



**SUBSTANTIVE REVISION TO PROJECT DOCUMENT**

**Project Title:** "Support to the Ministry of Health to strengthen healthcare procurement system in the country"

**Project ID number:** 00113610

**Implementing Partner:** The Ministry of Health of the Republic of Azerbaijan

**Start Date:** 20 October 2021    **End Date:** 31 December 2022    **PAC Meeting date:** 27 September 2021

**Brief Description**

Azerbaijan makes major public health care efforts to prevent and eliminate diseases, and to develop healthcare system and medical industry, on its way towards global level standards. The Government of Azerbaijan is committed to fight against HIV/AIDS and other communicable and non-communicable diseases and funds the majority of the justice relevant programmes. The most important factor is the steady increase of domestic investments in health care which is the basis for sustainable work of the healthcare systems. Within the State Health Programme, priority is placed, inter alia, on the control of HIV/AIDS.

Medicines and medical supplies are important to address health issues and improve the quality of life. They are an integral part of the disease prevention, diagnostics and treatment, as well as a solution of the disability-related and functional limitations' problems. Improvement of access to the essential medicines and medical supplies is of critical importance for achievement of the universal coverage with healthcare services and is recognized as an essential component of effective healthcare systems.

Since the start of the pandemic a heavy load went on the shoulders of the health care system and this is the area where the Government puts enormous efforts to mitigate the damages incurred by current situation.

The devastating impact of the COVID-19 pandemic as both a health emergency and a socioeconomic crisis has created development challenges for Azerbaijan which have been partly addressed by the Government's multisectoral response to the pandemic.

Cost-sharing of medicines procurement for the HIV/AIDS service is of special importance as the Global Fund which had provided the HIV/AIDS Grants since 2005, provided its last transitional grant to Azerbaijan so that the country moves to the full government financing of its HIV/AIDS programme starting from 2020. The country must gradually move to funding of all activities which were covered by the Global Fund.

Contributing Outcome (UNSDG/CPD, RPD or GPD): People furthest behind benefit from enhanced national capacities and governance structures for social protection and quality public and social services, in line with Azerbaijan's international commitments  
**National Priority:** Stronger institutions for delivery of quality public and social services  
 Indicative Output(s) with gender marker2: Gen 0

<b>Total resources required:</b>	<b>\$1,314,203</b>
<b>Total resources allocated:</b>	<b>UNDP TRAC:</b> \$25,000
	<b>Donor:</b>
	<b>Government:</b> \$1,289,203
<b>Unfunded:</b>	0

Agreed by (signatures)<sup>1</sup>:

Ministry of Health	UNDP
<p><b>Mr. Teymur Musayev</b></p> <p><b>1<sup>st</sup> Deputy Minister of Health, Acting Minister of Health of the Republic of Azerbaijan</b></p>	<p><b>Mr. Alessandro Fracassetti</b></p> <p><b>UNDP Resident Representative in Azerbaijan</b></p>
Date: <i>20.10.2021</i>	Date: <i>20.10.2021</i>

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## I. DEVELOPMENT CHALLENGE

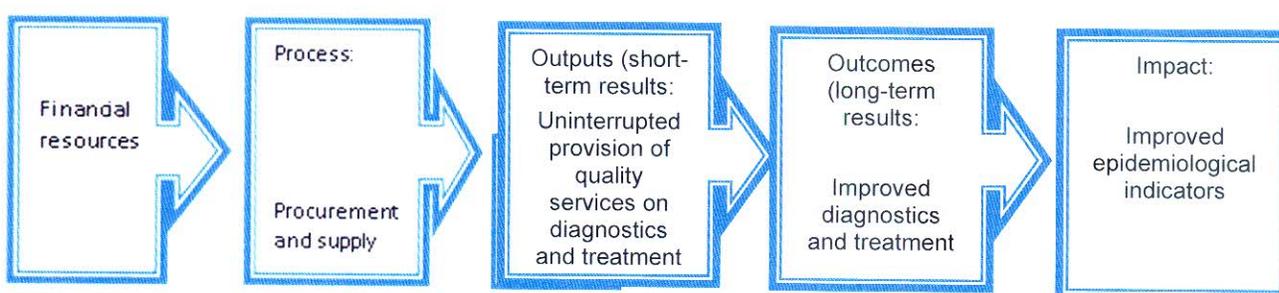
The purpose of this project is to support provision of quality health care services to the population of Azerbaijan, specifically services on HIV/AIDS through procurement of reagents and medicines for the respective services. The project covers the throughout needs of the country.

The Project on "Support to the Ministry of Health to strengthen healthcare procurement system in the country" has the specific objectives to procure medicines and medical products for the National HIV/AIDS Programme for 2019 and ongoing years as per the financing agreement with the Ministry of Health, and to strengthen the capacity to ensure transparency, accountability, and effectiveness of the public procurement of medicines and other medical products. Based on the nature and the initial activity plan of the project the United Nations Development Programme procured National Program for HIV/AIDS, Tuberculosis and Hepatitis C medicines for the procurement programme 2019. The project has successfully delivered the requested medicines, which allowed the Project to cover 500 Hepatitis C patients, 7000 drug sensitive patients, 350 drug resistant, 5,000 HIV/AIDS patients, and 100 children with HIV/AIDS.

As a result of Governmental health reforms, tuberculosis programme was transferred to the State Agency on Mandatory Health Insurance. The project continued procurement of for HIV/AIDS program for the Ministry of Health and despite the challenges imposed by the pandemic resulting in the hindrance of delivering of goods in a timely manner, the project managed to successfully procure and deliver HIV/AIDS medicines for the procurement programme 2020. As a continuation of productive cooperation serves to expansion of the procurement boundaries within the project. Thus, procurement of specialized vehicles for Azerbaijan National Center for Control of HIV/AIDS, as well as procurement of personal protection equipment was a proof of a solid platform of efficient cooperation.

Procurement through UNDP is most expedient to ensure: 1) quality of products since UNDP procures from pre-qualified manufacturers who comply with WHO and international stringent manufacturing practices and environmental standards; 2) cost-effectiveness, since UNDP has long-term corporate agreements with the producers and places consolidated procurement orders for many countries which allow to negotiate competitive prices; in addition, UNDP has long-term contracts with international shipping companies which allow timely transportation of goods at affordable prices, meeting temperature requirements; 3) transparent procurement processes, risk management, guarantees and funds.

Simplified logical matrix of the project results is shown in the following flowchart:



A multi-vector approach to investing in procurement under this agreement would allow countrywide improvement of coverage, accessibility and quality of health services.

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## II. STRATEGY

The overall objective of the Project is to strengthen the national healthcare procurement system and thereby improve the effectiveness of diagnosis and treatment of the HIV/AIDS patients of Azerbaijan. The specific objectives of the Project are:

- I. To procure medicines and medical products for the National HIV/AIDS Programme for 2021 and ongoing years as per the financing agreement with the Ministry of Health (Annex 1); and support to Ministry of Health to receive and distribute medicines and medical products procured by UNDP;
- II. To strengthen the capacity of the Ministry of Health to ensure transparency, accountability and effectiveness of the public procurement of medicines and other medical products.

As part of institutional capacity-building to support health reforms, the capacity of the national health-care procurement system will be enhanced to improve the cost-effective procurement of essential medicines for treating tuberculosis and HIV/AIDS in Azerbaijan. There will also be scope for UNDP to support public health procurement and digital health solutions in response to COVID-19 and other pandemics which will add another component to the cooperation framework within the project as:

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To support Ministry of Health in COVID-19 response

Capacity development is one of the main aspects of the immediate and temporary procurement support and it is a clear intention of the UNDP to invest in sustainable results that can be achieved with an efficient and transparent national procurement service at the Ministry of Health.

Thus, the overall strategy of the Project is the following:

- Assist the Ministry of Health in the cost-efficient, transparent and timely procurement of medicines and other medical devices of selected State Health Programmes;
- Support the Ministry of Health further reform of the national procurement and quality assurance system and capacity development processes;
- With the technical expertise of WHO, support the capacity building of the procurement and supply chain management system in the context of a wider initiative aiming at strengthening of the Azerbaijan healthcare system and creating a coherent pharmaceutical policy, as well as improve the list of the essential medicines.
- To provide essential procurement support for COVID-19 needs

The scope of work in terms of the procurement support services and to the Ministry of Health and capacity building component includes the following:

- Provision of procurement services for a range of medicines and medical products according to the Cost sharing agreement with Ministry of Health (see Annex 1);
- Upon having been agreed by the parties, the list and quantity of medicines and medical supplies to be received by Ministry of Health from the UNDP as Annex 3 shall be an integral part of this document
- Support to Ministry of Health to receive and distribute medicines and medical products procured by UNDP.
- Support to Ministry of Health in procurement of COVID-19 related supplies

The project is also fully aligned with the UNSDCF 2021-2025: Output 2.1.2: National primary health care and nutrition systems are strengthened to ensure universal coverage and quality, inclusive and high-impact interventions and UNCPD 2021-2025 Output 2.3 Strengthen the national health-care procurement system and improve the treatment of tuberculosis and HIV/AIDS patients.

The project strategy archives positive outcomes year by year expanding boundaries of cooperation and successfully implementing annual procurement program.

### **Sustainable Development Goals (SDGs)**

The project contributes to the following SDGs:

**SDG3.** Ensure healthy lifestyles and promote well-being for all at all ages.

**Target 3.3:** 3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases

### **COVID-19 Impact**

The COVID-19 pandemic has inflicted serious damage on the world supply chain. Delays in logistics and delivery across the world led to stock-out and low production of medical products. Furthermore, some HIV treatment drugs were experimentally used to cure COVID-19, which led to deficit of pharmaceuticals for HIV/AIDS patients.

The Project aims to support the government in healthcare procurement and provision with needed medical products. The indicators which could be beneficial to procure products through United Nations Development Programme:

- International network with UNDP country offices for experience exchange and LTA with suppliers;
- UNDP strategies to fight against the damage caused by the COVID-19 virus in supply chain;
- Timely delivery of high-quality medical products

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### III. RESULTS AND PARTNERSHIPS

#### ***Expected Results***

The purpose of this project is to support provision of quality health care services to the population of Azerbaijan, specifically services on HIV/AIDS through procurement of medicines for the respective services, provide capacity building support and ensure immediate COVID-19 response support as needed,

During the project implementation, the UNDP Country Office is aiming at achieving the output 1: All medical products requested by Ministry of Health are procured and delivered within established timeframes.

This output will be achieved through effective planning together with the implementing partner, timely procuring and delivering the necessary medication, building the capacity if needed.

#### ***Resources Required to Achieve the Expected Results***

##### **Financial resources:**

This agreement will be funded by the Ministry of Health of Azerbaijan with financial and in-kind support from UNDP, including but not limited to the Country Office funds and human resources.

##### **Human resources:**

The agreement will be implemented by the existing UNDP personnel and newly recruited Project Manager and Assistant. If both parties agree to expand the scope of the project, additional staff will be engaged at a later stage.

##### **Administrative resources:**

The agreement will be implemented within the UNDP administrative resource framework in terms of office, financial and procurement mechanisms.

With regards of the customs procedures and storage of medical products, the project will follow the national procedures and use available storage facilities to follow the cold chain protocol where and if required.

##### **Partnerships**

The Ministry of Health of Azerbaijan will be the main partner of UNDP under this project.

##### ***Risks and Assumptions***

The project will work using already well-established and proofed procurement mechanisms provided by UNDP Country Office and GF-HIST in Geneva and Copenhagen.

##### **Possible risks are:**

- Fluctuations of the logistics and insurance costs in the Global market;
- Dynamics of the EUR/USD exchange rate may impact the project budget because some suppliers request that payments should be made in euros while the budget operates in the US dollars;
- Dynamics of the AZN/USD exchange rate may impact the project budget if the tranches from the Ministry of Health are received in local currency;

- Forecasting and quantification of needs and calendar for deliveries are critical factors as UNDP will purchase from manufacturers that have strict production schedules;
- Local specificities for packaging, labelling and information leaflet that will generate constraints for the manufacturers; alternative solutions (in country re-labelling, re-packaging of the products) should be considered and modalities should be clarified upfront by the Ministry of Health ;
- The project plans to purchase medicines which have already been registered in Azerbaijan, however, there is a chance that the GF-HIST team will introduce new drugs, which require registration or special authorization. The Ministry of Health must ensure availability of waiver or fast-track registration procedure in case the selected medication is not yet registered in particular; it is recommended that the flexibilities that already exist in Azeri legislation for WHO PQ products be expanded to WHO ERP approvals;
- Damage of medications during transportation or customs procedure. The SOP must be developed to describe the roles of Ministry of Health and UNDP during the customs and handover of goods.
- Hindrance caused by the impact of pandemic in terms of availability of goods and timely delivery due to constraints at the borders.

### ***Stakeholder Engagement***

Key project stakeholders will be:

- Ministry of Health
- Republic center for struggle against HIV/AIDS
- Innovation and supply center of the Ministry of Health
- UN agencies
- Private businesses
- Civil Society and associations

Regular meetings to be held between the Project implementation team and the Ministry of Health, HIV/AIDS Center, patient organizations, other UN Agencies, Government Institutions, media and other stakeholders.

### **Knowledge**

There are capacity building trainings and workshops planned within the framework of the project. These activities entail the production of respective publications, presentations and press releases. Regular project progress updates will be prepared and published.

### **Sustainability and Scaling Up**

Procurement mechanisms established under the project for purchasing medical products are expected to work for several years. The project itself is developed to encourage continuous professional capacity building and facilitate sustainable institutions within the Ministry of Health and HIV/AIDS Center to improve procurement procedures after completion of the project.

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## **IV. PROJECT MANAGEMENT**

### **Project Management**

#### **Roles and responsibilities of Ministry of Health and UNDP**

##### **The Ministry of Health will:**

- Provide a list of products (medicines, medical supplies and other medical products) with specification and needs per budget year, in line with nomenclature and quality standards, quantities, budgets per programme, distribution details based on standard request for procurement of UNDP;
- Appoint a focal point in the Ministry to coordinate day-to-day implementation activities and to respond to requests for clarifications within a period of 3 working days after receipt of the request from UNDP;
  - Ministry of Health shall send an order to UNDP for medicines agents and medical supplies (including COVID-19 supplies) twice a year;

- Ministry of Health shall be able to make changes in quantities of medicines ordered within this project;
- Import of medicines brought to Azerbaijan shall meet requirements of the existing legislation;
- Prices and quantities of products (medicines, medical supplies and other medical products) to be provided by UNDP within 5 working days, as well as their delivery schedule (dates, party structures) shall be agreed with Ministry of Health;
- Ministry of Health shall pay the amount for products provided by UNDP according to lists submitted by them, in compliance with existing legislation of the Republic of Azerbaijan;
- In case of need for making of changes in structure of any party to be delivered on delivery schedule, they shall notify hereof at least 4 months before.
- Facilitate the registration of medicines and medical products that are not registered in Azerbaijan or permit import of non-registered in Azerbaijan medicines subject to available grounds and in line with the legislation;
- Clarify the language requirements and possible flexibilities for the packaging, labelling and information leaflet of imported medicines;
- Clarify if WHO ERP approved products can benefit from registration waivers;
- Act or designate separately a recipient of medicines and other medical products in a delivery point on delivery schedule agreed according to lists submitted by them and carry the overall responsibility for stock management and then for distribution within their ministries;
- Carry the overall responsibility for quality and quantity of medicines and other medical products from the moment of transfer of propriety right to the Ministry of Health;
- Provide overall support for capacity building and reform joint efforts;
- Call for regular coordination and progress reporting meetings.

**UNDP will:**

- Receive payments for products provided by UNDP according to lists submitted by Ministry of Health in compliance with existing legislation
  - Procure or deliver qualitative goods, packed, to the entry point in the country or the appointed delivery place for procurement agreed with Ministry of Health in Azerbaijan according to lists, quantities of medicinal preparations and medical products and budget agreed with Ministry of Health , in line with international regulations;
  - Hand over products provided by UNDP in delivery place agreed with Ministry of Health beforehand according to lists submitted by them;
  - In case of need for making of changes in structure of party delivered on delivery schedule, receive notifications hereof from Ministry of Health at least 4 months before;
  - Obtain customs and tax clearance in case of import of medicines and other medical products
- Conduct procurement procedures and inform the Ministry of Health on the prices and quantities of medicines and medical products to seek no-objection the MOH to proceed with purchasing;
- Provide regular updates to the Ministry of Health on progress of procurement, inform on eventual queries and/or action required by the Ministry of Health in relation to the procurement of specific products or product categories;
- Provide information on any expected savings as soon as available and assist the Ministry of Health with the reprogramming of such balance made during the procurement;
- Reimburse the Ministry of Health for the balance accrued during the procurement process and/or proceed with additional quantities as per amended agreement with the Ministry of Health ;
- Jointly with Ministry of Health implement communication strategy with media to report on procurement issues.
- Provide technical assistance to the Ministry of Health in capacity development and provision of international expertise;
- Ensure capacity development of the Ministry of Health procurement unit and Secretariat on public procurement.

V. RESULTS FRAMEWORK<sup>2</sup>

**Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:**  
**UNSDCF OUTCOME #2:** People furthest behind benefit from enhanced national capacities and governance structures for social protection and quality public and social services, in line with Azerbaijan's international commitments

**National priority #2:** Stronger institutions for delivery of quality public and social services

**Applicable Output(s) from the UNDP Strategic Plan:** Capacities at national and sub-national levels strengthened to promote inclusive local economic development and deliver basic services<sup>4</sup> including HIV and related services

**Project title:** "Support to the Ministry of Health to strengthen healthcare procurement system in the country" **Atlas Project Number:** 00113610

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>3</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)		DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	FINAL	
<b>Output 1</b> All medical products requested by Ministry of Health are procured and delivered within established timeframes.	<b>1.1</b> At least 90% of requested/ordered items procured	Ministry of Health	N/A		90%		UNDP Procurement report according to the CSA and Project Documentation
	<b>1.2</b> Stock-out of medicines from the agreement list in any health care facility (service delivery site)	Ministry of Health	N/A		No stock-out		MOH and HIV/AIDS center data

<sup>2</sup> UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

<sup>3</sup> It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

## VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	MOH	N/A
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	MOH	N/A
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Annually	Relevant lessons are captured by the project team and used to inform management decisions.	MOH	N/A
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	MOH	N/A
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making.	Annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	MOH	N/A
<b>Project Report</b>	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary,	Annually, and at the end of the project (final report)		MOH	N/A

	an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.				
<b>Project Review (Project Board)</b>	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	MOH	N/A

In addition, the Project will submit the interim report and the final report including a financial report to the Donor. The reports will clearly describe the achievement of the outcome set in the project document.

#### **Audit Arrangement**

The Project shall be the subject to the internal and external auditing procedures laid down in the Financial Regulations Rules and directives of UNDP.

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## VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The Project shall be nationally implemented with UNDP acting as Responsible Party. Government shall entrust UNDP to provide services related to procurement, recruitment, contracting and execution of direct payments to suppliers under the conditions regulated by the Letter of Agreement on Service Provision and Project Support between the Government and UNDP.

UNDP shall assume the primary responsibility for reporting, regular bookkeeping, monitoring and evaluation, as well as oversight of implementation partners. UNDP shall provide support in Project implementation and operational implementation of project activities, as well as technical and advisory assistance. The roles and responsibility for the implementation of the programme will be in line with UNDP Rules and Regulations for Project Management that defined minimum requirements to ensure UNDP's accountability for programming activities and use of resources. The MOH as the Government counterpart will be responsible for the facilitating of all project events, consultant missions undertaken within the context of this project.

I. The Project Board. This Board contains three roles:

- Executive representing the project ownership to chair the group. For this project UNDP will assume the role of Project Board Executive.
- Senior Supplier role to provide guidance regarding the technical feasibility of the project. This role will be assumed by the Government of Azerbaijan.
- Senior Beneficiary role to ensure the realization of project benefits from the perspective of project beneficiaries (those who will ultimately benefit from the project). This role will be performed by designated representatives of the Ministry of Health of Azerbaijan.

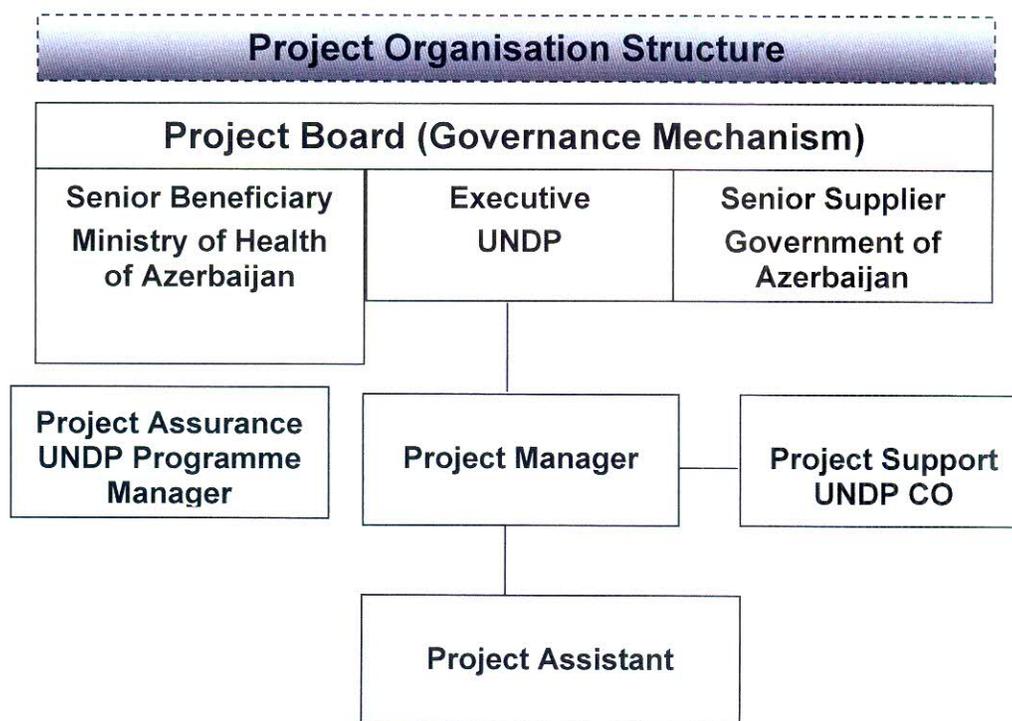
Strategic communication issues related to project implementation should be an integral part of the Project Board meetings agenda.

II. Project Assurance: The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. This role will be performed by the assigned UNDP Azerbaijan Deputy Resident Representative.

III. Project Management. Project Manager (PM) will be recruited and tasked with day-to-day management of project activities, as well as with substantive, financial and administrative reporting. PM will be responsible for project implementation, routine management and monitoring. His/her responsibility is to ensure that the planned outputs are produced by undertaking necessary activities in accordance with the project plan and meeting the required standards of quality and within specified constraints of time and cost.

IV. The Project Implementation Team will be responsible for:

- Overall management of Project implementation;
- Coordination with stakeholders and project partners;
- Strategic, technical and methodological backstopping to Regional Implementation Teams;
- Monitoring of project implementation and quality assurance; and
- Knowledge management, reporting and visibility.



## VIII. LEGAL CONTEXT

### Legal Context Standard Clauses

This Project Document shall be the instrument referred to as such in Article 1 of the Standard Agreement on Basic Assistance (SBAA) signed between the Government of Azerbaijan and the United Nations Development Programme signed on 6 February 2001. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner"

This project will be implemented by UNDP ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures. The financial governance of the project shall ensure best value for money, fairness, integrity, transparency, and effective competition.

### Risk Management Standard Clauses

This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

1. Consistent with the Article III of the SBAA, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
  - (a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
  - (b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of Implementing Partners' obligations under this Project Document.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

4. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
8. The requirements of the following documents, then in force at the time of signature of the Project Document apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at [www.undp.org](http://www.undp.org).
9. In the event that an investigation is required UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.
10. The signatories of the Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality. Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative, who will promptly inform UNDP's Office of Audit and Investigation (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such activities.
11. The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities, which are the subject of the Project Document, may seek resources to the Implementing Partner for the recovery of any funds determined by UNDP to be used inappropriately, including through fraud or corruption or otherwise paid otherwise than in accordance with the terms and conditions of the Project Document.
12. Each contract issued by the Implementing Partner in connection with this Project Document, shall include a provision that no fees gratitude, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received or promised in connection with the selection process or in contract execution, and that the recipients of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
13. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing related to the project, the Government will ensure that the relevant, national authorities shall investigate the same and take appropriate legal actions against all individuals found to have participated in the wrongdoing, recover and return any received funds to UNDP.
14. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, mutatis mutandis, in all sub-contracts, sub-agreements entered into further to this Project Document.

## **SPECIAL CLAUSES**

Project budget and financial reports shall be expressed in US dollars and Azerbaijan manats. If an unpredictable increase in expenditures or liabilities is expected or occurs (whether due to inflationary

factors, fluctuations in exchange rates or unforeseen events), UNDP shall provide notification thereon and promptly provide an additional estimate of additional funds needed.

Procurement contracts shall be signed and implemented only after complete transfer of government funds to UNDP.

Procurement contracts shall be signed and implemented upon transfer of state funds to the account of UNDP according to financing agreement concluded between UNDP and Azerbaijani Government.

In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery of 5% by UNDP for two distinct cost categories related to the project's implementation and provision of support services i.e. i) General Management Support (GMS) and ii) Direct Project Costing for services provided by the UNDP Country Office.

In case of use of long-term agreements and procurement services offered by procurement group from UNDP Global Fund Health Implementation Support Team 3 % additional cost for adult ARVs, Hepatitis C medicines and 1<sup>st</sup> line tuberculosis medicines, from UNDP GPU 3.75% additional cost for the medical devices and equipment and from UNICEF 5% additional costs for ARV paediatric products will be applied over the value of the Purchase Orders that are issued within the project.

The contribution shall be subject solely to internal and external audit procedures envisaged by financial regulations, rules and directives of UNDP.

Title to equipment, materials and other goods procured by UNDP for Ministry of Health shall transfer to Ministry of Health accordingly upon signing of acceptance document

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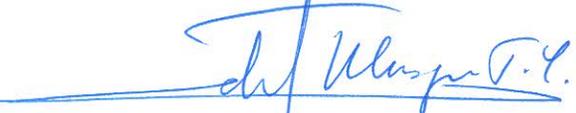
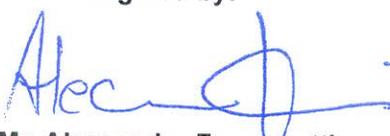
## **IX. ANNEXES**

### **1. Financing Agreement between the Government of the Republic of Azerbaijan and the United Nations Development Programme**

### **2. The estimated cost of products.**

## Annex 2

General info						
No	Name	Description	Pack	Requested Qty	Estimated price in USD	Estimated price in USD
1	ARV adult	Efavirenz/Emtricitabine/Tenofovir, 600mg+200mg+300mg, 30 Tab Bottle	pack	36,000	\$8.22	\$295,920.00
2	ARV adult	Emtricitabine/Tenofovir, 200mg+300mg, 30 Tab Bottle	pack	1,600	\$5.75	\$9,200.00
3	ARV adult	Abacavir/Lamivudine, 600mg+300mg, 30 Tab Bottle	pack	1,500	\$16.23	\$24,345.00
4	ARV Pediatric	Abacavir 120mg+Lamivudine 60mg disp. tabs/PAC-30 gb (scored tabs)	pack	300	\$4.72	\$1,416.00
5	ARV Pediatric	Lopinavir/ritonavir 40+10mg pellets in caps/PAC-120 gb	pack	100	\$22.61	\$2,261.00
6	ARV adult	Dolutegravir/Lamivudine/Tenofovir, 50mg+300mg+300mg, 30 Tab Bottle-Voluntary license (Hetero and Mylan pricing)	pack	10,325	\$90.86	\$938,129.50
7	For opportunistic infections	Sulfameth.+ trimeth. 400mg+80mg/5ml	amploule	200	\$27.64	\$5,528.00
8	For opportunistic infections	Azithromycin 500 mg, 3	pack	600	\$1.25	\$750.00
9	For opportunistic infections	Acyclovir 200 mg, 30 tab	pack	200	\$3.99	\$798.00
10	For opportunistic infections	Aciclovir 5% cream 5 g tube/PAC-30	tube	200	\$2.78	\$556.00
11	ARV Pediatric	Nevirapine oral suspension 50mg/ml/BOTTLE-100ml 1 bottle	bottle	50	\$1.99	\$99.50
12	ARV adult	Efavirenz 600mg 30 Tab Bottle	pack	3,000	\$3.40	\$10,200.00
<b>Estimated Grant TOTAL</b>						<b>\$1,289,203.00</b>

<p><b>Agreed by:</b></p>  <p><b>Mr. Teymur Musayev</b> 1<sup>st</sup> Deputy Minister of Health, Acting Minister of Health of the Republic of Azerbaijan</p>	<p><b>Agreed by:</b></p>  <p><b>Mr. Alessandro Fracassetti</b> UNDP Resident Representative</p>
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