review meetings, a synthesis of the reports will also be presented with special focus on the performance/problem resolution.

In addition to monitoring by the PR, the PR will ensure that a SR allows authorized representatives of the GFATM, LFA, India CCM, and NVBDCP, to visit its areas periodically (as per a monitoring calendar) or on an ad hoc basis, at the time designated by these entities.⁸ The purpose of such is to allow GFATM, LFA, India CCM, and NVBDCP to oversee programmatic implementation, including verification of data contained in reports submitted by the SR on specified activities; and whether grant funds are being utilized for the specified activities as per work plan including random verification of financial data contained in reports submitted by the SR and systems and processes for capturing such data. In the event any variance is noticed, adequate justification is required.

5.2.2 Planning and review

Planning and review meetings will be other mechanisms for programmatic and financial oversight of SRs.⁹

In addition, review of programmatic and financial reports of SRs will be done by the relevant consultant/personnel with PR for reliability, accuracy, completeness, timeliness, integrity and precision. The reports signed by the designated authority will be submitted by the SRs in prescribed format as per the timelines (quarterly) set in the SR Grant Agreement. The reports will

⁸ For details, refer to section on "Monitoring."

⁹ For details, refer to section on "Coordination and communication."

base on national, sub-national data as required from a SR on physical/financial performance. Subsequent to review and follow up/query resolution with SRs, if any, the relevant consultant/personnel with PR will prepare the progress update/disbursement request (PUDR) and other necessary reports, for approval of the Project Director. The Project Director, in turn, will further review the PUDR and in agreement with the Caritas India's Executive Director/Assistant Executive Director, submit the same to GFATM with copy to LFA and India CCM. The SRs are required to provide adequate justification for variances in programmatic and financial information relative to work plan, if any.

The SR will maintain accounting books, records, documents and other evidence related to all costs/expenditure incurred under the SR Grant Agreement and the overall progress toward completion of the activities. The books and records will be maintained in accordance with generally accepted accounting standards acceptable in India or in accordance with other accounting standards that the PR and the SR have agreed to in writing in advance. The documents will be reviewed during audits.

5.2.3 Audit

As per Article 13(b) of the Standard Terms and Conditions of the PR Grant Agreement, "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".

As per Article 13(c) of the Standard Terms and Conditions of the PR Grant Agreement, "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."

As per Article 13(d) of the Standard Terms and Conditions of the PR Grant Agreement, "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. The first period under audit of Sub-recipients shall be no later than the first period of audit applicable under subsection (b) above."

Independent/external audit

Audit is planned by PR through independent/external auditor registered as such in India in accordance with International Standards on Auditing. For the purpose, specified ToR for the

appointment of independent/external auditor and an audit plan will be developed by PR. As required under Article 13(c) of the PR Grant Agreement, the PR will notify the GFATM of the independent auditor that it has selected to perform the annual audits and submit the ToRs for approval.

The objective of independent/external audit at the fiscal year end will be to enable the independent/external auditors to express an independent professional opinion on the PR's financial statements/reports; and to ensure that the grant funds are being/have been used for intended purposes by them as per approved work plan/budget. Internal control will also be assessed and recommendations be provided for strengthening. The project books of accounts with PR that will serve as the basis for preparation of the financial statements/reports reflecting financial transactions in respect of the project activities and supporting documentation and adequacy of internal controls will be examined/verified. In addition, proper maintenance of project's fixed assets as per project guidelines will be looked into. Any ineligible expenditure/variance relative to work plan as identified during the audit will be reflected in the audit report and justification/reason will be sought and included in the audit report.

Likewise, independent/external audit will be mandatory under the SR Grant Agreement. In addition to relevant articles on audit, the SR Grant Agreement will essentially include additional articles as mentioned below (again in line with the Standard Terms and Conditions of the PR Grant Agreement).

- “The Principal Recipient 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 Sub-recipient for Grant funds and to monitor compliance by the Sub-recipient with the terms of this Agreement. The Sub-recipient shall cooperate and shall ensure that its Sub-recipients, cooperate with the Principal Recipient and its agents in the conduct of such review, audit, evaluation or other action.”

Independent/external auditor may be appointed by a SR subsequent to necessary approval of ToRs by PR. In the event the existing Independent/external auditor is to be engaged for GFATM audit purpose, necessary approval by PR will still required to be sought. The auditor may be appointed for entire phase 1 of project to ensure understanding of the background, systems and processes.

Internal Audit

As per Annex A of the PR Grant Agreement, “No later than 31 March 2011, the Principal Recipient shall provide evidence, in form and substance satisfactory to the Global Fund, that the Principal Recipient has instituted a system for the conduct of an annual internal audit of the use of Grant funds under the Program. The annual internal audit shall include, but will not be limited to,

an assessment of the Principal Recipient and recommendations for addressing any programmatic, managerial and financial capacity gaps.”

The PR will reassess internal capacity, particularly drawing from the recommendations by LFA in PR assessment of the management of SRs regarding programmatic, managerial and financial capacity gaps and develop ToRs for annual internal audit of use of grant funds.¹⁰ Likewise, ToRs for SRs’ annual internal audit will be developed by SRs and applied as per timelines set forth in the SR Grant Agreement. The purpose of the internal audit is verification of the validity of expenditures and verification of the adequacy and effectiveness of internal controls to ensure efficient and effective use of grant funds, safeguarding of project assets, reliability/precision of financial/programmatic information, compliance with project’s guidelines and policy and reporting requirements, adequacy of structures, systems and processes and effectiveness of risk management towards accomplishing project goals, objectives.

Internal audit of project revenues and expenditures will be done at PR/SR levels on quarterly basis and a report will be prepared. The SRs will be required to submit such report within 15 days after the end of a quarter. These reports will serve as backgrounders during annual internal audit.

Audit report¹¹

As per Article 13(e) of the PR Grant Agreement, “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.” Likewise, the SR Grant Agreement will include such article.

Audit reports (both independent/external and internal) signed by the designated authority/auditor with a SR, will be submitted by SR to PR within timelines set forth in the SR Grant Agreement. The audit reports will include, but will not be limited to, project’s financial statements, other relevant statements/documentation, any variance relative to the work plan and professional opinion of the auditor(s) on the financial statements and variances, if any and internal control. The audit reports will be reviewed by the relevant consultant/personnel/auditor with PR. Observations will be documented and shared with SRs within timelines set in the SR Grant Agreement for response/justification. Adjustments, if any, due to audit observations in the audit report, will be incorporated in the (subsequent) disbursement request.

Project programmatic and financial reports (including audit reports), records will be maintained in safe custody for at least three years after the date of last disbursement under SR Grant Agreement or for such longer period, if any, required to resolve any claims or audit findings.

6. DISBURSEMENTS

¹⁰ ToRs being developed. Will be submitted to GFATM.

¹¹ For further details, refer to “Reporting.”

As per Point B.(3)(a)(iii) in Annex A of the Principal Recipient Grant Agreement, “delivery by the Principal Recipient to the Global Fund, in form and substance satisfactory to the Global Fund, of a Sub-recipient management plan. Such a plan shall in particular include details on the following aspects of the Principal Recipient’s management of Sub-recipients: ... procedures to apply an efficient and transparent disbursement system for Sub-recipients based on the budget and programmatic and financial reporting approved by the Global Fund; ...”

Once the PR has fulfilled to the satisfaction of the GFATM the conditions precedent to disbursement of funds to Sub-recipients, including both Special Conditions and Standard Terms and Conditions, grant funds may be disbursed to SRs as per approved work plan and budget.

Likewise, fulfillment of condition precedent to the satisfaction of PR will be mandatory prior to first disbursement to a SR, after the SR Grant Agreement is signed, (except where PR and the SR agree otherwise in writing). One primary condition precedent will be opening a dedicated bank account for IMCP—II with joint signatories authorized by SR and submitting the details to PR within set timeline. The grant funds will only be used for project expenditures beginning from the "Project Start Date" and completed by "Project Completion Date."

The PR will transfer funds to the dedicated SR account on the basis of a signed SR grant agreement and receipt of SR Disbursement Request in a prescribed format (in line with the existing PR First Disbursement Request format) as per work plan.

As condition precedent to second and subsequent disbursements, the PR and SRs will agree on quarterly disbursement requests submitted by the SR in line with the work plan. The SRs’ performance (physical and financial) [reviewed and approved], savings at the end of the reporting period and forecast received for programmatic implementation (in line with work plan) for the following period will be taken into consideration for fund disbursements to the SRs. The PR *usually* disburses funds to SRs on quarterly basis, however in some particular situations, taking into consideration the program needs and nature of activities, disbursements can be made semi-annually/annually/any other basis. Each disbursement of funds shall be subject to the availability of funds with the PR for such purpose at the time of the disbursement.

For the second and subsequent disbursements, the SRs shall submit to the PR, on a quarterly basis, SR Progress Update Disbursement Request (PUDR), in a prescribed format (in line with the existing PR Progress Update and Disbursement Request format), as per the work plan and signed by a designated authority with the SR, which will be checked and approved by the PR and then processed for disbursements (within 15 working days). The SR’s PUDR will essentially contain: a summary of financial activity during the quarter in question and cumulatively from the beginning until the end of the reporting period; and a description of progress towards achieving the targets set forth performance framework of the SR Grant Agreement. The SR must explain in the report any variance between planned and actual achievements for the period in question. The SRs will additionally need to submit in a PR prescribed format, a signed statement reflecting the: expenditure breakdown against the work plan and budget and the balance in the respective

reporting period. Unless the SR's PUDR and/or any other reporting requirements as set forth in the SR Grant Agreement are received, the PR will not act upon a request for fund disbursement.

The PWC will have the oversight role for any disbursement to any SR.

In the event the conditions precedent or special conditions delineated in the SR Grant Agreement is not met by the specified terminal date, and if a SR fails to provide adequate justification, first/subsequent disbursements may be called off and/or termination of agreement by written notice to the SR will be considered according to the specified Article in the SR Grant Agreement. Likewise, achievement of the programmatic targets in the SR Grant Agreement and submission of required reports, during the periods set forth therein, must be strictly adhered to, for fund disbursements. SRs failing to submit satisfactory reports will not receive further disbursements. The PR will notify the SR when the PR has determined that a condition has not been met so that corrective action can be taken within specified timeline to avoid possible termination.

In the context of IMCP—II that has a start date of 1 October 2010, which is prior to the date of grant agreement signature between PR and GFATM and between PR and SR, the need for achieving the P1 and P2 targets for indicators in the performance framework is recognized by PR. Hence, prior to the first disbursement, discussion will be held between PR and SR to come to a decision regarding achieving the P1 and P2 targets will be taken. Once consensus is reached, the work plan will be appropriately modified by including the backlog of P1 and/or P2. Accordingly, the funds will be disbursed.

In the event any disbursement that is not used in accordance with the SR Grant Agreement, the PR upon review, may require the SR to refund the amount of such disbursement within a specified time period as set forth in the SR Grant Agreement after SR receives PR's request for a refund. Further, allocated/disbursed grant funds not spent within set time period by a SR must be returned to the PR within two months after the termination of the SR Grant Agreement or the completion of the project, whichever is earlier.¹²

The SR will ensure that all grant funds are prudently managed and will take all necessary action to ensure that grant funds are used solely for project purposes and consistent with the terms of SR Grant Agreement.

The SRs will abide by the project grant and finance management guidelines with regard to grant fund disbursement and use including those defined for any income, interest accrued, refunds, taxes and duties, etc.

6.1 Means and Records of Disbursement

A First Disbursement Request and subsequently a Progress Update and Disbursement Request in prescribed format will be submitted by SR to PR for review and disbursement, as mentioned above. After the transfer of funds to the organization, a Remittance Advice will be sent and/or

¹² Refer to IMCP--II Grant and Finance Management Guidelines.

mailed. This will serve as a note to the SR on the transfer details in terms of: a) date of transfer; b) amount transferred; and c) bank and account number of funds transfer.

All disbursement of funds by the PR will be done by means of cheque or direct transfer from the PR's dedicated GFATM bank account to the SR's dedicated GFATM bank account as set forth as a condition precedent in the SR Grant Agreement. The disbursement will be the responsibility of the project Grant and Finance Manager in agreement with the Project Director and Caritas India's Executive Director/Assistant Executive Director. The detailed information will be shared with the Caritas India's programme finance department.

The SR will maintain accurate and up-to-date records and supporting documents related to expenditure incurred with the disbursed grant funds in each reporting period. This will include, but not limited to, original invoices, bills, vouchers, and receipts pertinent to expenditure incurred. Supporting documents will be required to be produced, if requested in order for a disbursement request to be processed.

7. MONITORING AND EVALUATION

The SR Grant Agreement will include a performance framework, work plan and budget. Additional process and output deliverables will be included in the SR Grant Agreement for ensuring timely implementation of project activities and accomplishing desired results/outcomes.

The SR monitoring will be a review process to determine progress in achieving outputs, results/outcomes relative to work plan and budget and compliance with the project requirements as set forth in the SR Grant Agreement and applicable policy, guidelines, norms and regulations. This will particularly include monitoring of: allowable activities (activities specified in SR Grant Agreement); allowable costs/cost principles (costs paid are reasonable and necessary for specified activities); expenditure within a time period in which specified grant funds are to be expended; reporting as per requirements set forth in SR Grant Agreement; internal controls to determine whether programme and financial management structures/systems/processes are adequate in accordance with GFATM requirements; and any other provisions defined in SR Grant Agreement.

The key monitoring methodology by relevant consultant/personnel with PR will include: 1) desk review of progress reports and other documentation, financial statements/records and supporting documents like bills, vouchers, etc.; 2) on site visits. The latter will entail in-depth interviews with key informants, observation/inspection of structures, systems/processes.

The project Financial Management Information System (FMIS) will support SR monitoring by: rapid programmatic/financial data flow/feedback; processing disbursements in a timely, transparent and accountable manner.

Adequate documentation (reports, synthesis) is planned to ensure SR monitoring is occurring as planned. Each monitoring action/visit will generate report with recommendations and time bound

actions, which will be shared with SRs within 10 working days of monitoring. Follow-up will be done to ascertain whether corrective action is undertaken to address any problem or gap observed.

For M&E, a SR will allow authorized representatives of PR/GFATM/LFA/India CCM/NVBDCP to visit its areas, at the time and places designated by these entities as per a monitoring plan or on ad hoc basis, as already described in the sub-section on monitoring visits. The PR will report to the India CCM periodically on SR assessment, performance, issues, disbursements as well as PR's oversight role.

The M&E TWG will oversee the M&E of SRs and will inform the PWC, as necessary. A detailed monitoring calendar will be finalized by M&E TWG in consultation with SRs, once the SR Grant Agreement is signed (within 30 working days). The TWG will plan quality assurance and support development of QA guidelines and setting standards drawing from the national programme. It will inform SRs for cooperation in QA exercise of programmatic aspects by NVBDCP, and in particular guide them on problem identification, analysis and resolution. From time to time, data quality audit will be planned by the TWG itself.

Further, the SRs will need to facilitate and support GFATM/NVBDCP, as and when an independent evaluation/study/research will be conducted. The PR will share the TORs, time schedule of such exercises and share relevant reports after their completion.

8. REPORTING

As per Article 14(d) of the Standard Terms and Conditions of PR Grant Agreement, “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: ... (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.”

As per Article 15 of the PR Grant Agreement, “Provision of Reports. The Principal Recipient shall provide to the Global Fund the reports specified in paragraph (b) of this Article. In addition, the Principal Recipient shall provide to the Global Fund such other information and reports at such times as the Global Fund may request. From time to time, the Global Fund may provide to the Principal Recipient guidance, through postings on the Global Fund’s Internet web site or through implementation letters, on the acceptable frequency, form and content of the reports required under this Article. The Principal Recipient shall provide to the CCM a copy of all reports that the Principal Recipient submits to the Global Fund under this Article.

(b) Periodic Reports. The Principal Recipient shall, not later than 45 days after the end of each reporting period indicated in Annex A to this Agreement, report on the progress towards Program objectives and targets for that period indicated in Annex A. The Principal Recipient shall submit periodic reports on the form specified in Annex A. For the period in question, the Principal

Recipient shall explain in the report any variance between planned and actual achievements and between planned and actual expenditures.

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

As per Point B (3)(a)(iv) in Annex A of the PR Grant Agreement, “The disbursement of Grant funds by the Principal Recipient to Sub-recipients is subject to the satisfaction of each of the following conditions: a. delivery by the Principal Recipient to the Global Fund, in form and substance satisfactory to the Global Fund, of a Sub-recipient Management Plan. Such a plan shall in particular include details on the following aspects of the Principal Recipient’s management of Sub-recipients: ... (iv) reporting timelines and framework for Sub recipients.”

As per requirements in the above Articles, and condition precedent in Annex A of the Principal Recipient Grant Agreement, the SRs will be required to prepare and submit programmatic and financial reports and related information as well as audit reports in prescribed formats as per time intervals set forth in the SR Grant Agreement,¹³ to ensure progress of activities, utilization of grant funds relative to work plan and budget and to enable the PR to submit to GFATM the PUDR by the required timelines. Accuracy and completeness of the reports will be ensured by SR. Adequate justification of variances and action to be taken to address variances will need to be appended with the progress report. The reports will be reviewed and approved by the relevant project consultant/personnel for grant fund disbursements. Review would ensure completeness, consistency and accuracy of the report. Observations/comments and the follow-ups with the SRs shall be documented and shared with the Project Director.

In addition, the PR may request such and additional information from time to time, as necessary, in writing. The formats for submission of all such information will be prescribed by the PR.

The reports should be carefully prepared as inaccuracy/incompleteness (example, error in reporting on the indicators in the progress report, mismatch in cash reconciliation, signing by person other than the designated authority, etc.) can delay disbursements to SR. This will delay submission of PUDR and other reports to the GFATM by PR as performance reporting requirements set forth in the PR Grant Agreement, which will in turn, affect the rating of the project by the GFATM. Consequently, release of grant from the GFATM to the PR and further to all SRs will be affected and eventually impact on the desired results/outcomes. As mentioned previously, the PR will provide technical support, if necessary, to address the causes of non-adherence to the reporting needs and timelines by SRs as well as inadequacies in reports submitted by them. However, continued reporting problems will be reviewed by the PWC and appropriate decision will be taken and communicated to the concerned SR in writing.

¹³ Also refer to “Coordination, communication and oversight.”

Quarterly Reports: No later than 15 days after the close of each quarter of the PR fiscal calendar, the SR will submit to the PR, in form and substance satisfactory to the PR, a quarterly report on: i) progress towards achieving the targets/results set forth for the period in the work plan and performance framework as well as for any additional deliverables in the SR Grant Agreement. Any variance between target and actual achievements must be adequately justified along with actions taken/to be taken to address the same; ii) Statement of expenditure i.e. budget and expenditure corresponding to the period under report, reason for the variance with supporting documentation.

In addition, internal audit reports will also be submitted by SR on quarterly basis.¹⁴

Annual Progress Reports: No later than 2 months after the close of PR fiscal calendar, the SR must submit an annual progress report (financial and programmatic) in form and substance satisfactory to the Principal Recipient, including all the elements mentioned above for the quarterly reports. Unless the PR or the GFATM advises differently, the SR will submit annual report, which addresses the following issues:

- Full (aggregated) programmatic results for the year;
- Summary of expenditures against budget, balance and any income, refunds for the fiscal year;
- Justification for variances and action plan for correction;
- Contextual information related to IMCP—II including description of key partnerships in achieving targets and other deliverables (relative to work plan and budget); success stories, lessons learned, and challenges; progress towards impact; quality of services provided, perspectives of recipients; additional relevant data from the M&E system/processes; brief note on any review/assessments of project activities.

Annual audit report: No later than three months after the end of the fiscal year, annual audit report will need to be submitted by SR duly signed by approved independent/external auditor.¹⁵

Enhanced Financial Report: Besides, an Enhanced Financial Report (EFR) in the prescribed format by GFATM will be submitted by the SRs to enable the PR to prepare and submit the final EFR to GFATM.

The SR will furnish reports to the PR in form and substance satisfactory to the PR at the interval as specified below¹⁶ as in the SR Grant Agreement unless the PR advises the SR otherwise in writing.

Entity	Reporting Authority	Report	Frequency	Due Date (days refer to calendar days)
SR	PR	Programmatic and Financial Report in format prescribed by PR	Quarterly	15 days after the end of the quarter.

¹⁴ Refer to "Programmatic and financial oversight".

¹⁵ Refer to sections "Audit" and "Audit Reports."

¹⁶ Reporting frequencies of PR is also indicated for the knowledge of SR.

Entity	Reporting Authority	Report	Frequency	Due Date (days refer to calendar days)
		Annual Progress Report in format prescribed by PR	Annually	2 months after the end of the fiscal year.
		Enhanced Financial Report	Annually	15 days after the end of the fiscal year.
		Audit Report	Annually	3 months after the end of the fiscal year.
		Internal audit report	Quarterly	15 days after the end of the quarter.
		Internal audit report	Annually	3 months days after the end of the quarter.
PR	GFATM	Progress update	Quarterly	45 days after the end of the period.
		Disbursement request	Semi-annually	45 days after the end of the period.
		Annual Report	Annually	6 months after the end of the fiscal year.
		Enhanced Financial Report	Annually	45 days after the end of the fiscal year.
		Audit Report	Annually	6 months after the end of the fiscal year.

Upon completion of the Project/or Termination of the SR Agreement, the SR shall maintain its programmatic record for a period of at least five years and financial records for at least eight years unless otherwise agreed upon between the PR and SRs.

ANNEXURE

Annexure 1: Article 14: Sub-recipient

“From time to time, the PR 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 PR:

- (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 PR that are generally equivalent to those of the PR under this Agreement, and which are designed to facilitate the compliance of the PR 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 PR 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 PR of its obligations and liabilities under this Agreement. The PR 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 PR.”

Annexure 2: Sub-recipient Assessment Tool

SUB RECIPIENT ASSESSMENT

[Insert name of SR]

CONFIDENTIAL

The information in this document is confidential and is not subject to public disclosure.

This report is prepared by Caritas India:

[insert name of lead assessor]

[insert name of members of assessment team]

[insert date]

1. Basic Information

<i>Proposal information</i>	
Proposal title	Intensified Malaria Control Project--II
Country	India
Component	Malaria

<i>Sub Recipient Details</i>	
Name of organization	
Address (of the country office):	
Country Director/Head	
Name of focal person	
Designation of focal person	
Telephone	
Fax	
Email	
Other personnel involved in assessment	
<i>Proposed Round 9 Involvement</i>	
Objective	
Service Delivery Area(s) [SDAs]	
Activities	
Contribution to Performance Framework (PF) indicators	

2. Background Analysis

2.1 Information on donor funded projects in India (at least three). [Please describe all donor inputs for malaria and/ or other disease components.]

Project 1 [Please use same template for all projects.]	
Project name	
Donor	
Key stakeholders	
Project team composition—full time, part time (name positions only)	
Project states/ districts	
Project start date	
Project end date	
Project value	
Brief activities (Please mention, if, activities are similar to the proposed grant)	
Outputs/ outcomes (results vs targets)	
Actual utilization of project budget as on dd/mm/yy (% budget utilized as on dd/mm/yy)	
Whether assessment/ review/ evaluation conducted and report available. If yes, key findings/	

<p>recommendations. [Please review report(s) and enclose copies with this assessment report]</p>	
<p>Whether any communication/ letter received from donor on project performance and/ or oversight</p>	

2.2 *Please highlight out of all above-mentioned projects, if there are projects with similar activities/ interventions similar to the Round 9 grant in the same geographic regions. If yes, please highlight the donor(s).*

2.3 *If there are more than one donor sources of funding for the same or similar activities as the activities under the Round 9 Grant, is there a material risk of double-funding of the same or similar activities in the same regions.*

2.4 *If there are other donor funded projects for the same disease component, is there scope for harmonization between the Global Fund grant(s) and the other donor funded projects?*

2.5 *Briefly comment on existing documentation relating to any assessment/ audit performed by other donors/ independent agencies in last two years. [Please list the reports and other documents which have been reviewed for this SR Background Analysis report.]*

3. Programme Management Capacity Assessment

3.1 *Confirm legal status by verifying registration/ other relevant documents. [Please enclose copies with this assessment report.]. Please note who will be the signing the agreement on behalf of SR and whether s/he has the necessary authority to do so.*

3.2 Management and organization

3.2.1 Draw existing organizational structure. If CSO, please note whether the SR has a board that meets regularly and has statutes for its function.

3.2.2 Briefly comment on whether the identified SR has organizational leadership and personnel with adequate expertise for managing Round 9 grant (including programme/ public health, finance, M&E personnel, etc). Please highlight critical personnel gaps in each of the functional areas and comment, as necessary and specify how the gaps will be addressed. Specify the Round 9 project team, as proposed.

3.2.2.1 Provide TORs for personnel for Round 9 project.

3.2.3 Does the SR forecast, recruit, select, and retain HR effectively. Briefly comment on HR manual with policies and procedures, if any.

3.2.4 Briefly note whether the SR's senior management is well acquainted with the Round 9 proposal, including performance indicators and implementation requirements.

3.2.5 Highlight SR's structure and presence in the selected/assigned NE states. Provide details of interventions/services delivered by the organization in the selected Round 9 geographical areas.

3.2.6 Briefly comment on SR's track record of timely implementation of projects, achieving programmatic results.

3.2.7 Briefly comment on whether the SR base its operations on an annual plan (work plan, M&E, etc.) as part of routine management actions.

3.2.8 Briefly comment on existing systems, processes for periodic performance review/analysis; sharing of information with key stakeholders.

3.3 *Infrastructure and information system*

3.3.1 Briefly comment on existing infrastructure, information system in place (office space, computers and accessories, software for capturing project related information, etc.).

3.4 *Briefly comment on the identified SR's existing programmatic communication and reporting arrangements (internal and external). [Make a specific reference to when the identified SR normally does its annual (fiscal year) programmatic reporting. Comment on whether they can be used also for the Round 9 project; and if yes, how.¹⁷.]*

3.5 *Briefly describe and comment if the existing program management includes any outsourced function.*

4. **Financial Management & Systems Assessment**

4.1 *Organization of financial management function*

4.1.1 In relation to organization of financial management function briefly comment on financial policies and procedures/ manual. [Please note the start and end months of fiscal year. Please note if the financial statements are prepared annually.]

¹⁷ With reference to the Global Fund's 'Guidelines for Performance Based Funding' and 'Guidelines for Annual Audits of Program Financial Statements'

4.1.2 Briefly describe the existing finance and accounting organizational structure including documented roles and responsibilities. Is the SR's staffing sufficient in both quantity and quality to rapidly absorb the Round 9 grant.

4.1.3 Is there a person ultimately responsible for financial management, including for the Round 9 grant, and does that person have the appropriate skills and qualifications?

4.1.4 Briefly comment if the existing financial and accounting management includes any outsourced function.

4.2 *Budget system*

4.2.1 Briefly review budget system and comment on a sample of other project budgets vs actual expense reports.

4.2.2 Briefly comment on the basis of proposing salaries/ remuneration/ consultancy fees in projects including the Round 9 project.

4.2.3 Briefly comment on the basis of apportioning cost of head office or common costs over various projects.

4.2.4 Briefly comment on travel and subsistence policies including per diem rates.

4.2.5 Briefly comment on financial MIS reports of the organization/ other donor funded projects.

4.3 *Accounting system*

4.3.1 Briefly describe the chart of accounts; existing project cost ledger providing for the recording/ monitoring of expenditures for each project by required budget cost categories.

4.3.2 Briefly comment on existing accounting package/ software and that proposed for Round 9 accounting purposes, if any.

4.3.3 Briefly comment on applicable statutory reporting requirements and compliance of the same. Are financial reports (e.g. monthly management accounts and commentary) produced and if so, are they appropriately used by the nominated SR for decision making?

4.3.4 Can the accounting system support the production of financial reports, including statements of Cash Flow, Income & Expenditure and Balance Sheet in a timely and relevant way?

4.3.5 Briefly comment on whether the accounting and supporting documents are retained over the lifetime of a grant and for a sufficient and specified time afterwards (e.g. 3 years) in a defined and safe (theft, fire, flooding etc) system that allows access only to authorized users.

4.4 *Treasury system*

4.4.1 Briefly comment on bank account details (whether existing account will be used or new account will be opened for Round 9 project).

4.4.2 Briefly comment on proposed signatories in the bank account to be used for Round 9 project.

4.4.3 Briefly comment on petty cash limit followed.

4.5 *Purchasing system, if applicable*

4.5.1 Briefly comment on procurement procedures/ manual for procuring non-health products and services.

4.6 *Asset management system*

4.6.1 Briefly comment on physical inventories of assets.

4.6.2 Is there a system of adequate safeguards to protect assets, including the Round 9 grant, from loss, fraud, waste and abuse?

4.6.3 Are assets sufficiently covered by insurance?

4.6.4 Does the SR have necessary procedures and checks in place to ensure safeguarding of assets held by SSRs?

4.7 *Audit arrangements*

4.7.1 Are the nominated SR's annual financial statements audited by an independent auditor and to appropriate auditing standards? Briefly describe the internal and external audit systems/ processes.

4.7.2 Name of external auditor. Comment on the suitability of the external auditor selected by the SR (or, if not selected yet, the most recently used external auditor). Is there a transparent and competitive process for the selection of an external auditor?

4.7.3 Briefly review external audit reports for last three years along with management comments and action taken on recommendations.

4.7.4 Name of internal auditor, if any. Will and should the internal audit function include the Round 9 grant?

4.7.5 Briefly review internal audit plan, scope, frequency, and internal audit report for the last year along with management comments and action taken on recommendations. Is there an Internal Audit plan for the Round 9 grant that recognizes and attempts to focus on the key risks of the grant at PR, SR, SSR levels?

4.7.6 Is the SR aware of the Global Fund’s requirements for auditing requirements? Does the SR’s plan and arrangements for audits meet the requirements of the Global Fund according to its Guidelines for Annual Audits of Program Financial Statements?

5. Sub-sub-recipients (SSRs) Management

5.1 *If SSRs have been selected, please identify each SSR: what type of organization it is (e.g. NGO, CBO¹⁸, FBO¹⁹, private sector, etc.); the Service Delivery Area (SDA) for which it is responsible under the Round 9 Grant, and the approximate grant amount and proportion of the budget allocated to it. Please also identify whether any of the SSR present a particular risk that warrants additional attention.*

Name of SSR	Type	Previous association, if any	Round 9 SDA related to SSR	Approx. grant amount	Approx. % of overall grant budget	Comment on particular risks
1.						
2.						

5.2 SSR selection and assessment

5.2.1 Briefly comment on the selection procedure and the criteria for selection of SSRs.

5.2.2 Briefly comment on assessment of SSRs in terms of key areas: 1) Program Management, 2) Financial Management and Systems, 3) Monitoring & Evaluation (M&E). Please review and enclose recent assessment reports of the SSRs (in relation to other donor funded projects), if any.

5.2.3 Briefly describe personnel/ team involved in selection and assessment of SSRs.

5.3 Disbursement arrangements

5.3.1 Briefly describe the existing and proposed arrangements for disbursing funds to SSRs. Does the budgetary system capture disbursements per SSR, sub-contractors, if any?

5.3.2 Does the SR have adequate systems in place/ planned (from request through to payment) to ensure accurate disbursement of funds to SSRs in a timely, transparent and accountable manner?

¹⁸ Community-based organization

¹⁹ Faith-based organization

5.4 *SSR management and oversight*

5.4.1 Briefly comment on the existing systems and capacities to manage SSRs. [Please highlight critical personnel gaps and plans for programmatic and financial management and oversight of SSRs.]

5.4.2 Briefly comment on the operational plans for: (1) managing SSRs; (2) monitoring implementation of activities by SSRs; (3) reviewing programmatic and financial information reported by SSRs; (4) tracking of SSR programme results and expenditures.

5.4.3 Briefly comment on how the SR plans for early identification of problems/ capacity gaps at SSR level and for initiating effective remedial actions?

5.4.4 Does the SR have the technical capacity to provide training or other assistance to SSRs, as required to implement the activities? If not, does the PR have access to appropriate capacity building resources that can be used to strengthen SSR capacities, as needed?

5.5 *Proposed processes and timelines for signing agreements with selected SSRs. [Please review and enclose copy of agreement with any existing SSR].*

6. Monitoring and Evaluation (M&E)

6.1 *Briefly review and comment on existing M&E tools/ systems and processes for managing data collection, management, reporting, and documentation.*

6.2 *Briefly comment on organizational processes to periodically assess compliance with the accounting/financial management system.*

6.3 *Briefly describe and comment if the existing M&E includes any outsourced function.*

7. Conclusion and Recommendations

7.1 *Based on the review of existing information, summarize the identified SR's prior experiences and track-record, as relevant for successful grant implementation. Identify key strengths and weaknesses, related to programme, finance and administration. Briefly comment on measures for further strengthening.*

7.2 *Based on the review of existing information, identify any risk, as relevant, to the identified SR's successful implementation of Round 9 proposal. For each of the identified risk related to programme, finance and administration and briefly describe possible mitigating factors, if they exist/ planned.*

7.3 *Any other necessary information that is necessary to be highlighted.*

7.4 *Time bound action plan for capacity development: Provide a time table for capacity development actions.*

Annexure 4: Sub Recipient Grant Agreement

SUB RECIPIENT GRANT AGREEMENT

1. Country: India		
2 Sub Recipient Name and Address:		
3. Principal Recipient Name and Address: Caritas India, CBCI Center, 1 Ashok Place, Near Goleadakhana, New Delhi, India-110001		
4. Program Title: Intensified Malaria Control Project II		
4A. Modification Number: N/A		
5. Grant Number:		
6. Phase 1 Starting Date:	6. Phase 1 Ending Date:	7. Phase 2 Ending Date:
7. Information for Sub-Recipient Bank Account into Which Grant Funds Will Be Disbursed: Owner of Bank Account: Account Title: Account number: Bank name: Bank address: Bank SWIFT Code: Bank Code: Routing instructions for disbursements: N/A		
8. The fiscal year of the Sub-Recipient is from: 01 April to 31 March.		
9. Name/Address for Notices to Sub Recipient:	14. Name/Address for Notices to Principal Recipient	
10. Signed for the Sub Recipient by its Authorized Representative Date: _____ Signature: _____		
11. Signed for the Principal Recipient by its Authorized Representative Date: _____ Signature: _____		

This Agreement consists of the XXX pages of the Sub-Recipient Grant agreement and Annex A.

Article 1. PURPOSE OF AGREEMENT

This Agreement is between Caritas India, Principal Recipient (consequent to grant agreement entered into between The Global Fund to Fight AIDS, Tuberculosis and Malaria, a foundation established under the laws of Switzerland (the “Global Fund”) and the Caritas India, Principal Recipient). This Agreement defines the terms and conditions under which the Principal Recipient may provide funding to the XXXXX Sub- Recipient to carry out Program (as specified in the Article 2 below).

Article 2. IMPLEMENTATION OF THE PROGRAM

- (a) Program Description and Objectives. The Sub- Recipient shall implement the Program as described in the “Program Implementation Plan” included in Annex A of this Agreement. The “Program Work Plan” 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 “Budget -Sub Recipient” attached to Annex A of this Agreement set(s) out approved expenditures for the Phase 1 of the Program. The Principal Recipient shall implement the Program in accordance with the Budget -Sub Recipient. Changes to the Budget -Sub Recipient shall only be made pursuant to Implementation letter/s issued by the Principal Recipient.

Article 3. PROGRAM TERM

- (a) Phase 1. The Sub- Recipient acknowledges that, as of the effective date of this Agreement, the Principal Recipient has committed funds to the Program under this Agreement for a XXX month period, which starts on the Phase 1 Starting Date (indicated in block 6 of the face sheet of this Agreement and ends on the Phase 1 Ending date.
- (b) Phase 2. The Principal Recipient may decide, subject to extension of the grant agreement entered into between The Global Fund to Fight AIDS, Tuberculosis and Malaria, a foundation established under the laws of Switzerland (the “Global Fund”) and the Caritas India, Principal Recipient), in its sole discretion, to extend the Program Term beyond the Phase 1 Ending Date and commit funding for Phase 2 of the Program. If the Principal Recipient issues a Phase 2 Approval, the parties shall execute an amendment to this Agreement enter into agreement for the further time period.

Article 4. GRANT FUNDS

The Principal Recipient hereby grants to the Sub-Recipient an amount not to exceed the amount specified in Annex A of this agreement, which may be made available to the Sub-Recipient

under the terms of this Agreement. The Sub-Recipient may only use grant funds for Program activities, which occur during the Program Term or as otherwise agreed in writing by the Principal Recipient.

Article 5. REPRESENTATIONS AND WARRANTIES OF THE SUB-RECIPIENT

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

- (a) Legal Capacity. The Sub-Recipient is a legal entity validly existing under the laws of India.
- (b) Enforceability. This Agreement has been duly executed and delivered by the Sub-Recipient and is enforceable against the Sub- Recipient in accordance with its terms.
- (c) Necessary Power. The Sub- 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 Sub- Recipient's activities are operated in compliance with law in India and other applicable law, including but not limited to intellectual property law. In addition, the Sub- 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 Sub-Recipient which, if determined adversely, would have a material adverse effect on the capacity of Sub-Recipient to implement the Program.
- (f) No Double-funding. The targets set for the Program are made possible by the additional_funding provided by the Principal Recipient under this Agreement. The Sub- 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 Sub- Recipient covenants and agrees with the Principal Recipient 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 Sub- Recipient shall immediately provide written notice to the Principal Recipient 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 Sub-recipient or any Sub-Sub-recipient (as described in XX of this Agreement) to implement the Program or perform any of the other obligations under this Agreement.
- (c) Conduct of Business. The Sub-recipient shall, and shall ensure that each Sub-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 Sub-recipient shall, and shall ensure that each of its Sub-Sub-recipients shall, comply with all applicable law, including but not limited to intellectual property law, when carrying out Program activities.
- (e) Notification of Additional Funding. The Sub-recipient shall provide written notice to the Principal Recipient of any additional funding received by the Sub-recipient which may require an adjustment to the Program in order to meet its obligations under Article 5(f) of this Agreement.

Article 7. COOPERATION WITH LOCAL FUND AGENT

The Sub- Recipient shall, and shall ensure that Sub-Sub-recipients shall, cooperate fully with the LFA to facilitate the LFA to carry out its function during field visits. To this end, the Sub Recipient shall, among other things:

- a) Facilitate the LFA to perform on site visits at the times decided by the LFA;
- b) Facilitate the LFA to interview its personnel and personnel of Sub Sub-recipients;
- c) Cooperate with the LFA in other ways that the Principal Recipient may specify.

Article 8. MANAGEMENT OF GRANT FUNDS

The Sub- Recipient shall ensure that all funds received under this grant are prudently managed and shall take all necessary action to ensure that funds are used solely for Program purposes and consistent with the terms of this Agreement. Accordingly, the Sub- Recipient shall use its reasonable efforts to ensure that funds are not used by it or by any Sub-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 9. 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 Principal Recipient shall be determined by the Principal Recipient in its sole discretion. In particular, the Principal Recipient will not make any disbursement of Grant funds unless:
- i. The Sub-Recipient shall establish a dedicated Bank account for this Program and all funds received under it.
 - ii. the Sub-Recipient has submitted to the Principal Recipient a Request for Disbursement, signed by the person or persons authorized by the Sub-Recipient to do so, in form and substance satisfactory to the Principal Recipient, at a time acceptable to the Principal Recipient;
 - iii. the Principal Recipient has determined in its sole discretion that funds sufficient to make the disbursement are available to the Principal Recipient for such purpose at the time of the disbursement;
 - iv. the Sub-Recipient has fulfilled, in form and substance satisfactory to the Principal Recipient, the conditions precedent to such disbursement or special conditions indicated in Annex A, if any, and within the applicable terminal date/ other deadlines noted in the special conditions;
 - v. the Sub-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;
 - vi. the Sub-Recipient has provided to the Principal Recipient all Programmatic Progress and Financial reports referred to in Article 13(b) of this Agreement that were due prior to the date of the Request for Disbursement;
 - vii. the Principal Recipient demonstrates that it has achieved programmatic results consistent with the targets for indicators set forth in the Project Work Plan attached to Annex A of this Agreement during the periods set forth therein and explains any reasons for deviation from targets;
 - viii. the Sub- Recipient provide all the necessary explanation/document as may be necessary for the Principal Recipient to review the information provided in the Request for Disbursement.
- (b) Deadlines. If the conditions precedent or special conditions indicated in the Annex A of this Agreement have not been met by the applicable terminal date or deadline, or if the Sub Recipient fails to achieve the programmatic targets set forth in the Project Work

Plan specified in the Annex A of this Agreement, during the periods set forth therein, the Principal Recipient 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 10. BANK ACCOUNTS, INTEREST AND OTHER PROGRAM REVENUES

- (a) Bank Account. The Sub-Recipient shall ensure that:
- i. Sub-Recipient will have a dedicated bank account for grant funds.
 - ii. Grant funds in the possession of the Sub-Recipient or Sub-Sub-recipients remain, to the extent practicable, in a bank account which bears interest at a reasonable commercial rate available in the Country until they are expended for Program purposes;
 - iii. 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
 - iv. at all times, Grant funds are held in cash.
- (b) Interest. Any interest on Grant funds disbursed by the Principal Recipient to the Sub-recipients under this Agreement or by the Sub-recipients to Sub-Sub-recipients shall be accounted for and used solely for Program purposes.
- (c) Revenues. Any revenues earned by the Sub-recipients or Sub-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 11. TAXES AND DUTIES

- (a) Free From Taxes. The Sub-recipients is strongly encouraged to ensure that this Agreement and the purchase of any goods or service using Grant funds by the Sub-recipients and any Sub-Sub-recipients shall be free from taxes and duties imposed under laws in India. The Sub-Recipient shall, not later than 90 days after the Phase 1 Starting Date, inform the Principal Recipient 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 Sub-recipient or Sub-Sub-recipient despite the exemption from such tax or duty, the Principal Recipient may,

- in its sole discretion, (i) require the Sub-recipient to refund to the Principal Recipient or to others as the Principal Recipient 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 Principal Recipient and the Sub- 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, the Principal Recipient and the Sub-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 Principal Recipient under this agreement shall contribute directly to the treatment and prevention of disease.

Article 12. AUDITS AND RECORDS

- (a) Books and Records of the Principal Recipient. The Sub-recipient shall, and shall ensure that Sub-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 Sub Recipient and Sub-Sub-recipients shall maintain Program Books and Records in accordance with the generally accepted accounting standards in India. 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 Principal Recipient.
- (b) Principal Recipient Audits. The Sub-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 Sub-Recipient. 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 Sub- Recipient shall notify the Principal Recipient 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-Sub-recipient Audits. The Sub-Recipient shall ensure that annual audits of the revenues and expenditures of each Sub-Sub-recipient of Grant funds are carried out. In connection with this requirement, the Sub-Recipient shall submit to the Principal

- Recipient a plan for such Sub-Sub-recipient audits no later than three months after the Phase 1 Starting Date and a copy of all completed Sub-Sub-recipient audits. The first period under audit of Sub-Sub-recipients shall be not later than the first period of audit applicable under subsection (b) above.
- (e) Audit Reports. The Sub-Recipient shall provide to the Principal Recipient an audit report for each audit arranged for by the Sub-Recipient or a Sub-Sub-recipient in accordance with this Article not later than three months after the period under audit.
- (f) Audit by the Principal Recipient. The Principal Recipient 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 Sub-recipients and Sub-Sub-recipients for Grant funds and to monitor compliance by the Sub-Recipient with the terms of this Agreement. The Sub-Recipient shall, and shall ensure that its Sub-Sub-recipients, cooperate with the Principal Recipient and its agents in the conduct of such review, audit, evaluation or other action.
- (g) Right of Access. The Sub-Recipient shall permit or ensure authorized representatives of the Principal Recipient, its agents, 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 Sub-Recipient; (ii) the premises of the Sub-Recipient or any Sub-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 Sub-Recipient and/or Sub-Sub-recipients of Grant Funds. The Sub-Recipient shall ensure that its agreements with Sub-Sub-recipients include the rights of access under this sub-section.
- (h) Notification. The Sub-Recipient shall notify the Principal Recipient promptly in writing of any audit or forensic investigation pertaining to operations of the Sub-Recipient or of a Sub-Sub-recipient.

Article 13. PROGRAMMATIC PROGRESS REPORTS

- (a) Provision of Reports. The Sub Recipient shall provide to the Principal Recipient the reports specified in paragraph (b) of this Article. In addition, the Sub Recipient shall provide to the Principal Recipient such other information and reports at such times as the Principal Recipient may request.
- (b) Periodic Reports. The Sub Recipient shall, not later than 15 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 Sub Recipient shall submit periodic reports on the form specified in Annex A. For the period in question, the Sub Recipient shall explain in the report any variance between planned and

actual achievements and between planned and actual expenditures.

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

Article 14. MONITORING AND EVALUATION

The Sub Recipient shall monitor and evaluate the progress of the Program toward its objective, including the activities implemented by Sub-Sub-Recipients, in accordance with the monitoring and evaluation plan approved by the Principal Recipient. The Principal Recipient shall ensure that it receives quality data regarding such progress and report accurately on the Program results.

Article 15. EVALUATIONS BY THE PRINCIPAL RECIPIENTS

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

Article 16. CONTRACTS FOR GOODS AND SERVICES

- (a) The Principal Recipient will be generally responsible for all procurement under the Agreement but may permit the Sub-Recipient to undertake some procurement activities in accordance with the agreed work plan.
- (b) The Sub-Recipient shall keep the Principal Recipient 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 (vii) listed below. The Sub-Recipient shall ensure that such policies and practices are followed at all times.
- i. Contracts shall be awarded on a transparent and competitive basis.
 - ii. Solicitations for goods and services 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.

- iii. Contracts shall be awarded only to responsible contractors that possess the ability to successfully perform the contracts.
 - 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. 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.
 - vi. The Sub- Recipient and its representatives and agents shall not engage in any of the practices described in Article 18 (b) in relation to such procurement.
 - vii. The Sub Recipient shall maintain records documenting in detail the receipt and use of goods and services acquired under the Agreement by the Sub-Recipient, the nature and extent of solicitations of prospective suppliers of goods and services acquired by the Sub Recipient, and the basis of award of Sub- Recipient contracts and orders.
- (b) Supply chain. The Sub 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-Sub-recipients. The Sub-recipients shall ensure that Sub-Sub-recipients comply with the requirements of this Article when Sub-Sub-recipients undertake procurement of goods and services for the Program.
- (d) Recording. The Sub-Recipient shall, and shall ensure that Sub-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 any other entity approved by the Principal Recipient.
- (f) Program Purposes. In accordance with Article 9 of this Agreement, the Sub-Recipient shall ensure that all goods and services and activities financed with Grant funds, including those procured and implemented by Sub-Sub-recipients, are used solely for Program purposes.

Article 17. INSURANCE AND LIABILITY FOR LOSS, THEFT OR DAMAGE

- (a) Insurance. The Sub-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 Sub-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-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 16 of this Agreement. In addition, the Sub-Recipient shall be solely liable for the loss or theft of any cash in the possession of the Sub-Recipient or any of its agents or Sub-Sub-recipients and shall have no recourse to the Principal Recipient for any such loss or theft.

Article 18. CONFLICTS OF INTEREST; ANTI-CORRUPTION

- (a) Standards of Conduct. The Sub-Recipient shall maintain and enforce standards of conduct to govern the performance of persons affiliated with the Sub-Recipient or any Sub-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 Sub-Recipient shall not, and shall ensure that no Sub-Sub-recipient or person affiliated with the Sub-Recipient or any Sub-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 Sub-Recipient or Sub-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 India.

(c) Disclosure. If the Sub-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, any Sub-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 Sub-Recipient shall immediately disclose the actual, apparent or potential conflict of interest directly to the Principal Recipient..

Article 19. FORCE MAJEURE

- a) Neither party shall have responsibility or liability with respect to any failure or delay in the performance of any term or condition of this Agreement where such failure or delay in performance is due in whole or in part to "FORCE MAJEURE" i.e. any occurrence which is unforeseeable, unavoidable, or beyond either party's reasonable control, including but not by way of limitation: acts of God, flood, fire, strike, or labour disturbances, acts of war or sabotage, insurrection, riot or civil disorder, or any Order, Act, Law or regulations of any executive, legislative, judicial or administrative body which may impede or prevent the party's performance of this Agreement.
- b) In the event of the aforementioned occurrence, this Agreement shall be suspended until the incidence of such Force Majeure has ceased, and the time for performance extended for an adequate period; provided however that in the event that such Force Majeure shall exceed sixty (60) working days the parties shall consult in order to determine mutually acceptable steps to be taken to achieve the purpose of this Agreement.

Article 20. USE OF LOGOS OR TRADEMARKS

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

Sub-recipients have respectively obtained prior approval from Principal Recipient prior to any communication, development of communication materials or media release regarding the Program or usage of Principal Recipient logo.

- c) With prior approval the Sub-Recipient shall use Principal Recipient's logo on all BCC materials, in all the infotainment & group activities, meetings/workshops, training activities and program related manuals/guidelines and publications if any.

Article 21. NOVATION; TRANSFER OF SUB RECIPIENT

If at any time, either the Sub-Recipient or the Principal Recipient concludes that the Sub-Recipient is not able to perform the role of Sub-Recipient and to carry out its responsibilities under this Agreement or if, for whatever reason, the Principal Recipient and the Sub-Recipient wish to transfer some or all of the responsibilities of the Sub-Recipient to another entity that is able and willing to accept those responsibilities, then the other entity ("New Sub-Recipient"), may be substituted for the Sub-Recipient in this Agreement. The substitution shall occur on such terms and conditions as the Principal Recipient and the New Sub-Recipient agree, in consultation with the CCM. The Sub Recipient shall cooperate fully with the Principal Recipient and the CCM to facilitate the transfer.

Article 22. ADDITIONAL SUB RECIPIENTS

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

Article 23. NOTICES

Any notice, request, document, report, or other communication submitted by either the Sub Recipient or Principal Recipient, unless this Agreement expressly provides otherwise, shall be sent to the other party's Authorized Representative. All communications under this Agreement shall be in English.

Article 24. TERMINATION; SUSPENSION; EXPIRY OF THE PROGRAM TERM

- (a) Sole Discretion of Principal Recipient. The Principal Recipient may terminate or suspend this Agreement in whole or in part, for any reason to be determined in its sole discretion, upon giving the Sub-Recipient 30 days written notice. Any portion of this Agreement that is not terminated or suspended shall remain in full force and effect. The Sub recipients may also choose to terminate the agreement by giving 30 days notice to the Principal recipients
- (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 Sub Recipient shall, among other procedures which may be requested by the Principal Recipient:
- i. immediately return to the Principal Recipient any Grant funds that have not been expended by the Sub-Recipient and Sub-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 Principal Recipient;
 - ii. provide to the Principal Recipient a final audited financial report of the Program;
 - iii. provide to the Principal Recipient an inventory of all assets and receivables purchased with Grant funds; and
 - iv. if so requested by the Principal Recipient, provide a plan (prepared in consultation with the Principal Recipient) 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 Principal Recipient.
- (c) Transfer. Upon the expiry of the Program Term or on the earlier termination of this Agreement, the Principal Recipient may direct, in accordance with Article 16(e) of this Agreement, that title to any Program Asset be transferred to the Principal Recipient or another entity nominated by the Principal Recipient.

Article 25. REFUNDS

Notwithstanding the availability or exercise of any other remedies under this Agreement, the Principal Recipient may require the Sub-Recipient to immediately refund to the Principal Recipient any disbursement of the Principal Recipient 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 Sub Recipient of any provision of this Agreement;
- (c) the Principal Recipient has disbursed an amount to the Sub Recipient in error; or
- (d) the Sub Recipient has made a material misrepresentation with respect to any matter related to this Agreement.

Article 26. LIMITS OF PRINCIPAL RECIPIENT’S LIABILITY

- (a) The Principal Recipient shall be responsible only for performing the obligations that are specifically set forth in this Agreement. Except for those obligations, the Principal Recipient shall have no liability to the Sub-recipients or any other person or entity as a result of this Agreement or the implementation of the Program. Any financial or other liability that may arise as a result of the implementation of the Program shall be the sole responsibility of the Sub-Recipient.
- (b) The Sub-Recipient undertakes the Program on its own behalf and not on behalf of the Principal Recipient. 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 Principal Recipient and the Sub-Recipient or any other person involved in the Program. The Principal Recipient assumes no liability for any loss or damage to any person or property arising from the Program. The Sub-Recipient shall not, under any circumstances, represent that it is an agent of the Principal Recipient, and shall take all reasonable precautions to avoid any perception that such relationship exists.

Article 27. INDEMNIFICATION

The Sub-Recipient shall defend, indemnify and hold harmless the Principal Recipient, its directors, officers and employees and any of the Principal Recipient's agents and contractors from and against (i) any and all losses of the Principal Recipient, 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 Principal Recipient or asserted against the Principal Recipient, 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 Sub-Recipient and its agents, employees, Sub-Sub-recipients, assignees, transferees, delegates or successors, for which the Sub-Recipient retains responsibility.

Article 28. IMPLEMENTATION LETTERS

To assist the Sub-Recipient in the implementation of this Agreement, the Principal Recipient shall issue, from time to time, implementation letters that shall provide additional information and guidance about matters stated in this Agreement. Also, any changes in the Grant Agreement may be communicated to the Sub-Recipient through issuing Implementation letters.

Article 29. MODIFICATION OR AMENDMENT

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

Article 30. 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 31. SUCCESSORS AND ASSIGNEES

This Agreement shall be binding on the successors and assignees of the Sub-Recipient and the Agreement shall be deemed to include the Sub-Recipient's successors and assignees. However, nothing in this Agreement shall permit any assignment without the prior written approval of the Principal Recipient.

Article 32. ARBITRATION

- In the event of dispute or fundamental questions arising between the Principal Recipient and the Sub-Recipient in relation to the interpretation and/or implementation of this Agreement, there shall be mutual consultations between the Parties with a view to securing a successful and amicable resolution.
- Any dispute between the Principal Recipient and the Sub-Recipient arising out of or relating to this Agreement that is not settled amicably shall be first referred to the Country Coordinating Mechanism (CCM) India.
- In the event that the decision of the CCM is not acceptable to either party or both parties, the dispute shall be referred to arbitration at the request of either the Principal Recipient or the Sub-Recipient. The arbitration shall be final and conducted in accordance with the modalities to be agreed upon by the parties.
- The Principal Recipient and the Sub-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 language to be used in the arbitral proceedings shall be English.

Article 33. APPLICABLE LAW

This Agreement shall be construed in English Language and shall be governed by the Laws of India.

Article 34. 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. Implementation letter(s) issues by the Principal Recipient, mentioned in Article 28, substitute previous agreement and any annexes and attachments hereto, to the extent same is inconsistent with the agreement and any annexes and attachments hereto.

Article 35. EFFECTIVE DATE

This Agreement, prepared in two originals, shall become effective on the date of its signature by both the Principal Recipient and the Sub-Recipient, acting through their duly Authorized Representatives.

Article 36. SURVIVAL

- (a) All covenants, agreements, representations and warranties made by the Sub Recipient in this Agreement shall be considered to have been relied upon by the Principal Recipient and shall survive the execution and delivery of this Agreement, regardless of any investigation made by the Principal Recipient or on its behalf and notwithstanding that the Principal Recipient 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 7 (Local Fund Agent), Article 8 (Management Of Grant Funds), paragraphs (a), (f) and (g) of 12 (Audits And Records), paragraph (c) of Article 13 (Programmatic Progress Reports), Article 15 (Evaluations By Principal Recipient), Article 16 (Contracts For Goods And Services), Article 18 (Conflicts Of Interest; Anti-Corruption), 25 (Refunds), Article 26 (Limits Of Principal Recipient Liability) and Article 27 (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 37. ACRONYMS

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

Acronym Meaning

ACT	Artemesinine Combination Treatment
ANM	Auxiliary Nurse Midwife
API	Annual Parasite Index
ASHA	Accredited Social Health Activist

BCC	Behaviour Change Communications
CCM	Country Coordinating Mechanism
CHV	Community Health Volunteers
CI	Caritas India
FMIS	Financial Management Information System
GFATM	Global Fund to fight AIDS, Tuberculosis. Malaria
GoI	Government of India
HMIS	Health Management Information System
IMCP	Intensified Malaria Control Project
ITN	Insecticide Treated Nets
IPC	Inter Personal Communication
IRS	Indoor Residual Spray
LFA	Local Fund Agent
LLIN	Long Lasting Insecticidal Nets
M&E	Monitoring and Evaluations
NE	North East
NGO	Non- Government Organisation
NVBDCP	National Vector Borne Disease Control Programme
PR1	Principal Recipient1 -NVBDCP
PR2	Principal Recipient2- Caritas India
Pv	Plasmodium vivax
RDT	Rapid Diagnostic Tests
SDAs	Service Delivery Areas
SR	Sub Recipient
SSR	Sub –sub-recipient

ANNEX A to the PROGRAM GRANT AGREEMENT

Program Implementation Description

Project Title	Intensified Malaria Control Project- II (IMCP-II)
Agreement Number	-----
Disease	Malaria
Principal Recipient	Caritas India
Sub recipient	Futures Group International India Private Limited

A. PROGRAM DESCRIPTION

1. **Background and Summary:**

The GFATM Round 9 project- Intensified Malaria Control Project-II (IMCP-II) proposes goal, objectives and targets for scaling up effective preventive and curative interventions in those areas of the country, where the intensity of transmission is the highest and the health care delivery system constraints are the most severe. The program aims for universal coverage catalyzing decline in malaria related mortality and morbidity and contributing to achievement of national goals and Millennium Development Goals; based on the experiences gained and lessons learned during the implementation of interventions under the Intensified Malaria Control Project (IMCP) project supported by the GFATM Round 4 grant (by National Vector Borne Diseases Control Programme (NVBDCP), Ministry of Health & Family Welfare (MOH&FW), Government of India (GoI)] since 2005 (2005-2010) as well as under the national program with domestic resources.

The purpose of this program (under the aegis of Caritas India) is to complement and strengthen the efforts of the national malaria control program towards scaling up for universal coverage with effective preventive and curative interventions in those areas of the country, where the intensity of transmission is the highest and the health care delivery system constraints are the most severe. Need based strategic planning, focused on increased application of the mostly untapped community based structures and networks for community mobilization, especially in remote and inaccessible areas; enhanced capacity building and institutional strengthening; increased supervision and monitoring; better coordination and partnership building; shall be the cornerstones of the Round 9 GFATM project-- IMCP—II. The proposed investments are expected to sustain the gains, and address the gaps and bottlenecks experienced during the implementation of the Round 4 GFATM project. The IMCP—II, will leverage the GoI's efforts to improve malaria prevention and treatment for about 42.53 million people (2008 population) in 86 high endemic districts in seven north eastern (NE) states in India - Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura.

The Round 9 program will be implemented by two Principal Recipients: National Vector Borne Diseases Control Program, the Government Principal Recipient (PR1), and Caritas India, the Civil Society Principal Recipient (PR2),

2. Goal:

To reduce malaria related mortality and morbidity in project areas by at least 30% by 2015 as compared to 2008.

3. Target Group/Beneficiaries:

The program beneficiaries are 42.53 million population (2008) living in 86 districts in 7 project states (Arunachal Pradesh, Assam, Meghalaya, Mizoram, Nagaland, Manipur, Tripura) that are high endemic for malaria with focus on marginalized groups, tribal population, and women and children. As per data from the Ministry of Tribal Affairs, Government of India, 41 districts of these states have more than 50% tribal population. Within this total population of 42.53 million, a sub population of approximately 20 million lives in high risk areas with API ≥ 2 per thousand population. This segment will be targeted for universal coverage of LLIN. Caritas India consortium will implement interventions in 5,661 villages in 49 districts in seven states covering approximately four million people.

4. Strategies:

1) Prevention:

- Distribution of LLIN amongst high risk population with Annual Parasite Incidence (API) ≥ 2 (per 1000 population) in project areas to achieve near universal coverage. LLIN to be distributed @ 2 LLIN per household, assuming a household consists of 5 persons;
- Continuation of re-impregnation of conventional nets with synthetic pyrethroids in areas registering API ≥ 2 till the time they are completely covered by LLIN;
- Continuation of Indoor Residual Spraying (IRS) in areas with API ≥ 2 already under IRS coverage, as per programme policy, till the time epidemiological and ecological evidence give adequate reasons for withdrawal of IRS; and
- Increased involvement of community based structures, networks, including sustained and correct use of LLIN.

2) Early diagnosis and complete treatment:

- Increased use of Plasmodium falciparum (Pf) Rapid Diagnostic Test (RDT), expected to change to multivalent RDTs from 2011, for parasitological diagnosis especially in the remote areas without easy access to microscopy centres, i.e., where microscopy results are not available within 24 hours of reporting fever to a health care provider;
- Use of Artemisinin based Combination Treatment (ACT) for treatment of Pf cases; and
- Increased involvement of community based structures & networks; private health care providers.

3) Behaviour Change Communication (BCC):

- Evidence based BCC;
- Community outreach, IPC based consistent messaging through community based structures/networks to bring about behaviour change both in adoption of preventive interventions as well as in seeking early diagnosis and appropriate treatment;
- Intensified BCC activities prior to and during high transmission season; and
- Limited use of mass media, mainly radio (in areas with reasonable reach) to reinforce messages delivered through community outreach, Inter Personal Communication (IPC).

4) Monitoring & Evaluation:

- Increased focus on performance based programme planning;
- Strengthening of programme planning and management structures and operations at national, regional, state and district levels;
- Establishment of sentinel surveillance for severe malaria cases and deaths to complement existing disease surveillance; establishment of lot quality assurance sampling in addition to periodic large scale population and household surveys, to gauge outcomes;
- Reporting from private sector and other non-health sectors;
- Joint planning and review with implementing partners;
- Periodic evaluation to provide direction for future planning; and
- Evidence generation through operational research.

5) Coordination and partnership development:

- Increased advocacy for developing coordination and partnership with other departments/programs within Ministry of Health and Family Welfare (MOH&FW), non-health public sector organizations, corporate sector, NGOs/ FBOs, international agencies.

6) Capacity Building:

- Provision of systematic induction and refresher training to all levels of programme/ program staff/consultants, medical and paramedical personnel, health workers and community health volunteers in government/ non-government health care service delivery with malaria related responsibilities;
- Provision of training to private sector health care providers; and medical, paramedical personnel with partner organizations;
- Assessing effectiveness of capacity through periodic reviews.

5. Planned Activities:

Objective 1. To achieve near universal coverage by 2015 by effective preventive intervention (LLIN) for population living in high risk project areas from 42% (2009-10).

- Service delivery area (SDA): ITN (LLIN)

Activities:

- Planning, identification and prioritization of villages for LLIN, review of distribution and logistics supply management for LLIN distribution
- Supply of LLIN at sub-district level
- BCC for community mobilization
- Trainings for community health volunteers, program personnel
- Distribution of LLIN to eligible villages/households
- M&E of distribution of LLIN

Objective 2. To achieve at least 80% coverage by parasitological diagnosis; and prompt, effective treatment of malaria through public and private health care delivery systems in project areas by 2015.

- Service delivery area (SDA): Diagnosis (RDT)
- Service delivery area (SDA): Prompt, effective treatment (ACT)

Activities:

- Planning, identification and prioritization of areas (villages, facilities) for RDT and ACT, review of distribution and logistics supply management
- Supply and storage of RDT and ACT to/at distribution point
- BCC for community mobilization
- Trainings for community health volunteers, program personnel
- RDT and ACT use for diagnosis and treatment respectively
- M&E of RDT and ACT use

Objective 3. To achieve at least 80% coverage of villages in project areas by appropriate BCC activities by 2015 to improve knowledge, awareness and responsive behaviour with regard to effective preventive and curative malaria control interventions.

- Service delivery area (SDA): Community outreach/Interpersonal Communication

Activities:

- Regional workshop for consolidating/fine tuning BCC strategy and operational plan, tools (community outreach/IPC/Mass Media) based on knowledge, materials with National Vector Borne Diseases Control Program (NVBDCP);
- Workshop at district level for local adaptation of BCC tools including give away materials to support community outreach/IPC (flip book, information card, infotainment script, illustrative leaflet, caps, other locally appropriate material);
- Translation, replication and supply of BCC materials to distribution point;
- BCC—Community outreach/IPC implementation;
- Trainings at various levels for ASHA, community health volunteers; concerned state/district program/program personnel on oversight, M&E of BCC according to the NVBDCP training modules; and
- M&E of BCC.

Objective 4. To strengthen program planning and management, monitoring and evaluation, and coordination and partnership development to improve service delivery in project areas.

- Service delivery area (SDA): HSS: Human resources (technical and management assistance, planning and administration assistance, M&E assistance teams)
- Service delivery area (SDA): HSS: Information systems (M&E)
- Service delivery area (SDA): Coordination and partnership development

Activities:

- Recruitment of teams for technical and management assistance, M&E assistance, planning and administration assistance at national, regional, state, district levels;
- Integration of M&E plan and performance monitoring
- Printing and dissemination of M&E/MIS plan, guidelines, formats, checklists;
- Training on M&E;
- Supervision and monitoring;
- Planning and review meetings related to the program implementation, performance framework; and
- Development and dissemination of newsletters.

Objective 5. To strengthen health systems through training, capacity building to improve service delivery in project areas.

- Service delivery area (SDA): HSS: Health Workforce (Training/Capacity building)

Activities:

- Induction training of national, regional, state, district level teams for Round 9 program technical and management assistance, planning and administration, M&E;
- Refresher training of national, regional, state, district level teams for Round 9 program technical and management assistance, planning and administration, M&E;
- Revisiting existing training modules for ASHA/volunteers, customization, translation, replication, and dissemination;
- Training of ASHA/volunteers;
- Revisiting, customization and translation of existing training modules for private sector service providers;
- Mapping of private health care service providers; and
- Training of private sector service providers.

B. PURPOSE

Caritas India with support from GFATM Round 9 grant will implement IMCP-II in seven NE states towards complementing National Vector Borne Diseases Control Programme in scaling up effective preventive and curative interventions at community level in 5,661 villages in 49 districts. The IMCP—II is a five year project (October 1, 2010 to September 30, 2015) that

commenced on October 1, 2010. The first phase of the project is October 1, 2010 to September 30, 2012.

1. Broad responsibilities of Caritas India (henceforth called Principal Recipient)

The Principal Recipient will be responsible for: overall technical, financial and M&E oversight; overall policy guideline for the project; periodic review of progress; advocacy; overall management of grant funds; capacity building of project personnel/volunteers; coordination between stakeholders; and supportive supervision of the Sub-recipients to ensure efficient and timely service delivery. The Principal Recipient will also implement project activities in select geographical areas through its existing partner network. These activities will include: LLIN distribution; RDT/ACT use and BCC. The Principal Recipient will report to GFATM and coordinate with the Local Fund Agency (LFA), India Country Coordinating Mechanism (CCM) and the NVBDCP.

2. Broad responsibility of Futures Group International India Pvt. Ltd. (henceforth called Sub recipient)

The project M&E/MIS of Caritas India consortium will be managed by Sub recipient. The Sub recipient will provide technical support to the consortium in developing and supporting the implementation of the project M&E/MIS system. The Sub recipient will set up a MIS for capturing data on performance indicators, planning and management processes and systems, analysis and feedback. The project M&E/MIS will relate to performance indicators, as well as finance and logistics supply management. The Sub recipient will additionally be responsible for mapping of private health care service providers in entire project area and initiate training a section of mapped providers.

C. CONDITIONS PRECEDENT TO DISBURSEMENT

1. Condition(s) Precedent to First Disbursement (Terminal Date as stated in ----- the Face Sheet)

The first disbursement of grant funds by the Principal Recipient to the Sub recipient is subject to the satisfaction of each of the following condition(s):

- i. Delivery by the Sub recipient to the Principal Recipient of a letter signed by the Authorised Representative(s) of the Sub recipient setting forth the name, title and authenticated specimen signature of the person(s) authorised to sign disbursement requests, and, in the event a disbursement request may be signed by more than one person, the conditions under which each may sign.
- ii. Delivery by the Sub recipient to the Principal Recipient, evidence in form and substance satisfactory to the Principal Recipient, that the Sub recipient has reviewed national programme M&E framework, system including MIS; adapted the data collection tools

- and reporting formats used by the national program, while ensuring that all of the differing reporting formats are compatible and can be integrated with the national reporting M&E system. Such data collection tools and reporting formats shall also be adapted, but not limited to, reflection of the data collection required for the indicators contained in the Performance Framework of this Agreement, and project related financial, logistics information, as described under project M&E plan.
- iii. Delivery by the Sub recipient to the Principal Recipient, evidence in form and substance satisfactory to the Principal Recipient, that Sub recipient has engaged suitably qualified individuals for the positions of Strategic Advisor, Finance expert and M&E, MIS experts for central level as per work plan and budget.
 - iv. Delivery by the Sub recipient to the Principal Recipient, evidence in form and substance satisfactory to the Principal Recipient, that Sub recipient has recruited suitably qualified individuals for the central level and regional level positions as per work plan and budget.

2. Condition(s) Precedent to Second Disbursement (Terminal Date as stated in -----of the Face Sheet)

The second disbursement of Grant funds by the Principal Recipient to the Sub recipient is subject to the satisfaction of each of the following conditions:

- i. The Sub recipient shall provide evidence, in form and substance satisfactory to the Principal Recipient, that the Sub recipient has developed, ensured roll out of project MIS including finance and logistics MIS along with reporting forms within the domain of project MIS in entire project area.

D. SPECIAL TERMS AND CONDITIONS FOR THIS AGREEMENT

- i. No later than 30th April 2011, the Sub recipient shall submit updated documents, specifically keeping in the context and requirements of IMCP--II: 1) Programme quality guidelines, 2) Human resources manual reflecting recruitment policy and procedure, 3) Procurement policy and guidelines.
- ii. No later than 30th April 2011, the Sub recipient shall provide evidence, in form and substance satisfactory to the Principal Recipient, that the Sub recipient has developed project M&E/MIS training modules drawing from the existing modules with the national programme, to build the capacity of project management units at central, regional, district levels and Field Supervisors, Community Health Volunteers on project M&E/MIS including generation of reliable and valid reports
- iii. No later than 30th May 2011, the Sub recipient shall submit evidence in form and substance satisfactory to the Principal Recipient, that Sub recipient has planned,

- organized stakeholder workshop on project M&E/MIS as per work plan and budget. The evidence will include, but not limited to, workshop report.
- iv. No later than 30th May 2011, the Sub Recipient shall provide evidence, in form and substance satisfactory to the Principal Recipient, that it has submitted to the Principal Recipient a report concerning the payment of taxes and duties on the purchase of goods and services for Program purposes (the "Report on Taxes and Duties"). The Report on Taxes and Duties should explain a general approximation of the aggregate amount of taxes and duties paid on a yearly basis by the Sub Recipient on purchases of goods and services with Grant funds.
 - v. No later than 30th May 2011, the Sub Recipient shall provide evidence, in form and substance satisfactory to the Principal Recipient that it has completed the time-bound actions for addressing programmatic, managerial and financial capacity gaps, if any, as per feedback from Sub recipient assessment provided.
 - vi. No later than 30th May 2011, the Sub Recipient shall provide evidence, in form and substance satisfactory to the Principal Recipient, that the Sub Recipient has instituted a system for the conduct of an annual internal audit of the use of Grant funds under the Program. The annual internal audit shall draw from, but will not be limited to, the Sub Recipient assessment observations and recommendations.
 - vii. The Sub recipient acknowledges and agrees that training modules for training of private health care service providers drawing from the existing modules with the national programme, to build the capacity of private health care service providers at district/sub district levels will be developed/customized, translated and replicated as per timelines that will be communicated by Principal Recipient.
 - viii. The Sub recipient acknowledges and agrees that a plan, in form and substance satisfactory to the Principal Recipient, for training of private health care service providers will be developed as per timelines and template that will be communicated by Principal Recipient. The Training Plan shall include, but will not be limited to, a detailed budget and assumptions for training programs, procedures for the Sub Recipient's financial oversight over expenditures to finance training activities and controls to protect Grant funds for training from the risk of misuse or diversion.
 - ix. The Sub Recipient acknowledges and agrees that the Sub Recipient will complete all necessary registrations, filings and applications to ensure that Grant funds will not be characterized as taxable income under the local, state and federal laws of India. In the event that an amount of Grant funds is found to be subject to income tax, any income tax paid on such excess amount shall not be paid from Grant funds.
 - x. The Sub recipient acknowledges and agrees that continued support shall be provided for project M&E and MIS in the entire project area throughout the term of the Agreement, in

line with the project M&E plan, including but not limited to, ensuring data quality through development of guidelines on data quality, providing training, and conducting DQA.

- xi. The Sub recipient acknowledges and agrees that relevant project personnel, consultants at all levels participate in training/capacity building programmes, as per work plan and schedule.

E. FORMS APPLICABLE TO THIS AGREEMENT

For purposes of Article 13 of the Standard Terms and Conditions of this Agreement entitled “Periodic Reports,” the Principal Recipient shall use the prescribed format available with Principal Recipient upon request.