

Ref: GMD/SEA/NPL/2021-1091/ND

2 June 2021

Mr. David Barth  
Vice President, International Programs  
Save the Children Federation, Inc.  
Washington DC  
United States of America

**Subject: Performance Letter summarizing progress review of the NPL-H-SCF grant for the period from 1 January - 30 June 2020**

Dear Mr David Barth,

This Performance Letter presents conclusions of the Global Fund's review of the Progress Update for the period 1 January 2020 - 30 June 2020 including a summary of grant performance. The letter highlights challenges as well as corresponding actions to be pursued by the PR and implementing partners looking forward.

**A. Programmatic Performance**

Implementation of the national HIV Program during the reporting period was significantly impacted by the COVID-19 pandemic and associated lockdowns through the first half of 2020. The National HIV Program ('the Program') in collaboration with the PR and partners managed to continue HIV diagnosis and treatment provision. As an outcome of these joint efforts, 19,085 PLHIV were receiving antiretroviral therapy as of 30 June 2020 (97% of the grant target).

As a result of lockdowns through the first half of 2020, outreach to key populations was severely affected and consequently HIV-testing of key populations. This resulted in lower achievement of grant targets for the following indicators:

- Coverage among PWID dropped to 93% vs. 99% (previous period), while HIV testing coverage was only 50% vs. 80% (previous period);
- Coverage among MSM dropped to 70% vs. 99% (previous period), while HIV testing coverage was only 30% vs. 73% (previous period)
- Coverage among TG dropped to 49% vs. 77% (previous period), while HIV testing coverage was only 24% vs. 60% (previous period);
- Coverage among MSW dropped to 69% vs. 98% (previous period), while HIV testing coverage was only 31% vs. 72% (previous period);
- Coverage among migrants was only 6% as interventions started few weeks before the lockdown, and were stalled during the lockdown period. Testing coverage was only 2%.

Some interventions planned for 2020 were new, however, due to lockdowns couldn't start until much later in the year. For example, interventions for prisoners could not start in July 2020 as COVID-19 cases were reported in a few prisons, and SRs were therefore not given access to prisons until July 2020. The results for the relevant indicators are reported as 'zero'.

The Program reported that all HIV+ pregnant women diagnosed during the reporting period were enrolled on ART. The Program also continued provision of virological testing for HIV-exposed infants. However, testing coverage of pregnant women decreased in this reporting period due to (i) low availability of test kits at PMTCT sites during January-March 2020, and (ii) further COVID-19 imposed movement restrictions, which limited visits to health facilities. Therefore, result for the indicator 'Percentage of HIV-positive pregnant women who received ART during pregnancy' stands at 54%.

100% of HIV-positive new and relapse TB patients were reported to be on ART during TB treatment. However, the Program detected only 61 TB cases which were HIV positive due to low testing coverage of TB patients.

The PR worked closely with implementing partners and ensured continued reporting of program data. These efforts resulted in 98% achievement of the grant target for the relevant indicator.

The average performance of all indicators was 51% and the overall grant performance rating is **B2**. As described above, lower results are mainly due to the impact of the COVID-19 pandemic. We commend the efforts of the Ministry of Health, the PR and partners to ensure continued provision of essential services for key populations and the scale-up of HIV services after the nationwide lockdown was lifted. The Global Fund has approved additional re-investment of savings to support COVID-related activities to mitigate impact of the pandemic on HIV Program in Nepal.

Looking forward, the PR, in collaboration with NCASC and partners will need to strengthen implementation of interventions as underlined in the portfolio analysis (shared with CCM in July 2020). It is critical that the Government's financial commitments are fully realized, specifically for ART procurement and human rights activities to scale-up treatment coverage. The PR in collaboration with National Program should continue providing regular guidance and support to provinces and local level authorities to deliver services and thereby help reach national targets.

Programmatic actions requested from the PR are included in section **D** of this Performance Letter.

## **B. Financial Performance**

The PR demonstrated good financial performance with an expenditure rate close to 81% in the last reporting period. The cumulative expenditure rate increased to 83% as of 30 June 2020 as savings were continuously reprogrammed to strengthen program implementation and planned procurements continued despite the lockdown. Underutilization of grant funds of US\$ 3.2 mln was mainly due to:

- US\$ 1 mln - delayed procurements and payments, which will be reflected in future periods;
- US\$ 0.4 mln - activities shifted to future periods;
- US\$ 1.8 mln - cumulative savings that have been reprogrammed to (i) ensure there is sufficient stock of ARVs and RDTs at grant end date and avoid stock outs; (ii) strengthen program implementation and delivery of HIV prevention services among key populations. Savings resulting from foreign currency exchange have been reprogrammed to support COVID-related activities.

Finance-related actions requested from the PR are included in section **D**.

## C. Status of Grant Requirements

Grant Requirement	Status
<p>The procurement of Health Products with Grant Funds shall be carried out through the Pooled Procurement Mechanism (“PPM”) of the Global Fund, or <a href="http://wambo.org">wambo.org</a>, as agreed between the Grantee and the Global Fund, until the Global Fund has agreed in writing that procurement of Health Products can be managed by the Grantee using a different process. The Grantee has all the necessary power and has been duly authorized by or obtained all necessary consents, approvals and authorizations to execute and deliver the PPM registration letter in the form approved by the Global Fund.</p>	<p><b>Met</b></p>
<p>In accordance with the Global Fund Sustainability, Transition and Co-financing Policy (GF/B35/04) (the “STC Policy”), the Grantee acknowledges and agrees that:</p> <ol style="list-style-type: none"> <li>1. The Federal Democratic Republic of Nepal should progressively increase government expenditure on health to meet national universal health coverage goals; and increase co-financing of the Global Fund-supported programs, focused on progressively taking up key costs of national disease plans (the “Core Co-Financing Requirements”). The commitment and disbursement of Grant Funds is subject to the Global Fund’s satisfaction with the Federal Democratic Republic of Nepal’s compliance with the Core Co-Financing Requirements. The Global Fund may reduce Grant Funds during the Implementation Period based on non-compliance with the Core Co-Financing Requirements;</li> <li>2. The Federal Democratic Republic of Nepal should comply with the requirements to access the ‘co-financing incentive’ as set forth in the STC Policy (the “Co-Financing Incentive Requirements”). The commitment and disbursement of 20% of the Federal Democratic Republic of Nepal’s HIV allocation of USD 21,964,144 for the 2017-2019 allocation period, which is equal to USD 4,392,829 (the “Co-Financing Incentive”), is subject to the Global Fund’s satisfaction with the Federal Democratic Republic of Nepal’s compliance with the Co-Financing Incentive Requirements. The Global Fund may reduce the Co-Financing Incentive during the Implementation Period, or from the subsequent allocation, proportionate to non-compliance with the Co-Financing Incentive Requirements;</li> <li>3. The Grantee shall work with the CCM to develop, and ensure delivery to the Global Fund by 30 June 2018 of, a plan to increase domestic funding for the HIV response, and in particular to cover 100% of antiretrovirals by 1 January 2019, as well as contingency plans to ensure the continued coverage of antiretrovirals and other essential elements of the response in the case that the increase in domestic funding in HIV does not occur (the “Sustainability Plan”), in form and substance satisfactory to the Global Fund; and</li> <li>4. Following the approval of the Sustainability Plan by the Global Fund, the Grantee shall work with the CCM and Government of Nepal to implement the Sustainability Plan, including ensuring the inclusion of appropriate amounts in the Red-Book of the Government of Nepal to ensure future commitments for the national program.</li> </ol>	<p><b>In progress</b></p> <p>While the Government of Nepal was able to increase its overall financing for the National HIV Program, which supports the long-term sustainability of the National HIV Program, and lead the multi-stakeholder process of redefining service packages for key populations in national policy, capacity was not available to lead discussions on an overall Sustainability Plan. Instead, the Government has been focused on responding to challenges arising through the roll-out of decentralization.</p> <p>Developing a Sustainability Plan has therefore been captured as a grant requirement under new grants.</p>

Grant Requirement	Status
<p>The Global Fund may, in its sole discretion and at any time during the Implementation Period, reduce the amount of Grant Funds under this Grant Agreement by up to USD 597,394.18, in the event that the Global Fund does not recover the amount of USD 298,697.09 by 30 June 2018.</p>	<p><b>Met</b></p>
<p>1. The Program budget in the Integrated Grant Description attached hereto as Schedule I reflects the total amount of Global Fund funding to be made available for the Program. The Program budget may be funded in part by grant funds disbursed to the Grantee under a previous Grant Agreement, which the Global Fund has approved to be used for the Program under the current Grant Agreement (“Previously Disbursed Grant Funds”), as well as additional Grant Funds up to the amount set forth in Section 3.6 of the Grant Confirmation. Where the Global Fund has approved the use of Previously Disbursed Grant Funds, the Global Fund may reduce the amount of Grant Funds set forth in Section 3.6 of the Grant Confirmation by the amount of any Previously Disbursed Grant Funds, and the definition of Grant Funds set forth in Section 2.2 of the Global Fund Grant Regulations (2014) shall include any Previously Disbursed Grant Funds.</p> <p>2. All non-cash assets remaining under any previous Grant Agreements as of the start date of the Implementation Period shall be fully accounted for and duly documented (“Previous Program Assets”). Unless otherwise agreed with the Global Fund, the definition of Program Assets set forth in Section 2.2 of the Global Fund Grant Regulations (2014) shall include any Previous Program Assets.</p> <p>3. For the avoidance of doubt, except as explicitly set forth herein, nothing in the instant Grant Agreement shall impact the obligations of the Grantee under any previous Grant Agreement(s) (including, but not limited to, those concerning financial and other reporting).</p>	<p><b>Met</b></p>
<p>1. The Grantee shall work with the CCM to develop, and ensure delivery to the Global Fund by 31 December 2018 of, a long-term, feasible human resources plan that describes how the CCM and the Government of Nepal will train, recruit, motivate and retain staff, with a view to ensuring sustainable knowledge transfer among stakeholders (the “Human Resources Plan”), in form and substance satisfactory to the Global Fund. The Human Resources Plan shall take a systems approach and address all Programs implemented in the Federal Democratic Republic of Nepal, with the aim of building a self-reliant, self-resilient, effective and efficient health system for the Federal Democratic Republic of Nepal.</p> <p>2. Following the approval of the Human Resources Plan by the Global Fund, the Grantee shall work with the CCM and the Government of Nepal to implement the Human Resources Plan.</p>	<p><b>In progress</b></p> <p>The capacity building plan has been delayed due to the COVID-19 pandemic.</p> <p>The human resources assessment and capacity development plan were completed in 2021 and presented to the CCM and the Health Secretary.</p>
<p>The Grantee shall work with the CCM and the Government of the Nepal to develop and strengthen an open and competitive selection method for the timely contracting by the Government of Nepal of non-governmental organizations.</p>	<p><b>In progress</b></p> <p>While the Government of Nepal was able to increase its overall financing for the National HIV Program, which supports the long-</p>

Grant Requirement	Status
	<p>term sustainability of the National HIV Program, and lead the multi-stakeholder process to redefine service packages for key populations in national policy as well as scale-up services across all key populations with additional PEPFAR funding, there was no progress on this requirement. Instead, the Government has been focused on responding to challenges with the roll-out of decentralization.</p> <p>Strengthening of an open and competitive contracting mechanism of non-governmental organizations has been captured as a grant requirement under new grants.</p>
<p>The use of Grant Funds by the Grantee to address interventions for migrants (the “Migrant Activities”) is subject to the satisfaction of each of the following conditions:</p> <ol style="list-style-type: none"> <li>1. The delivery, following the completion of an HIV risk assessment, of a detailed work plan and budget in an amount of up to USD 100,000 for the Migrant Activities (the “Migrant Work Plan and Budget”), in form and substance satisfactory to the Global Fund; and</li> <li>2. The written approval by the Global Fund of the Migrant Work Plan and Budget.</li> </ol>	<p><b>Met</b></p>
<p>The use of Grant Funds by the Grantee to address interventions for prisoners (the “Prisoner Activities”) is subject to the satisfaction of each of the following conditions:</p> <ol style="list-style-type: none"> <li>1. The delivery, following the completion of an HIV risk assessment, of a detailed work plan and budget in an amount of up to USD 100,000 for the Prisoner Activities (the “Prisoner Work Plan and Budget”), in form and substance satisfactory to the Global Fund; and</li> <li>2. The written approval by the Global Fund of the Prisoner Work Plan and Budget.</li> </ol>	<p><b>Met</b></p>
<p>The use of Grant Funds by the Grantee to address the removal of human rights-related barriers for health (the “Human Rights Barrier Activities”) is subject to the satisfaction of each of the following conditions:</p>	<p><b>Met</b></p>

Grant Requirement	Status
<p>1. The delivery, following the completion of the human rights strategy to be developed by 30 June 2018, of a detailed work plan and budget in an amount of up to USD 1,300,000 for the Human Rights Barrier Activities (the “Human Rights Barrier Work Plan and Budget”), in form and substance satisfactory to the Global Fund; and</p> <p>2. The written approval by the Global Fund of the Human Rights Barrier Work Plan and Budget.</p>	

#### D. Global Fund requested actions

The Management Actions outlined below are those relevant as of June 2021, i.e. are aligned with Management Actions communicated with new grants which started in March 2021. The PR is requested to provide status updates by the given deadlines.

Requested action	Deadline
<b>Programmatic and M&amp;E</b>	
<p>The PR, in collaboration with partners and the National HIV Program, should support the fulfillment of Government commitments for the funding of the National HIV Program, specifically: procurement of ARVs and diagnostics, funding of human rights interventions to the amount committed of US\$1.3mln (<i>please note that the updated amount relevant for the 2021-2024 grant is US\$1.1mln</i>). Fulfillment of government commitments is critical to achieve impact and program sustainability.</p>	<p><b>As of now and ongoing until 31 July 2024</b></p> <p><b>Progress updates to be provided during submission of PUs</b></p>
<p>Capacity building</p> <p>1. The PR will place additional staff at the province-level to ensure uninterrupted implementation of programmatic activities within a decentralized structure.</p> <p>2. The PR will finalize costed action plan to be funded by the grant for capacity building of all levels of Government including periphery level.</p> <p>3. The PR will conduct capacity building activities of provincial and national level through embedded personnel within government structures.</p>	<p><b>31 December 2021</b></p> <p><b>Progress update to be provided in the next PUDR (February 2022)</b></p>
<p>Based on the finalized review of the federalization processes and their impact on service delivery as completed by the LFA, the action plan needs to be developed in collaboration with the Ministry of Health and/or other ministries (as applicable) and partners.</p>	<p><b>31 December 2021</b></p> <p><b>Progress update to be provided in the next PUDR (February 2022)</b></p>
<p>Viral load scale-up</p> <p>1. The PR in collaboration with partners and the National HIV Program should submit the updated viral load (VL) expansion and decentralization plan as agreed during NFM3 grant making.</p> <p>2. Progress update on the actual implementation of the plan with a focus on consistent increase in access, timely patient monitoring and the CTL linkages to be shared during submission of PUs.</p>	<p><b>31 December 2022 for the viral load expansion plan</b></p> <p><b>Progress updates on implementation to be provided during submission of PUs</b></p>

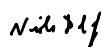


The PR in collaboration with the National HIV Program should finalize and submit an updated national M&E plan that incorporates the evaluation plan and a comprehensive costed action plan that covers the period of the grant. Interventions to ensure the inter-portability and integration of disease program data systems into the DHIS should be reflected in the action plan.	<b>31 December 2021</b>  <b>Progress update to be provided in the next PUDR (February 2022)</b>
The PR and the program in collaboration with PEPFAR should articulate the next steps and roadmap to integrate the Online Program Management Information System (OPMIS) which was developed to track individuals through unique ID system at program level and is being implemented by Save the Children to mitigate the sub-optimal functionality of the national HMIS system.	<b>31 December 2021</b>  <b>Progress update to be provided in the next PUDR (February 2022)</b>
The PR in collaboration with the National Program should ensure proper functioning of the ME system, including ME Officers, across all levels of the decentralized structure.	<b>31 July 2022</b>  <b>Progress updates to be provided during submission of PUs</b>
The PR should develop an NGO sub-recipient capacity building plan to strengthen the SR programmatic capacity and ensure quality assurance of programmatic activities and reported data.	<b>30 September 2021</b>
The PR in collaboration with the National Program and partners should strengthen supervision, mentorship and support especially at the implementation level.	<b>31 July 2022</b>  <b>Progress updates to be provided during submission of PUs</b>
<b>PSM</b>	
Procurement and stock management	
The PR will monitor Government planned procurements included in the Government budget “red book”, support procurement planning and advocate for improved procurement mechanism	<b>As of now and ongoing until 31 July 2024</b>  <b>Progress updates to be provided during submission of PUs</b>
PR PSM team in collaboration with the MoHP PSM colleagues to facilitate effective national stock management through improved update of quantification of needs, supply planning, regular stock status monitoring (central and provincial/palika), and the utilization of program and eLMIS data to avoid expiries and stock outs. Special focus should be on timely utilization of HIV test kits, CD4 and VL reagents and stringent stock monitoring practices.  Mentoring and supervision support of lower level staff should be integrated in ongoing program supervision. For future procurement of health products, international procurement agencies should be considered to offer time/cost benefits and technical assistance.	<b>As of now and ongoing until 31 July 2024</b>  <b>Progress updates to be provided during submission of PUs</b>
Risk of expiry of 900 GeneXpert cartridges	<b>As soon as possible</b>
The PR in collaboration with the National Program to discuss with and the top 3 ART sites the possibility to use the high throughout GeneXpert system to utilize the 900 VL cartridges before expiry.	

Quality Assurance	
<p>(i) The PR to develop an integrated Quality Assurance (QA) plan for all three programs with Department of Drug Administration (DDA) and/or National Public Health Laboratory, with necessary operational guidance details (e.g. sampling and testing plan).</p> <p>(ii) The PR to coordinate with DDA and other partners to achieve the ISO-accreditation of the National Medicines Laboratory under DDA.</p> <p>(iii) The PR to support DDA in updating the expired health products disposal guidelines and rolling-out the implementation with partners' support.</p>	<p><b>As of now and ongoing until 31 July 2024</b></p> <p><b>Progress updates to be during submission of PUs</b></p>
<b>Finance</b>	
<p>Internal controls</p> <p>The PR to (i) define financial management capacity needs for the periphery level (including Government and NGO implementers); and (ii) develop financial capacity of the periphery level to manage Global Fund financing.</p> <p>The financial capacity building plan for all implementers (including Government and NGO implementers) should be submitted to the Global Fund by 31 July 2021</p>	<p><b>31 December 2021</b></p> <p><b>Progress to be provided in the next PUDR (February 2022)</b></p>

We would like to acknowledge your efforts and progress made to improve program implementation and look forward to working closely with you for strengthened program implementation going forward.

Yours sincerely,



Nicole Delaney  
Senior Fund Portfolio Manager  
South and East Asia Team



## Annex A

<b>Finance: Requested Action</b>	<b>Status update as of 31 May 2021</b>
<p><b>Weak Financial Management and ineligible expenditures of NCASC:</b> <i>(this issue is outstanding from the Performance Letter as of 20 Dec.2018)</i></p> <p>The PR has managed to partially recover ineligible expenditures, however the amount of NPR 13,470 (~US\$ 119) is still outstanding.</p>	<p>Considered eligible based on the CT review of additional documentation and justification provided by the PR.</p>