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3 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-T-SCF grant for the period from 1 January to 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. This letter provides a summary of grant performance for the implementation period 1 January – 30 June 2020 and 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 TB Program during the reporting period has been challenging due to the COVID-19 pandemic. The National TB Program ('The Program') in collaboration with the PR and partners were able to continue TB diagnosis and treatment for diagnosed patients. However, case detection was significantly impacted resulting in an overall decrease in the number of cases notified to the Program (69% of the grant target). Provision of isoniazid preventive therapy to children under 5, which required household visits, has decreased almost two-fold compared to the previous period (49% of the grant target).

The main reasons for decreasing case detection include the following:

- Less people visited public health facilities due to a fear of the virus;
- A nationwide lockdown was imposed from March to June 2020. Therefore, activities related to active case finding and contact tracing/household visits were stalled and private health facilities were temporarily closed. Only 3,081 cases were notified by private/non-governmental facilities (56% of the grant target);
- Sputum transportation was affected and some places experienced irregular supply of GeneXpert cartridges, therefore diagnosis through GeneXperts has dropped to ~27% from 62% (as compared to months prior to the lockdown).

The pandemic significantly affected the MDR/RR-TB component: only 202 MDR/RR-TB cases were diagnosed, i.e. 35% of the grant target, and only 167 patients started treatment, i.e. 30% of the grant target. This gap in treatment initiation was mainly due to a high initial default rate due to (i) limited number of DR-TB treatment centers which are centralized and not easily accessible for vulnerable populations, and (ii) difficulties to trace diagnosed patients who have not started treatment at the community level. Relevant activities had been approved under the current grant to trace diagnosed patients and bring them into treatment but were impacted by the COVID-19 pandemic.

HIV testing among TB patients also decreased due to the pandemic resulting in 60% of target achievement for the indicator ‘Percentage of registered new and relapse TB patients with documented HIV status’.

The average performance of all indicators was 62%; overall grant performance rating was **B1**. As described above, lower programmatic results were 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 vulnerable groups and for the scale-up of TB services once the nationwide lockdowns were lifted. We also congratulate the PR and the Program in strengthening data reporting through HMIS during these challenging times. For the first time TB data has been reported through HMIS to the Global Fund as compared to the collection of data through quarterly workshops in prior years.

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

Programmatic recommendations are included in **Section D** of this Performance Letter.

B. Financial Performance

While the PR’s expenditure rate decreased in the last reporting period to 56% due to the COVID-pandemic, the cumulative expenditure rate remained solid at 77% as of 30 June 2020. The under-utilization of grant funds of US\$ 3.7 mln was mainly due to:

- US\$ 0.9 mln – delayed procurements and payments, which will be reflected in future periods;
- US\$ 0.8 mln – activities shifted to future periods;
- US\$ 2 mln – cumulative grant savings, which have been reprogrammed to support strengthened TB case detection and diagnosis, as well as the procurement of medicines to ensure sufficient stock at the grant end-date to avoid stock outs. Savings resulting from foreign currency exchange were 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
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:	In progress

Grant Requirement	Status
<p>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;</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 tuberculosis allocation of USD 16,138,548 for the 2017-2019 allocation period, which is equal to USD 3,227,710 (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 tuberculosis response, as well as contingency plans in the case that the increase in domestic funding in tuberculosis 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>While the Government of Nepal was able to increase its overall financing for the National TB Program, which supports the long-term sustainability of the National TB 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>The Grantee shall budget, and hereby authorizes the Global Fund to disburse, up to a maximum of US\$ 50,000, or a lower amount as agreed with GLC and the Global Fund, each year to pay for GLC services.</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 tuberculosis diagnosis, notification and treatment (the “Private Sector Strategy”), 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	
<p>The PR in collaboration with partners and the National TB Program to ensure fulfillment of government commitments for funding of the National TB Program, specifically: procurement of TB medicine and diagnostics, funding of human rights interventions in the amount of US\$1.3 mln (<i>please note that the updated amount relevant for the 2021-2024 grant is US\$1.1mln</i>), increased funding of human resources to deliver health related services. Fulfillment of government commitments is critical to achieve impact and program sustainability.</p>	<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>
<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>31 December 2021</p> <p>Progress update to be provided in the next PUDR (February 2022)</p>

Programmatic and M&E	
<p>Private sector engagement (PPM)</p> <p>The PR is requested to engage the external Technical Assistance (TA) to review current implementation modality of private-sector related activities and develop a set of prioritized recommendations to be further implemented with the support of the TA provider.</p>	<p>31 December 2021</p> <p>Progress update to be provided in the next PUDR (February 2022)</p>
<p>Case notification at health facilities</p> <p>A significant decrease in case notification has been noted since 2019. The PR in collaboration with the National Program and partners should conduct in-depth analysis to understand the reasons for this decrease and propose an action plan to address issues identified.</p>	<p>As soon as possible in 2021 (once the lockdown is lifted and it is possible to visit health facilities)</p>
<p>Active case-finding:</p> <ul style="list-style-type: none"> i) The PR should perform regular in-depth analysis of past case-finding efforts to inform program changes on a timely basis; ii) The PR should ensure that SRs have sufficient capacity to implement these interventions; SR targets should be based on realistic estimate of population and the prevalence aligning with the overall targets agreed with the Global Fund. Periodic (monthly and quarterly) review of the results against the agreed targets should be carried out in a practical manner to ensure that the targets are achieved at an acceptable level; iii) The PR in collaboration with the National TB Program should strengthen mentoring and supervision over SR activities to ensure improved programmatic results. iv) The PR should implement the agreed comprehensive action plan to addressing priority actions and next steps defined based on priorities agreed upon during the TB Stakeholder workshops (Dec. 2018 and Feb. 2020). 	<p>As of now and ongoing until 31 July 2024</p> <p>Progress updates to be provided during submission of PUs</p>
<p>SR management</p> <p>The PR should develop NGO sub-recipient capacity building plan to strengthen the SR programmatic capacity and ensure quality assurance of programmatic activities and reported data.</p>	<p>30 September 2021</p>
<p>SR assessment</p> <p>Based on the PUDR results as of 31 Dec 2021, the assessment of implementation arrangements will be conducted to define the role/engagement of SRs going forward.</p>	<p>28 February 2022</p> <p>(assessment results to be submitted as part of PUDR in February 2022)</p>

Programmatic and M&E	
The PR in collaboration with the National TB 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.	30 September 2021
The PR in collaboration with the National TB Program should support the complete roll-out of the electronic reporting system to all provinces and palikas, computers and know how.	31 July 2022 Progress updates to be provided during submission of PUs
The PR in collaboration with the National Program and partners should: (i) finalize standard operating procedures on DQA at all levels as applicable and ensure their implementation. (ii) strengthen supervision, mentorship and support especially at the implementation level.	31 July 2022 Progress updates to be provided during submission of PUs
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.	31 July 2022 Progress updates to be provided during submission of PUs

PSM		
Laboratory		
<p>(i) The PR-team to continue supporting the National Public Health Lab (NPHL) and three disease programs to strengthen national laboratory service integration, sample transportation, quality standard monitoring including equipment harmonization/utilization monitoring (especially for GeneXpert utilization) and lab commodity management.</p> <p>(ii) Based on the outcomes of the GeneXpert assessment, GLC and JMM reports, the PR in collaboration with the National TB Program and partners should finalize and support implementation of an action plan to scale-up the roll out of GeneXperts, improve samples transportation and optimize use of the GeneXpert to increase active case finding with consideration of updated TB burden. While this can be highlighted in the National Laboratory Plan which covers all aspects of clinical lab services, we recommend a more targeted plan to inform ongoing GF investments and the immediate need to optimize equipment use.</p> <p>(iii) The PR in collaboration with the National Program to support implementation of laboratory service Quality Assurance plans (including EQA system).</p>	<p>31 December 2022</p> <p>Progress updates to be provided during submission of PUs</p>	
Procurement and stock management		
<p>(i) The PR PSM team to continue supporting MoHP/NTC to improve health product needs quantifications, develop consolidated annual procurement plans (government- and grant-related) and facilitate timely implementation and to avoid treatment disruptions.</p> <p>(ii) The 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 QuantTB data to avoid expiries and stock outs.</p> <p>(iii) The PR PSM team to support health facilities LMIS data reporting, using the enhanced eLMIS capability, to enable effective monitoring of the stock and expiry of health products at peripheral levels on regular (quarterly) basis.</p> <p>(iv) Mentoring and supervision support of lower level staff should be integrated in ongoing program supervision.</p> <p>(v) For future procurement of health products, international procurement agencies should be considered to offer time/cost benefits and technical assistance.</p>	<p>As of now and ongoing until 31 July 2024</p> <p>Progress updates to be provided during submission of PUs</p>	
The PR will monitor Government planned procurements included in the Government budget “red book”, support procurement planning and advocate for improved procurement mechanism.		<p>As of now and ongoing until 31 July 2024</p> <p>Progress updates to be provided during submission of PUs</p>

eLMIS strengthening	30 April 2022
The PR in collaboration with partners should continue supporting the scale-up and scope of eLMIS to include GF-funded programs; develop eLMIS/DHIS2 interoperability and enhance data use for performance monitoring (all programs). The use of a common platform will aid the harmonization of reporting schedules, tools and performance monitoring mechanisms.	Progress to be provided in the next PUDR (February 2022)
Quality Assurance	
(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).	As of now and ongoing until 31 July 2024
(ii) The PR to coordinate with DDA and other partners to achieve the ISO-accreditation of the National Medicines Laboratory under DDA.	Progress updates to be during submission of PUs
(iii) The PR to support DDA in updating the expired health products disposal guidelines and rolling-out the implementation with partners support.	
Finance	
Internal controls	31 December 2021
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.	Progress to be provided in the next PUDR (February 2022)
The financial capacity building plan for all implementers (including Government and NGO implementers) should be submitted to the Global Fund by 31 July 2021	

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,



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