TECHNICAL ASSISTANCE ARRANGEMENT
FOR THE IMPLEMENTATION OF THE GLOBAL FUND HIV PROGRAM

THIS TECHNICAL ASSISTANCE ARRANGEMENT (the "Arrangement") dated Friday, 20th May, 2022

BETWEEN:

Recipient	Technical Assistance Provider
The Ministry of Health of the Republic of Indonesia as the Principal Recipient of the Global Fund for HIV Program (the "Principal Recipient")	United Nations Development Programme (the "UNDP")

BACKGROUND

A. This Arrangement is pursuant to the Framework Agreement between the Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund) and the Government of the Republic of Indonesia (The Framework Agreement).

B. The principal recipient is of the opinion that the UNDP has the necessary qualifications, experience, and abilities to provide technical assistance to the Principal Recipient for the implementation of the Global Fund HIV Program according to the Global Fund Guideline for Technical Assistance.

C. The UNDP is agreeable to providing such technical assistance to the Principal Recipient on the terms and conditions set out in the arrangement.

IN CONSIDERATION OF the matters described above and of the mutual benefits and obligations set forth in this arrangement, the receipt and sufficiency of which consideration is hereby acknowledged, the Principal Recipient and the UNDP (individually the "Party" and collectively the "Parties" to this arrangement) agree as follows:

THE TECHNICAL ASSISTANCE PROVIDED

1. The Principal Recipient hereby agrees to engage the UNDP to provide the Principal Recipient with the following technical assistance (the "Technical Assistance"):
- Financial management (terms of reference/ToR as annex I)

2. The technical assistance may also include any other tasks which the Parties may agree on. The UNDP hereby agrees to provide such assistance to the Principal Recipient.

TERMS OF ARRANGEMENT

3. The term of this Arrangement (the "Term") will begin on the date of this Arrangement and will remain in full force and effect until the completion of the technical assistance as proven by acceptance of the

principal recipient, subject to earlier termination as provided in this Arrangement. The Term of this Arrangement may be extended with the written consent of the Parties.

PERFORMANCE
4. The Parties agree to do everything necessary to ensure that the terms of this Arrangement take effect.

ADMINISTRATTIVE
5. Except as otherwise provided in this Arrangement, all monetary amounts referred to in this Arrangement are in USD (US Dollars).

6. The Global Fund in accordance with the Framework Agreement will provide a sum of amount set out in the Arrangement for the Compensation for technical assistance provided by the UNDP.

7. The UNDP will receive payment for its technical assistance which will be transferred directly by the Global Fund with the amount and schedule of payment as follows:

Schedule of payments	Amounts
May 2022	USD 540,563.54

8. The payment will be transferred directly by the Global Fund to the UNDP bank account as follows:

USD Account Name	:	UNDP CONTRIBUTIONS ACCOUNT
Bank Name	:	Citibank N.A.
Account Number	:	36349562
Bank Address	:	111 Wall Street New York, NY 10043
Swift Code	:	CITIUS33
Wire Routing No	:	021000089

REPORTING
9. UNDP shall provide the Principal Recipient on request with financial and other reports prepared in accordance with UNDP reporting procedures.

10. UNDP shall also provide the Global Fund on request with financial and other reports prepared in accordance with UNDP reporting procedures. The Minutes of Handover (Berita Acara Serah Terima-BAST) from the Global Fund to the principal recipient will be based on the report.

NOTICE
11. Any notice or correspondence between the Principal Recipient, UNDP and the Global Fund be addressed as follows:

(a)   To the Principal Recipient:

    Name   : dr. Tiffany Tiara Pakasi, MA.
    Position   : Plt. Director of Communicable Disease Control and Prevention
                Authorized Signatory for GF HIV Programme
    Address   : Jl. H.R. Rasuna Said Blok X5 Kav 4-9, Jakarta Selatan 12950
    Email   : tiara_pakasi@yahoo.com

(b)   To UNDP:
    Name   : Norimasa Shimomura
    Position   : Resident Representative
    Address   : United Nations Development Programme
                Menara Thamrin 8th floor
                Jl. MH Thamrin Kav.3
                Jakarta 10250, Indonesia
    Email   : norimasa.shimomura@undp.org

(c)   To the Global Fund:
    Name   : Tomas Hatem
    Position   : Fund Portfolio Manager
    Address   : The Global Fund ATM Campus, Chemin du Pommier 401218
                Grand-Saconnex, Geneva, Switzerland
    Email   : Tomas.Hatem@theglobalfund.org

COMPLETION OF THE ARRANGEMENT

12. After consultations have taken place between the two Parties to this Arrangement and provided that the funds from the payment already received are, together with other funds available to the technical assistance, sufficient to meet all commitments and liabilities incurred in the implementation of the technical assistance, this Arrangement may be terminated by UNDP or by the Principal Recipient. The Arrangement shall cease to be in force thirty days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Arrangement

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Arrangement in the English in two copies.

For the Ministry of Health of the Principal
Recipient of Indonesia:

For the United Nations Development
Programme:

dr. Tiffany Tiara Pakasi, MA.
Authorized Signatory for GF HIV
Programme
Date:

Norimasa Shimomura
Resident Representative

Date: 02 June 2022

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TECHNICAL ASSISTANCE ARRANGEMENT FOR THE IMPLEMENTATION OF THE GLOBAL FUND AIDS, TUBERCULOSIS and MALARIA PROGRAM

TERMS OF REFERENCE

UNDP Technical Cooperation for the HIV and AIDS grants funded by the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) implemented by the Ministry of Health

Technical Assistance for Financial Management
Period: 20 May 2022 to 31 December 2022

Institution	UNDP Indonesia		
Outcomes	- Global Fund (GF) resources used for the intended purposes in compliance with GF rules, policies and procedures and properly recorded and accounted for including successful projects closure. - Improved projects governance, oversight, and monitoring through the use of advanced management tools to ensure quality, timeliness, efficiency and compliance. - Enhance personnel effectiveness and capacity driving improvement in the project governance		
Activity Performance Indicators	- Quality assured and timely financial report submissions and assurance review support - A new financial management information system- Microsoft Dynamics 365 Business Central implemented at the PR and SRs level		
Output	- Enhanced PRs' financial management performance; and - Sound grants management system and accounting software for the Ministry of Health Principal Recipients. - PR grants management capacity strengthened.		

1. Background

The United Nations Development Programme (UNDP) is the UN's global development network, advocating for change and connecting countries to knowledge, experience, and resources to help people build a better life, as envisaged in the 2030 Agenda for Sustainable Development Goals (SDGs). Through an integrated team operating at the global, regional and country levels we are on the ground in more than 170 countries and territories, working with governments and people on their own solutions to global and national development challenges to help empower lives and build resilient nations.

UNDP is a co-sponsor of several international health partnerships. Since 2003, we have been in partnership with the Global Fund, supporting about 20 countries to manage resources for actions on SDG 3. UNDP's work on HIV, health, and development, as described in the HIV, Health, and Development Strategy 2016-2021: Connecting the Dots, leverages UNDP's core strengths and mandates in human development, governance and capacity development to complement the efforts of specialist health-focused UN agencies. The work falls within three inter-connected areas of action:

(i) reducing inequalities and social exclusion that drive HIV and poor health; (ii) promoting effective and inclusive governance for health; and (iii) building resilient and sustainable systems for health.

In 2007, UNDP started to provide technical assistance to Indonesia's MoH to implement the Global Fund grants. In 2012, in partnership with the Australian Government Department of Foreign Affairs and Trade, UNDP started to provide technical support to Indonesia's Country Coordinating Mechanism (CCM) and its technical working group to monitor GF grant performance and provide oversight.

Recently, UNDP Indonesia formed the Health Governance Initiative (HEART) cluster to support Indonesian Government on national health policy, institutional strengthening, and to improve national health system and service delivery which aimed at creating a sustainable positive impact to vulnerable and poor people.

2. Global Fund – Indonesia

The Global Fund has provided grant funds to the Government of Indonesia in the amount of US$972 million to fight HIV, Tuberculosis (TB) and Malaria, as well as to strengthen the health system. There are six active grants in the current GF implementation period (2021-2023) with a total budget of US$264 million. The Ministry of Health (MoH) is a Principal Recipient (PR) for the Global Fund's HIV, TB, and malaria grants, with a total budget of US$208 million (2021-2023). The MoH is supported by several Sub-recipients (SR) in implementing each grant and to achieve the national program results.

The Global Fund as a performance-based financing institution has terms and conditions related to the financial reporting of the Grant Agreement signed with the PRs. These terms and conditions require the submission of quality and timely reports. Besides, the financial reporting, the grants are modelled along critical financial management accountability and compliance frameworks which are based on the Global Fund rules and regulations.

3. Technical Assistance

Through 2018, The Global Fund, the MoH and the CCM identified recurring financial management issues impacting on the grant management and timely delivery and quality reports. These issues constituted to be a risk to the Principal Recipients who bears overall responsibility for the implementation of the Global Fund financed programme. Between 2018 and 2019, the MoH requested the support of UNDP to address financial management reporting issues and to review the current accounting Financial Management Information System (FMIS) to ensure that the ministry could provide quality and timely financial reports to the Global Fund. Against this backdrop, it became necessary to provide a comprehensive Technical Assistance to the ministry through a strategic response mechanism (SURGE) between January 2019 through December 2020. The broad outcomes were aligned along three core change elements: **People, Technology; and Process-** necessitating the design of the technical assistance to focus on human resources, technology transformation and process /policy reengineering. Specifically, the support sought to achieve the following broad outcomes:
   1. Global Fund (GF) resources used for the intended purposes in compliance with GF rules, policies and procedures and properly recorded and accounted for including successful projects closure.
   2. Improved projects governance, oversight, and monitoring through the use of advanced management tools to ensure quality, timeliness, efficiency and compliance.
   3. Enhance personnel effectiveness and capacity driving improvement in the project governance.

Across all the three outcomes, some broad results were achieved: (1) At least fifty eight (58) mandatory reports due to the Global Fund were submitted on a timely manner and to acceptable quality, as well as various ad hoc reports; (2) the procurement of the FMIS was concluded with Microsoft Dynamics 365 business central ERP solution selected through a long evidence based competitive process, and (3) A major remuneration framework development and benchmarking process was launched with the report expected by end of 2022. While a lot was achieved in the period through December 2021, the long process of development and setting-up of the FMIS across the three disease components of the MOH, recruitment of TA staff for some positions; and a generally ambitious time earlier set impacted the programme.

4. Proposal for May 2022 - December 2022

Despite the achievements realised, the period through December 2021 saw the introduction of strategic change drivers through new remuneration framework and implementation of Microsoft Dynamics 365 Business Central. While improvement was evident in the end products around **financial reporting**, the process remains unsustainable across the PRs as significant technical support and reliance remain placed on the TA team. The **FMIS** having just been implemented with post implementation support on going, sustained technical support from UNDP TA to manage and supervise system stabilisation and full support in financial management is required. The FMIS implementation assumes a no cost twelve (12) months post implementation support. Since FMIS go-live was achieved in February, the post implementation support will end in December 2022. It is therefore critical that the system acceptance sign off is modelled along the production of actual outputs and that there is close monitoring of issue resolutions. As the Ministry has taken a decision to opt out of the extended 12 months support and rather look forward to engaging a local vendor, the hand over/ transition will need to be handled carefully to avoid any system collapse hence UNDP will continue providing support and ensuring that all issues are resolved, and that the new vendor is onboarded smoothly. Besides the envisioned changes to be brought by new FMIS, the period from Q1 2022 will also see the implementation of a new remuneration framework has also been implemented since Q1 2022. All reporting and related tools will be based on this new FMIS and the HIV component of the MOH signed an agreement with GFATM for the period May 2022 to December 2022. UNDP continues to provide all necessary support to ensure timely and accurate financial reporting throughout the implementation period.

The planned activities and outcomes for the period are set as follows:

1. Quality assured and timely financial report submissions and assurance review support

1.1 Continued support for the production of reports as well supporting audit and LFA reviews through the implementation period;

1.2 Ensure that the following deliverables are submitted on time, consistent with the PR's financial records and in line with Global Fund requirements

Table 1- PR GF reporting matrix

Report/Period	May-Dec 2022		
	Q2	Q3	Q4
Quarterly Cash Report[1]	●	●	●
Quarterly Pulse Check Report[2]	●	●	●
Annual Tax report[3]		●	
Semi-annual PU report[4]		●	
Annual PUDRs[5]			●
External Audit reports[6]	●		
Financial Closure Report[7]		●	

2. A new financial management information system- Microsoft Dynamics 365 Business Central implemented

2.1 Supervise the FMIS post installation support through December 2022;

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[1] 25th of the month following end of quarter, i.e. April, July, October, January

[2] 30th of the month following end of quarter, i.e. April, July, October, January

[3] 31 July on the following year, or six months of the following end of fiscal year

[4] 15 August, or 45 days of the following end of semester

[5] 28 February, or maximum 2 months of the following end of the fiscal year

[6] 31 March, or maximum 3 months of the following end of the fiscal year

[7] 30 June, or maximum 6 months of the following end of the Grants' period/cycle

2.2 Support the installation of the new IT hardware/infrastructure at MoH data center and supervise the data transfer from temporary 3rd party cloud hosting service to MoH data center;

2.3 Act as the project/contract manager for the new accounting software post implementation period through December 2022;

2.4 Supervise the implementation of additional requirements and customizations beyond the scope of initial FMIS ToR;

2.5 Provide technical on the job MS Dynamics resource support for the finance modules;

2.6 Support the production of first set of reports through the new system and support the government towards final system testing and acceptance sign off;

2.7 Maintain the post implementation FMIS issue log through the web-based support portal and supervise the resolution of all issues throughout the implementation period;

2.8 Review post implementation user confidence, and working environment and lead technical negotiations and discussions with FMIS vendor on future support framework that can minimize user dependence on vendor support and related maintenance cost for sustainability.

3. Supportive supervision including support during audit and other assurance related review

3.1 Review the current PRs financial and operational policies and procedures and recommend necessary amendments in the light of the new technology transformation.

3.2 Participate in the joint supervision/field visits with the PRs which aim at improving/strengthening financial management of the selected (high-risk) SRs – to minimize negative impact on the whole project

5. Budget Requirement: Financing needed in the implementation of the FISCAL YEAR 2022 towards the support for the AIDS, Tuberculosis and Malaria Programme management units. Please see allocated HIV and AIDS budget component.

6. Reporting: UNDP shall provide annual/end of project reports to the Principal Recipients and the Director General's Office. The reports will include, without limitation, a status update on the general challenges faced in performing the functions of the team. The reports will be sent with a copy to GF Indonesia Country Team.

7. Implementation: The procurement of goods and services and the recruitment of project and programme personnel, as well as contract management by the UNDP Indonesia country office will be in accordance with UNDP regulations, rules, policies, and procedures.

Support framework: The proposed multiphase TA will be based on UNDP's support framework which is anchored on the following core principles:

- National ownership, UNDP support will be designed based on MoH prioritized capacity needs
- Alignment to national strategies and policies
- Complementarity and coordination between existing initiatives
- Efficiency and Effectiveness in achieving results
- Sustainability when designing solutions and recommending intervention

Jakarta, May 2022

Budget for FY 2022

DESCRIPTIONS	2022	Comments
Activity Result		
Activity Result 1:1. Quality assured and timely financial report submissions and assurance review support		
Team Leader & TA Finance Team at PR HIV/AIDS MOH	102,656.00	Fee for finance team on annual basis (based on historical cost)
Activity Result 2: 2. A new financial management information system- Microsoft Dynamics 365 Business Central implemented		
Software implementation (MS Dynamics maintenance+support+license+cloud+ server) & consultants for 6 months to ensure smooth go-lives & effectiveness implementation up to 1st semester of the new grant.	92,054.67	1. Software implementation: Covers FMIS license maintenance and related support (only covered for 2021 in the current contract). Maintenance support will be started from July'22 - Dec'23.
Hardware infrastructure Laptops	-	
FMIS training (incl. refresher training to PR), printing manuals, and training to SRs offline & field visit to the high-risk SRs), then give training (offline) to SSRs (by PR & UNDP team) still with guidance from Attain and UNDP is managing the budget	282,825.00	2. FMIS training (offline) in Y1 divided into 3 regionals to SRs.
Activity Result 3: Improved human resources that is aligned to better grants management		
HR Team (for finalization of SOP HR & set-up payroll in the FMIS for ATM)	-	Associate level, Historical rates
Recruitment support	-	
Activity Result 4: Enhanced capacity, policy dissemination and governance oversight		
Training/Socialization of new policies and procedures	3,500.00	Historical rates, only to assist via online training
Finance trainings (Audit, reporting, HR, SR oversight)	3,500.00	Historical rates, only to assist via online training
Total Required Budget	484,535.67	
Project management	20,664.00	
GMS	35,363.98	
TOTAL BUDGET FOR HIV/AIDS COMPONENT	**540,563.64**	