Memorandum of Understanding

Between

The United Kingdom of Great Britain and Northern Ireland, through the Department for International Development

The Global Fund to Fight AIDS, Tuberculosis and Malaria

And

The International Bank for Reconstruction and Development, as Trustee of the Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria

1. This Memorandum of Understanding (the “Memorandum”) is among the United Kingdom of Great Britain and Northern Ireland, through the Department for International Development (“DFID”), the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) and the International Bank for Reconstruction and Development (the “World Bank”), as Trustee of the Trust Fund for Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Trust Fund”) (and hereinafter referred to collectively with the Global Fund and DFID as the “Participants”).

2. This Memorandum reflects DFID’s intention to contribute to the Trust Fund a sum not exceeding one billion pounds sterling (GBP 1,000,000,000) (the “Contribution”) for the calendar period of 2014 to 2016 (the “Contribution Period”).

3. The Contribution relates to the Global Fund’s allocation of funds to grant recipients for activities that originate within the Contribution Period in accordance with established uses of funds and policies approved by the Global Fund Board (the “Board”). The Global Fund is responsible for ensuring that the activities will be consistent with the Global Fund’s mission and objectives and help deliver the results anticipated in the DFID Business Case for this intervention, especially the Strategic case (as set forth in Annex A to this Memorandum). DFID understands and acknowledges that, subject to certain adjustments, the Global Fund will use the Contribution for calculating the allocation of funds to relevant Board-approved activities.

4. The Contribution will be subject to the following provisions:

   a. DFID will issue three Promissory Notes in accordance with the following provisional deposit schedule:

      i. £415 million by 31 December 2013;
      ii. £385 million by 30 June 2014; and
      iii. £200 million by 31 December 2015.

   b. The Promissory Notes will be issued in pounds sterling, but may be issued in another freely-convertible currency upon mutual agreement among the Participants (at the exchange rate prevailing on the day of the transfer, using an index agreed among the Participants).
c. For each Promissory Note, DFID will issue the Promissory Note payable to the World Bank as Trustee of the Trust Fund in the form shown in Annex B or as otherwise agreed among the Participants, subject to the limitations noted in paragraphs 4(d) and 4(e) below. DFID will deposit the Promissory Note into such security custody account with the promissory note depositary (i.e., the Bank of England) designated by the World Bank following submission of a payment request by the World Bank.

d. During 2014 and 2015, DFID and the Global Fund will review the actual and estimated contributions, including from DFID, (the “Receipts from Donors”) up to the time of such review to measure progress against the overall replenishment target for the Contribution Period. Such review will include consideration of the Global Fund’s compliance with financial policies applicable to the Contribution, as amended from time to time, and of financial forecasts presented to the Global Fund’s Finance and Operational Performance Committee.

e. On the basis of this review, in 2015, DFID will decide whether the timing or amount of the deposit of any Promissory Note that has yet to be deposited will need to be adjusted. DFID may make such adjustments so that the Contribution does not exceed 10 per cent of the Global Fund’s actual and estimated Receipts from Donors for the Contribution Period. DFID will notify the Global Fund and the World Bank of any adjustments in the Contribution and Promissory Notes.

f. The Contribution will be administered by the World Bank in accordance with the terms and conditions of the agreement between the Global Fund and the World Bank, dated May 31, 2002 (the “Trust Fund Agreement”), as amended from time to time, a copy of which has been provided to DFID.

g. The Global Fund will take all practical steps to ensure that imported goods and services financed by the Global Fund funds from the Contribution will be free from tax or import or customs duties (or any similar fees) imposed by governments. DFID understands and acknowledges that, as of the date of this Memorandum, the Global Fund enjoys privileges and immunities accorded to it by the governments of the USA, Switzerland and Moldova.

5. The encashment of the Promissory Notes is subject to the following provisions:

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b. On or before each encashment date, the promissory note depositary will deposit the payments to the Trust Fund, into such bank account as designated by with the World Bank following submission of an encashment request by the World Bank. When making such encashment, DFID will instruct the promissory note depositary to include in the payment details information (remittance advice) field of its SWIFT payment message the following information: the amount paid; that the payment is from The Department for International Development, United Kingdom of Great Britain and Northern Ireland for the Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria (MTO No. 069001); the pledge year(s) to which the donor payment amount or parts thereof relate; and the date of the deposit (together, such information, the “Deposit Instruction”). In addition, DFID will provide a copy of the Deposit Instruction to the World Bank’s Multilateral Trustee Operations Office by e-mail transmitted to gfatmtrustee@worldbank.org or by fax sent to 1-202-522-2447.

c. Encashment of the full amount of the Contribution by the Global Fund will occur prior to the end of the 2019 calendar year, or earlier as required by the needs of Global Fund grants with implementation periods and funding sources that originate within the Contribution Period.

d. In consultation with DFID, the Global Fund may request the encashment of any Promissory Note to be accelerated or delayed versus the indicative encashment schedule set forth in paragraph 5 or any subsequently amended encashment schedule as appropriate, based on the Global Fund cash flow projections and actual needs at a particular point in time. The Global Fund shall notify DFID and the World Bank of any required modification to the encashment schedule as far in advance as possible.

6. The officers responsible for the co-ordination of all matters relating to this arrangement are:

The Department for International Development:

Carlton Evans
Global Funds Policy and Programme Manager
Global Funds Department
Department for International Development
22 Whitehall
London SW1A 2EG
UK
Tel.: +44 (0)20 7023 0937
Email: c-evans@dfid.gov.uk

The Global Fund:

Christoph Benn
Director of External Relations
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1214 Vernier
Geneva
Switzerland
Tel.: +41 22 791 1737
Email: Christoph.benn@theglobalfund.org
The World Bank:

Director
Multilateral Trusteeship and Innovative Financing Department
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.
Tel: +1-202-458-0019
Fax: +1-202-522-2447
Email: GFATMtrustee@worldbank.org

7. The Global Fund will, on a regular basis, provide DFID with reports concerning its activities, achievements and the effectiveness of its activities such as the Annual (Results) Report and KPI reports in line with the reporting timelines approved by the Board. The Global Fund audited financial statements relating thereto will be provided to DFID. Furthermore, the Global Fund will, upon request, provide DFID with additional information concerning the utilization of the overall pool of contributions comprising those of DFID.


9. Additional contributions by DFID to the Trust Fund may be made through amendment of this Memorandum to reflect such additional contributions. If any changes occur which, in the opinion of DFID, impair significantly the developmental value of the activities set out in the Annex A to this Memorandum, DFID and the Global Fund will normally consult on measures to resolve the problem and possible courses of action.

10. DFID will not be responsible for the activities of any person or third party engaged by the Global Fund as a result of this Memorandum, nor will DFID be liable for any costs incurred by the Global Fund in terminating the engagement of any such person.

11. This Memorandum may be amended at any time by the mutual written consent of the Participants. The Participants will promptly inform each other of any event or situation that might affect the utilization of the Contribution or which may necessitate an amendment to this Memorandum. Any such amendment will be agreed upon in writing among the Participants.

12. This Memorandum will replace the previous Memorandum of Understanding between DFID and the Global Fund dated 21 October 2008, and any subsequent amendment, and the previous Memorandum of Understanding between DFID and the World Bank dated 1 November 2008, and any subsequent amendment.

13. Memorandum will come into effect upon its signature by the Participants, acting through their duly authorized representatives, as of the date first above written (the “Effective Date”) and supersedes the Memorandum of Understanding Between the United Kingdom of Great Britain and Northern Ireland, through the Department for International Development, The Global Fund to Fight AIDS, Tuberculosis and Malaria and The International Bank for Reconstruction and Development as Trustee of the Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria dated December 13, 2013. Unless earlier terminated under the terms of this Memorandum, the Memorandum will remain in effect through the final
payment of the Contribution (as outlined in paragraph 5) or on such later date as the Participants may agree.

14. This Memorandum and any subsequent amendments may be signed in one or more identical counterparts, all of which will be considered one and the same memorandum as if the Participants had signed the same document.

15. The World Bank may disclose this Memorandum and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Memorandum, DFID and the Global Fund consent to such disclosure.

IN WITNESS WHEREOF, the Participants have caused this Memorandum to be executed and delivered by their respective duly authorized representatives as of the Effective Date.

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,
THROUGH THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Carlton P. Evans
Global Funds Policy and Programme Manager

THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

Christoph Benn
Director of External Relations

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT,
as Trustee of the Global Fund Trust Fund

Susan McAdams
Director, Multilateral Trusteeship and Innovative Financing
Concessional Finance and Global Partnerships
Annex A

Strategic Principles of the Contribution

The Contribution from DFID to the Global Fund, made under this Memorandum, is to support the Global Fund’s strategic investment in activities where there is high potential to achieve impact toward the reduction of infections, illness and death caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contributing to the achievement of objectives set forth in the Global Fund 2012 – 2016 Strategy.
Annex B

Form of Promissory Note

GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA (GFATM)

Contribution for []
PROMISSORY NOTE (TF NO. 069001)

For value received, the Government of the United Kingdom of Great Britain and Northern Ireland under the Memorandum of Understanding dated __________, hereby promises to pay to the International Bank for Reconstruction and Development as Trustee of the Trust Fund for the Global Fund to Fight AIDS, Tuberculosis & Malaria ("the Trustee"), on demand, the sum of £_________ without interest.

All or any part of such sum shall be paid, upon demand made in writing or by duly authenticated electronic cable or telex from the Trustee to the Department for International Development addressed to the Global Funds Department, by credit of the amount so demanded to the trust account of the International Bank for Reconstruction and Development (IBRD’s Security Custody Account “T”, SWIFT (BKENG2LXXX)) maintained with the Bank of England, the depository duly designated by the Trustee on behalf of the Global Fund to Fight AIDS, Tuberculosis & Malaria. If payment of a part only of said sum shall be demanded and made, a notation of such payment shall be endorsed on the reverse of this Note or, at the option of the Trustee, a new Note, in substantially the same form as this Note, for the sum remaining unpaid hereon shall be executed in exchange for this Note.

This note is executed and delivered pursuant to the provisions of the Memorandum of Understanding entered into between the Government, the Global Fund to Fight AIDS, Tuberculosis & Malaria and the Trustee dated ____________.

This note is non-negotiable.

Government of the United Kingdom of Great Britain and Northern Ireland

Dated: By:

Liz Ditchburn
Director, Value for Money
Finance and Corporate Performance Division
Department for International Development