

Ref.: GMD/SEA/NPL/2021-1098/ND

4 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-M-SCF grant for the period from 1 July 2020 till 31 December 2020

Dear Mr David Barth

This Performance Letter presents conclusions of the Global Fund's review of Progress Update for the period 1 July - 31 December 2020. 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 malaria program was significantly affected by the COVID-19 pandemic. The National Malaria Program (the "Program") and the PR ensured availability of diagnosis at health facilities and provision of treatment to diagnosed patients. The Program also scaled-up case detection at the community-level after lockdowns were lifted, which resulted in a significant increase of malaria cases tested at the community-level. No malaria deaths were reported through 2020. However, testing of malaria cases at health facilities and case reporting from the private sector was low. This was mainly due to extended lockdowns, stigma and fear in the community to access health facilities, non-availability of health workers as they were re-directed to COVID testing, and challenges with reporting by private sector health facilities. Programmatic results for relevant indicators are as follows:

- The number of cases tested at the community-level increased from 9,054 (previous period) to 40,641 achieving 83% of the grant target;
- The number of cases tested at public health facilities increased from 27,477 (previous period) to 33,501, however the achievement for the current reporting period is only 17% of the grant target;
- The number of cases tested at private health facilities dropped to 18,294 (12% of the grant target) vs. 20,124 in the previous period;
- Case and foci investigation continued achieving more than 90% of grant targets, however the number of cases investigated were lower than expected due to lower testing coverage.

A shortage of LLINs remained one of the major challenges for the Program due to unfulfilled Government commitments for LLINs procurement in 2020. A mass distribution campaign could not be conducted in 2020 as planned and LLINs procured with grant funds could only cover a limited

number of high-risk areas and distribution to pregnant women achieving only 6% of the target for an indicator related to mass distribution and 25% of the target for continuous distribution. Geographic areas, which were not covered by LLINs were covered by IRS.

The average performance of all indicators was 70%; the overall grant performance rating is **B1**. As described above, lower results are mainly due to the impact of the COVID-19 pandemic.

The Global Fund recognizes efforts of the National Malaria Program, the Principal Recipient and partners to ensure continued provision of essential services while facing the COVID-19 pandemic. The Global Fund approved reprogramming of savings in 2020 to support the country in its national response to the COVID-19 pandemic.

We are also mindful that additional Government resources are needed to respond to the pandemic, which limits funding for other programs. However, to sustain current malaria control measures and progress towards malaria elimination, it is critical that the Government’s financial commitments for the Program are realized, specifically for the procurement of LLINs. The Global Fund approved the reprogramming of grant savings to procure LLINs in 2020, however this was not sufficient to fully cover LLIN needs. We therefore encourage the Program, the PR and partners to continue advocacy and collaboration with relevant ministries and provinces to ensure that Government funding committed for the FY 2021 for LLINs is realized.

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 73% in the last reporting period. The cumulative expenditure rate increased to 87% as of 31 December 2020 due to savings being reprogrammed for the procurement of LLINs and COVID-related activities. The cumulative under-utilization of grant funds of US\$ 0.6 mln was mainly due to:

- US\$0.4 mln – delayed payments and savings;
- US\$ 0.3 mln – activities shifted to January-March 2021 period.

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

C. Status of Grant Requirements

| Grant Requirement | Status |
|--|--|
| The procurement of Health Products with Grant Funds shall be carried out through the Pooled Procurement Mechanism (“PPM”) of the Global Fund, or wambo.org , 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. | Met |
| In accordance with the Global Fund Sustainability, Transition and Co-financing Policy (GF/B35/04) (the “STC Policy”), the Grantee acknowledges and agrees that: 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 | In progress While the Government of Nepal was able to increase its |

| Grant Requirement | Status |
|--|---|
| <p>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;</p> <p>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 malaria allocation of USD 4,208,547 for the 2017-2019 allocation period, which is equal to USD 841,710 (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;</p> <p>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 malaria response, as well as contingency plans in the case that the increase in domestic funding in malaria does not occur (the “Sustainability Plan”), in form and substance satisfactory to the Global Fund; and</p> <p>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.</p> | <p>overall financing for the National Malaria Program, which supports the long-term sustainability of the National Malaria Program, 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> |
| <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>Met</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</p> | <p>Met</p> |

| Grant Requirement | Status |
|--|--|
| <p>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>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>In progress</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>1. The Grantee shall work with the CCM to develop, and ensure delivery to the Global Fund by 30 September 2018 of, a costed private sector strategy for malaria elimination (the “Private Sector Strategy”) on the basis of a detailed mapping and utilization survey of private sector activities in districts with a higher malaria burden, in form and substance satisfactory to the Global Fund. The Private Sector Strategy shall outline activities engaging the private sector, the manner in which such activities will be implemented and monitored, and identify opportunities to address service delivery for all Programs implemented in the Federal Democratic Republic of Nepal, as relevant.</p> <p>2. Following the approval of the Private Sector Strategy by the Global Fund, the Grantee shall work with the CCM and Government of Nepal to implement the Private Sector Strategy.</p> | <p>Met</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 |
|---|---|
| Programmatic and M&E | |
| The PR should continue collaborating with partners and the National Malaria Program to ensure fulfillment of government commitments for funding of the National Malaria Program, specifically: procurement of LLINs and RDTs at national and/or provincial level. | <p>As of now and ongoing until 31 July 2024</p> <p>Progress updates to be provided during submission of PUs</p> |
| <p>Capacity building</p> <ol style="list-style-type: none"> 1. The PR will place additional staff at the province-level to ensure un-interrupted implementation of programmatic activities within a decentralized structure. 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. 3. The PR will conduct capacity building activities of provincial and national level through embedded personnel within government structures. | <p>31 December 2021</p> <p>Progress update to be provided in the next PUDR (February 2022)</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>31 December 2021</p> <p>Progress update to be provided in the next PUDR (February 2022)</p> |

| Programmatic and M&E | |
|--|---|
| <p>The National Malaria Program needs to strengthen the community response and intensify community engagement, to ensure that vulnerable populations, which do not have access to health facilities, can access diagnosis and treatment on a timely basis.</p> | <p>As of now and ongoing until 31 July 2024</p> <p>Progress updates to be provided during submission of PUs</p> |
| <p>The PR should collaborate with the National Malaria program and partners to further strengthen the national surveillance system.</p> <p>It is important to ensure regular and timely reporting of data from all reporting units/health facilities including private and NGO/INGOs clinics. Regular supervision and capacity building at implementation level should be done where needed to ensure strengthened surveillance at different levels, focus on results and quality assurance of program and data.</p> | <p>As of now and ongoing until 31 July 2024</p> <p>Progress updates to be provided during submission of PUs</p> |
| <p>The PR in collaboration with the National Malaria 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.</p> | <p>31 August 2021</p> |
| <p>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.</p> | <p>31 July 2022</p> <p>Progress updates to be provided during submission of PUs</p> |
| <p>The PR in collaboration with the National Malaria Program should strengthen private sector reporting and proactively engage with the high- volume hospitals and the army.</p> | <p>As of now and ongoing until 31 July 2024</p> <p>Progress updates to be provided during submission of PUs</p> |

| | |
|--|--|
| PSM | |
| Procurement and stock management | |
| (i) PR PSM team 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. (ii) Mentoring and supervision support of lower level staff should be integrated in ongoing program supervision. | As of now and ongoing until 31 July 2024 Progress updates to be provided during submission of PUs |
| The PR will monitor Government planned procurements included in the Government budget “red book”, support procurement planning and advocate for improved procurement mechanism. | As of now and ongoing until 31 July 2024 Progress updates to be provided during submission of PUs |
| Quality Assurance | |
| (i) The PR to develop an integrated Quality Assurance (QA) plan for all three programs with the Department of Drug Administration (DDA) and/or National Public Health Laboratory, with necessary operational guidance details (e.g. sampling and testing plan). (ii) The PR to coordinate with DDA and other partners to achieve the ISO-accreditation of the National Medicines Laboratory under the DDA. (iii) The PR should support DDA in updating the expired health products disposal guidelines and rolling-out the implementation with partners support. | As of now and ongoing until 31 July 2024 Progress updates to be provided during submission of PUs |
| Finance | |
| Internal controls The PR to (i) define financial management capacity needs for the periphery level (all implementers); and (ii) develop financial capacity of the periphery level to manage Global Fund financing. The financial capacity building plan for all implementers should be submitted to the Global Fund by 31 July 2021. | 31 December 2021 Progress to be provided in the next PUDR (February 2022) |

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