

ANNEX A to the AMENDED AND RESTATED PROGRAM GRANT AGREEMENT

Program Implementation Description

Country:	Kingdom of Lesotho
Program Title:	Preventing HIV and Mitigating Impact of AIDS among Orphans and Vulnerable Children in Lesotho
Grant Number:	LSO-708-G05-H
Disease:	HIV/AIDS
Principal Recipient:	Ministry of Finance and Development Planning of the Government of the Kingdom of Lesotho

Capitalized terms and acronyms used but not defined in this Annex A or the attachments to this Annex A have the meaning given to them in the Standard Terms and Conditions of this Agreement.

In the event of any conflict between the terms of this Annex A and any provision of the Standard Terms and Conditions of this Agreement, the terms of this Annex A shall prevail.

A. PROGRAM DESCRIPTION

1. **Background and Summary:**

With a population of approximately 1.8 million, Lesotho has the world's third highest HIV prevalence rate at 23.7% affecting mostly those aged between 15-49 years. 270,000 are infected with HIV, including approximately 18,000 children*. Deaths from AIDS has left a growing number of orphans resulting in Lesotho holding the unenviable result of having the highest proportion of OVC in the world.

The transmission from mother to child is estimated at 25% due to the low uptake of PMTCT services. Young women (7.9%) have exceptionally higher prevalence than young men of the same age group (2.3%)*. Sexual activity, the main route of transmission of HIV, begins in adolescence for the majority of the people. Correct condom use is also low, with less than 46% of the young man aged 15-19 years reporting using a condom during the last sexual intercourse with a non - regular partner.

As a result of donor support together with the country's political will, the number of HIV-positive adults and children receiving anti-retroviral therapy (ART) is increasing. The percentage of infants born to HIV-positive mothers who are also HIV-positive dropped significantly from 25% in 2005 to 15% in 2007*. In 2009, Lesotho also joined the Southern Africa "One Love Initiative", addressing multiple and concurrent sexual partnerships. The results of this initiative have shown an increased number of people seeking Voluntary and Counselling Services.

*(UNGASS Country Report 2008-2009)

The Program intends to increase access of children in Lesotho to information, education (including vocational training and entrepreneurship) and other services necessary to develop life skills required to reduce their vulnerability to HIV/AIDS infection.

2. **Goal:** To reduce the spread and mitigate the impact of HIV and AIDS among orphans and vulnerable children.

3. **Target Group/Beneficiaries:**

- OVC; and
- Pregnant women and their babies.

4. **Strategies:**

- Prevention of mother to child transmission of HIV (PMTCT);
- Behavioral change communications (BCC) community outreach;
- Youth education and prevention through life skills and peer education
- Condom distribution;
- Care and support for orphans and other OVC;
- Anti-retroviral treatment (ART) and monitoring;
- HIV counseling and testing;
- Policy development;
- Information systems and operational research;
- Education and training for OVC; and
- Strengthening of health systems.

5. **Planned Activities:**

- Scale up the provision of PMTCT Services;
- Promote appropriate infant and young child feeding practices to reduce post-natal transmission of HIV;
- Strengthen supervisory and monitoring capacity for PMTCT at central and district levels;
- Expand life-skills based education in primary and secondary schools;
- Expand life-skills based education for out of school children;
- Establish a registration system for OVC;
- Provide OVC with support to access health and education services;
- Develop sustainable food security and livelihoods interventions;
- Increase access to pediatric HIV and AIDS care and treatment;
- Support residential care facilities, places of safety and homes for OVC;
- Strengthen reporting and referral systems of the Child and Gender Protection Units
- Scale up of Child Helpline;
- Disseminate information and sensitize communities about care and support for OVC;
- Provide school fees, books, stationary and examination fees for secondary schools OVC;
- Provide vocational training for OVC;
- Provide support to OVC with special needs; and

- Strengthen civil and institutional capacity to effectively monitor and evaluate national response to OVC.

B. CONDITIONS PRECEDENT TO DISBURSEMENT

1. Condition Precedent to First Disbursement (Terminal Date as stated in block 7A of the Face Sheet)

Prior to the first disbursement of Grant funds by the Global Fund the Principal Recipient shall submit to the Global Fund, in form and substance satisfactory to the Global Fund, evidence that an effective and functioning back-up system for Save the Children's database for the Child Help Line program is in place.

2. Condition(s) Precedent to disbursements of Grant funds to the Principal Recipient for the procurement of ARTs, the refurbishment of Orphans and Vulnerable (OVC) homes and the provision of educational equipment (Terminal Date as stated in block 7B of the Face Sheet)

- a. Prior to any disbursement of Grant funds to the Principal Recipient for the procurement of ARTs, the Principal Recipient shall submit to the Global Fund, in form and substance satisfactory to the Global Fund, evidence of the implementation of a functional system for recording and reporting patient- and inventory-related information (Management Information System), including a system for validating, analyzing and utilizing the reported information in the management of the HIV/AIDS program.
- b. Prior to disbursement of Grant funds to the Principal Recipient for the refurbishment of homes used by Orphans and Vulnerable Children (OVC), the Principal Recipient shall provide to the Global Fund, in form and substance satisfactory to the Global Fund, a detailed assessment including bill of quantities for the work of refurbishing OVC homes.
- c. Prior to disbursement of Grant Funds to the Principal Recipient for the purchase of education equipment, the Principal Recipient shall provide evidence to the Global Fund, in the form and substance satisfactory to the Global Fund, of a detailed assessment showing the needs of the education facilities and the related costs together with an assessment as to how proposed purchases differ from the equipment already procured in under the Program prior to 30 June 2010.

C. SPECIAL TERMS AND CONDITIONS FOR THIS AGREEMENT

1. No later than 31 December 2011 the Principal Recipient shall prepare and submit to the Global Fund, in form and substance satisfactory to the Global Fund, a new Monitoring and Evaluation Plan to ensure that the Performance Framework indicators and targets are still appropriate for monitoring the national response to HIV/AIDS.

2. No later than 31 December of each year during the Program Term, the Principal Recipient shall provide evidence that the health facility accreditation survey for Lesotho has been completed.
3. On approval of PMTCT reprogramming the Principal Recipient shall submit a PMTCT Plan including a fully costed strategy of all PMTCT interventions in the country, defining the budgetary, performance, M&E and procurement requirements and gaps.

D. FORMS APPLICABLE TO THIS AGREEMENT

For purposes of Article 15b of the Standard Terms and Conditions of this Agreement entitled “Periodic Reports,” the Principal Recipient shall use the “On-going Progress Update and Disbursement Request”, available from the Global Fund upon request.

E. ANTICIPATED DISBURSEMENT SCHEDULE

For the purposes of Article 10a. of the Standard Terms and Conditions of this Agreement, the anticipated disbursement schedule for the Program shall be quarterly starting from the Phase 1 Starting Date.

F. THE GLOBAL FUND STAGGERED FUNDING COMMITMENT POLICY

At the time of signing this Agreement, the Global Fund shall set aside (“commit”) funds up to the amount of the First Commitment indicated in block 8 of the face sheet, subject to the terms and conditions of this Agreement. A Second Commitment of Grant funds up to the amount indicated in block 8 of the face sheet (the “Second Commitment”) may be committed under this Agreement not earlier than 18 months after the Phase 1 Ending Date. Any Second Commitment shall be undertaken in a manner consistent with the Global Fund’s discretion and authority as described in Article 10 of this Agreement, taking into account, among other things, the reasonable cash flow needs of the Principal Recipient. The Second Commitment under this Program may be committed under this Agreement upon written notice sent by the Global Fund to the Principal Recipient (the “Second Commitment Notice”). The Principal Recipient acknowledges and understands that the Second Commitment may not be released in full or part by the Global Fund in the event of non-compliance by the Principal Recipient to the terms of this Agreement, based on the sole judgment of the Global Fund.