

Geneva, 19 December 2022

**Subject: 2023-2025 Allocation Letter<sup>1</sup>**

Dear Dr Pokhrel,

Over 20 years, the Global Fund partnership has saved 50 million lives yet the fight to end AIDS, tuberculosis and malaria is not over. Recent unprecedented health challenges had a devastating impact on the progress made. But together, we can get back on track to end the three diseases by 2030, to build resilient and sustainable systems for health and strengthen pandemic preparedness, to make the world healthier and more equitable.

To accelerate impact towards these goals, we must work together to ensure that the funding requests and grants for the new allocation period bring to life the vision of the new [2023-2028 Global Fund Strategy: Fighting Pandemics and Building a Healthier and More Equitable World](#).<sup>2</sup> We must put people and communities at the center of all our work. We must put greater focus on equity, sustainability, efficiency, program quality and innovation. We must reduce new infections across the three diseases, addressing structural barriers and leveraging innovations in prevention tools and approaches. We must take determined action to advance gender equality and tackle human rights and gender-related barriers for lasting impact. And we will work together to mobilize increased national resources for health.

**Nepal Allocation**

Based on the Global Fund Board’s decision in November 2022 on the funding available for the 2023-2025 allocation period, **Nepal has been allocated US\$59,630,753 for HIV, tuberculosis (TB), malaria and building resilient and sustainable systems for health (RSSH)**.<sup>3</sup> The allocation amounts for all countries have been determined according to a methodology approved by the Global Fund Board, primarily based on disease burden and income level. Nepal is classified as a lower-middle income country.<sup>4</sup>

**Table 1: Summary of allocation**

Eligible disease component	Allocation (US\$)	Allocation Utilization Period
HIV	<b>29,427,095</b>	1 August 2024 to 31 July 2027
Tuberculosis	<b>27,108,540</b>	1 August 2024 to 31 July 2027
Malaria	<b>3,095,118</b>	1 August 2024 to 31 July 2027
<b>Total</b>	<b>59,630,753</b>	

<sup>1</sup> This letter includes annexes and links, which should be read together and in full.

<sup>2</sup> [https://www.theglobalfund.org/media/11612/strategy\\_globalfund2023-2028\\_narrative\\_en.pdf](https://www.theglobalfund.org/media/11612/strategy_globalfund2023-2028_narrative_en.pdf) Note that the 10 key strategic shifts are described on page 7.

<sup>3</sup> Investments in pandemic preparedness can be funded by this country allocation through RSSH modules, or through the separate C19RM funding stream.

<sup>4</sup> Determined from gross national income (GNI) per capita using the World Bank income group thresholds for 2022.

**Timing.** The allocation agreed for each disease component can be used during the relevant allocation utilization period. Any remaining funds from a previous HIV, TB or malaria allocation, unused by the start of the indicated allocation utilization period, will not be additional to the new allocation amount.<sup>5</sup>

**Program split.** The Global Fund has proposed an indicative split of allocation funds across eligible disease components. However, the Country Coordinating Mechanism (CCM) has the responsibility to assess and propose the best use of funds across these disease components and health system strengthening. Applicants can choose to accept the Global Fund split or propose a revised one, based on an evidence-based analysis of programmatic and system gaps and in consideration of the funding needed to maintain essential programming. The Global Fund will review and consider the justification for any program split change. Global Fund approval is required before the review of the first funding request.

**RSSH investments in program split.** Investing in RSSH, including community systems, accelerates progress in the fight against the three diseases and enables health services to be delivered in an integrated, sustainable, equitable, efficient, and effective way. The Global Fund therefore recommends that the level of country investment in RSSH be maintained where appropriate and increased where possible. To better identify synergies in system investments across the eligible diseases, as a new requirement in the 2023-2025 allocation period, applicants are required to indicate the intended investment amount for RSSH from within the allocation for each disease component. Providing this information is not considered a program split change.

**COVID-19 Response Mechanism (C19RM).** C19RM is a separate funding stream that, in addition to supporting COVID-19 response activities, can be used to mitigate the impact of the pandemic on HIV, TB and malaria programs, and to address additional pandemic preparedness and health system strengthening needs. These include community health workers, integrated lab systems, end-to-end early surveillance systems, scale up of medical oxygen and respiratory care, infection prevention control beyond personal protective equipment, and novel therapeutics and test and treat programs. The Global Fund has decided to extend the utilization period for C19RM until December 2025, in order to enable countries to maximize the value of C19RM investments in health systems and pandemic preparedness. Given the extension of C19RM, and the consequent opportunities for reinvestment and portfolio optimization within the mechanism, applicants should carefully consider how to ensure investments from the two funding streams of the country allocation and C19RM complement each other to maximize overall impact.

The Global Fund will be communicating separately on the next phase of C19RM.

## Application Approach

Nepal is requested to submit its TB application for funding using the Full Review funding request.

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<sup>5</sup> Any extension of an existing grant using the HIV, TB or malaria allocation will be deducted from the subsequent allocation utilization period, both in terms of time and funds used during the extension period.

With respect to HIV and malaria funding requests, the application approach will be confirmed and communicated to you at a later date to allow more time for current grant implementation before the application approach decision is made.

A complete set of application materials will be shared by the Global Fund Country Team.

When requested application approaches are the same, the Global Fund encourages applicants to consider developing an integrated funding request, where appropriate. In all cases applicants should consider how to bring together their investments in the three diseases and in RSSH to ensure greater efficiency and coherence.

All funding requests are required to be developed through inclusive and transparent country dialogue with a broad range of stakeholders,<sup>6</sup> including key and vulnerable populations.

A variety of resources to help applicants prepare their funding requests are available on the [Global Fund website](#).<sup>7</sup> We encourage all those involved in the preparation of the funding request to carefully read these guidance materials.

## Aims of the Allocation

Given the current challenging economic environment and limited available resources, the Global Fund recognizes the need to prioritize investments. To enhance effectiveness and performance, the Global Fund will support investments where the greatest impact can be achieved, including in health and community systems, prevention, human rights and gender equality, according to countries' needs.

The funding request submitted to the Global Fund should be aligned with prioritized country needs and the latest global technical guidance, and guided by relevant national disease strategic plans, national health sector and sub-sector plans and program reviews.

In addition, the Global Fund would like to share the following for your consideration during the development of the funding request(s):

- The HIV allocation for Nepal has been adjusted upwards (from the allocation formula amount that primarily considers disease burden and income level), to better account for key and vulnerable population burden and need. The Global Fund expects funds to be directed towards evidence-based programs for key and vulnerable populations, as per technical partner guidance, and aligned with the epidemiological context in Nepal.
- The TB allocation for Nepal accommodates for the latest finding of the TB prevalence survey conducted in Nepal in terms of TB morbidity and mortality and to address the gap of missing TB cases.

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<sup>6</sup> Stakeholders should include relevant government directorates, e.g., laboratory directorate, community health directorate, human resources for health directorate.

<sup>7</sup> <https://www.theglobalfund.org/en/applying-for-funding/design-and-submit-funding-requests/applicant-guidance-materials/>

- Epidemiological data confirms the extent of the contribution of the mobile and migrant population in driving the three infections – migrants and their spouses constitute 90% of malaria cases, 12% of HIV cases and are at a very high risk of contracting and spreading TB. Addressing prevention among this group requires the support of both national and international organizations and UN agencies - from framing service provision at point of origin and point of return of migrants to border crossing epidemic surveillance.
- Past investments in the electronic Logistics and management System, improvements of provincial laboratory capacity, engagement of community health workers in pandemic prevention and response and national PSM strategy should continue to be expanded. Additional RSSH investments to address system-wide and disease-specific health systems challenges must continue.
- The Government of Nepal continuously faces challenges to fulfill its co-financing commitments to allocate domestic financing of HIV and TB drugs and bed nets. The increased HIV and TB allocation requires increased Government co-financing, with more thorough planning and execution. It also requires transition of investments from Global Fund to central, provincial and district health budgets, especially those where the Government made clear pledges to continue the investments when the original request for funding a specific intervention was made.

## Conditions to Access the Allocation

**CCM eligibility requirements.** The Global Fund Secretariat screens all applicants for compliance with CCM [eligibility requirements](#).<sup>8</sup> Compliance with requirements 1 and 2 is assessed at the time of submission of the funding request. Compliance with requirements 3 to 6 is assessed both at the time of submission of the funding request and on a yearly basis throughout the period of Global Fund financing. Continued compliance with all eligibility requirements throughout program implementation is a condition to access Global Fund financing (including CCM funding).

**Co-financing requirements.** While Global Fund grants represent a major financing contribution to the eradication of HIV, TB and malaria, they are only a part of more significant financing resources for health and the national responses that include Nepal's own domestic contributions. Increasing domestic resources for health and spending these resources efficiently and equitably is essential to end the epidemics and strengthen the health systems that are the foundation of the disease response. To access the full 2023-2025 allocation, countries must meet the Global Fund's co-financing requirements, as set out in the [Sustainability, Transition, and Co-Financing \(STC\) Policy](#).<sup>9</sup> All countries are expected to progressively increase their domestic public spending for health to improve performance for both health financing and health outcomes, and to progressively pay for a growing share of key program costs of national responses (e.g., prevention, services for key and vulnerable populations, drugs, diagnostics, malaria bed nets, etc.), especially those currently financed entirely or in large part by the Global Fund.

<sup>8</sup> [https://www.theglobalfund.org/media/7421/ccm\\_countrycoordinatingmechanism\\_policy\\_en.pdf](https://www.theglobalfund.org/media/7421/ccm_countrycoordinatingmechanism_policy_en.pdf)

<sup>9</sup> [https://www.theglobalfund.org/media/4221/bm35\\_04-sustainabilitytransitionandcofinancing\\_policy\\_en.pdf](https://www.theglobalfund.org/media/4221/bm35_04-sustainabilitytransitionandcofinancing_policy_en.pdf)

To encourage increasing domestic resource mobilization, 20% of Nepal's total Global Fund allocation will be accessible once Nepal has committed to certain co-financing requirements. Details about the co-financing requirements for Nepal, and how they have been determined, are included in Annex A.

**Privileges and Immunities of the Global Fund.** We take this opportunity to remind Nepal of Section 12(2) of the Global Fund Grant Regulations (2014) to take all appropriate and necessary actions to ensure that the Global Fund is accorded with privileges and immunities. The Global Fund Secretariat will contact the Ministry of Foreign Affairs of Nepal to ensure that these actions are undertaken by the end of the implementation period of the relevant grants in Nepal. We look forward to receiving a commitment from the Ministry of Foreign Affairs of Nepal with or before funding request submission to ensure that the Agreement is accepted by the end of the implementation period.

### Opportunities for Funding Beyond the Allocation Amount

Nepal is eligible for the following catalytic Matching Funds (further details are included in Annex B):

- US\$2,000,000 for **integrated lab systems strengthening**; and
- US\$550,000 for **scaling up programs to remove human rights and gender related barriers**.

Nepal is also eligible for the following catalytic Strategic Initiatives (country inclusion will be discussed and finalized as part of country dialogue):

- **integrated lab systems strengthening**; and
- **scaling up programs to remove human rights and gender related barriers**.

**Unfunded quality demand.** The Global Fund requests that all applicants develop a Prioritized Above Allocation Request (PAAR) and submit this along with the allocation funding request. Interventions from the PAAR that the Technical Review Panel (TRP) considers quality demand will be listed on the Register of Unfunded Quality Demand (UQD). Submitting a robust PAAR is an essential step to accessing funding beyond the allocation amount.

**Joint investments.** The Global Fund encourages Nepal to consider opportunities for joint investments and resource mobilization. In addition to the allocation amount presented above, the Global Fund is aware that a joint investment with financing institution PEPFAR/USAID is under discussion.

I thank you for your shared commitment and efforts in the global fight against HIV, TB and malaria.

Sincerely,



**Mark Eldon-Edington**

Division Head, Grant Management

## Annex A: Supplementary Information for Nepal

### Allocation

**Currency.** The allocation for Nepal is denominated in US dollar.

**Recoveries.** Verification of expenditures under prior or existing Global Fund grants, including through audits and investigations by the Global Fund's Office of the Inspector General, or by or on behalf of the Global Fund Secretariat, may have resulted or may result in current or former Principal Recipients having an obligation to repay amounts to the Global Fund. Access to the full allocation amount will be conditional on the relevant Principal Recipients' actions towards repayment. The Global Fund will work with CCMs and Principal Recipients to explore all possibilities for repayment. If satisfactory actions towards repayment are not completed, the Global Fund can apply remedial action, including a reduction of funding of twice the outstanding recoverable amount(s) from the allocation amount. The Global Fund considers that there is an outstanding recoverable amount of US\$2,294,042, as of 30 November 2022.

### Critical Investments to Advance Global Goals

**Importance of investments in people-centered integrated systems for health.** The surest way to defeat today's infectious diseases as well as prevent, prepare for and respond to future pandemics is by rising above disease-specific silos and investing in health and community systems that support the delivery of integrated, people-centered health services. RSSH investments must support integrated delivery of services across and beyond the three diseases, and integrated health system functions that are aligned with the national health strategic plan and support national health priorities. For the 2023-2025 allocation period, RSSH investment areas encompass health sector planning and governance, health financing and financial management systems, community systems and responses, monitoring and evaluation systems, human resources for health and quality of care, health product management systems, laboratory systems strengthening, and medical oxygen and respiratory care systems. Additional cross-cutting areas include private sector engagement and digital health.<sup>10</sup>

**Importance of investments to maximize the engagement and leadership of most affected communities.** The Global Fund's partnership model calls for action to put people and communities at the center of everything we do, particularly those most affected by HIV, TB and malaria. To ensure greater health equity, and that services are designed to respond to the specific needs of those most affected, communities must be supported to lead as equal partners in the design, implementation, monitoring, and provision of expert technical support for disease programs. For the 2023-2025 allocation period, a set of minimum standards for community engagement have been introduced which all countries are expected to meet.<sup>11</sup>

<sup>10</sup> More information on RSSH interventions eligible for Global Fund support is available in the RSSH Information Note: [https://www.theglobalfund.org/media/4759/core\\_resilientsustainablehealth\\_infonote\\_en.pdf](https://www.theglobalfund.org/media/4759/core_resilientsustainablehealth_infonote_en.pdf)

<sup>11</sup> More information is available in the guidance document Community Engagement: Opportunities Throughout the Grant-Life Cycle: [https://www.theglobalfund.org/media/12475/crg\\_community-engagement\\_guide\\_en.pdf](https://www.theglobalfund.org/media/12475/crg_community-engagement_guide_en.pdf)

**Importance of investments to maximize health equity, gender equality and human rights.** Removing human rights and gender-related barriers in access to services is critical to ending the epidemics. When unaddressed, these barriers undermine effective and impactful responses and limit sustainable progress. For the 2023-2025 allocation period, countries are expected to make an accelerated effort to advance gender equality and adopt gender-transformative approaches, in line with the Global Fund’s Strategy.<sup>12</sup>

**Program essentials and critical approaches.** In consultation with the broader partnership the Global Fund has introduced a set of program essentials for HIV, tuberculosis and malaria, which are evidence-based interventions and approaches critical to meeting the goals of national disease strategies and respective global targets. For RSSH, critical approaches have been identified to ensure that RSSH interventions delivered by Global Fund-supported programs are set up to achieve maximum impact. Applicants are encouraged to consider program essentials and critical approaches when developing their funding requests.<sup>13</sup>

**Importance of enhancing the efficiency of investments.** Constrained fiscal space and funding shortages call for strategic resource allocation and utilization to maximize impact. Evidence-based investment decisions are critical to ensure that domestic and grant resources are optimally allocated across disease programs, program- and system-level interventions, population groups and geographies at the country level to drive results. Optimal allocation includes ensuring resources are utilized efficiently by choosing the right inputs at the right quantities, and efficient service delivery modalities.

**Value for money procurement.** To maximize the impact of allocations, the Global Fund will not finance commodities purchased at a price higher than the reference price for such commodities, where one exists.<sup>14</sup>

**Protection from sexual exploitation, abuse and harassment (SEAH).** The Code of Conduct for Recipients of Global Fund Resources sets forth prohibitions on SEAH, requirements on reporting and expectations to have policies and measures in place to prevent and respond to sexual exploitation and abuse and sexual harassment. Creating safer access to grant services is not only the “right” thing to do; programs free of sexual misconduct also help us end the three diseases as public health threats.<sup>15</sup>

## Implementation

The Global Fund recognizes the value of efficient implementation and encourages all countries to explore opportunities to streamline and consolidate implementation arrangements for the coming allocation period. The Global Fund encourages all applicants to consider optimal service delivery

<sup>12</sup> Detailed guidance on effective investments in programs and approaches that address human rights and gender-related barriers, including key interventions to consider incorporating into funding requests, can be found in the Technical Briefs.

<sup>13</sup> More information on program essentials and critical approaches can be found in the Information Notes.

<sup>14</sup> Please consult the Global Fund website for a consolidated reference price list (<https://www.theglobalfund.org/en/sourcing-management/health-products/>) and refer to the Budgeting Guidelines ([http://www.theglobalfund.org/media/3261/core\\_budgetingglobalfundgrants\\_guideline\\_en.pdf](http://www.theglobalfund.org/media/3261/core_budgetingglobalfundgrants_guideline_en.pdf)) for more details.

<sup>15</sup> More information can be found in the Global Fund Code of Conduct for Recipients of Global Fund Resources ([https://www.theglobalfund.org/media/6011/corporate\\_codeofconductforrecipients\\_policy\\_en.pdf](https://www.theglobalfund.org/media/6011/corporate_codeofconductforrecipients_policy_en.pdf))

arrangements based on country context, with due consideration to community-based and -led organizations.

### **Additional Safeguard Policy**

The Global Fund would like to take this opportunity to confirm that the Nepal portfolio remains subject to the Additional Safeguard Policy during the 2023-2025 allocation period until notified otherwise. This means that any nomination of Principal Recipients for the next implementation period may be made directly by the Global Fund, ensuring consultation with the CCM and other development partners. The Global Fund may also select or make final decisions on the nominated Sub-recipients and other implementing entities.

### **Strengthening Sustainability and Impact of Investments**

To strengthen the overall impact and sustainability of Global Fund investments, the Global Fund has two different requirements which are determined by a country's income classification. "Application focus requirements" outline how countries should invest Global Fund financing and "co-financing requirements" outline how countries should invest domestic commitments made in the context of Global Fund grants.

#### **Application focus requirements: 50%**

As Nepal is classified as a lower-middle income country, at least 50% of allocation funding should be for disease-specific interventions for key and vulnerable populations and/or highest impact interventions within a defined epidemiological context. Requests for RSSH must be primarily focused on improving overall program outcomes for key and vulnerable populations in two or more of the diseases and should be targeted to support scale-up, efficiency and alignment of interventions. Applications must include, as appropriate, interventions that respond to human rights and gender-related barriers, inequities and vulnerabilities in access to services.

#### **Determining the total minimum co-financing requirement:**

To access the portion of Nepal's total Global Fund allocation tied to co-financing, Nepal must present a credible case that it is on track to realize a total minimum co-financing requirement of US\$86,431,671 for HIV, TB, malaria, and RSSH investments. This figure is estimated using the commitment for the 2020-2022 allocation period of US\$74,505,520 plus an additional minimum increase of US\$11,926,151. The Global Fund will dialogue with Nepal over the coming months to validate this total minimum co-financing requirement amount by the time the funding request is submitted. Inputs will include actual spending and revised budgets, recorded as part of the preparation of Nepal's Commitment Letter and the Funding Landscape Tables. The minimum increase must be targeted as per the requirements of the Sustainability, Transition & Co-Financing policy.

As Nepal is classified as a lower lower-middle income country at least 50% of the additional co-financing investments required to access the co-financing incentive must be invested in disease program interventions.



Commitments to access the co-financing incentive portion of the 2023-2025 allocation should specify the activities to be financed, linked strongly to priority national programmatic objectives, and explain how realization of commitments will be verified and reported to the Global Fund. This includes details of what sources will be used, who in the government will collect, summarize, and report the results, and who will sign off on the report, and with what frequency.

Nepal should provide confirmation of co-financing commitments through its Commitment Letter, and later, evidence of realization of those commitments from appropriate government authorities, including the Ministry of Finance and/or other relevant bodies.

The Global Fund recognizes that Nepal continues to face macroeconomic and fiscal challenges, especially given the COVID-19 pandemic and its disruptions to health services and expenditures, that could limit the fiscal space for domestic financial investments in health during the 2023-2025 allocation period. The Global Fund has taken into account these contextual factors in proposing co-financing requirements for Nepal, and will work in a spirit of openness and collaboration with the Government to agree on concrete targets that are consistent with Nepal's ability to pay in a manner that expresses national ownership and is sustainable over time.

The Global Fund also requests that as part of the co-financing for the next allocation, starting from 2024, the Government of Nepal will be responsible for:

- the procurement of methadone to ensure full coverage of the harm reduction program; and
- the centralized procurement of long-lasting insecticide bed nets for the malaria program.

**Previous co-financing and domestic commitments for the 2020-2022 allocation:**

Failure to realize previous co-financing commitments from the 2020-2022 allocation may result in the Global Fund reducing funds from existing grants and/or reducing the 2023-2025 allocation. Nepal should submit evidence of the realization of previous commitments, including budget execution evidence, when submitting its funding request. Evidence of expenditure against commitments to increased government health spending, disease program spending, and specific programmatic spending should accompany the Funding Landscape Table.

We therefore would like to receive from Nepal, the amounts invested for health in 2021 and 2022 and the approved budget for 2023, in order to track the co-financing executed against the commitments set forth in 2020.

## Annex B: information on Matching Funds

Catalytic Matching Funds aim to incentivize the programming and use of country allocations towards strategic priorities to end the epidemics of HIV, tuberculosis and malaria, support health systems strengthening and help attain the Sustainable Development Goals. Nepal is eligible for additional funding for Matching Funds priority areas set out below. This funding should inspire innovation and ambitious programming approaches to maximize impact in these strategic priority areas.

### Incentivizing RSSH quality and scale, integrated laboratory systems strengthening

Subject to funding confirmation, to access US\$2,000,000 for the integrated laboratory systems strengthening catalytic priority component, Nepal must invest a portion of its total country allocation that is greater than or equal to the amount of available Matching Funds, in lab strengthening activities set out in the [RSSH Information Note](#).

Nepal's funding request must also meet the following programmatic conditions, which will be evaluated by the TRP during its review:

- Alignment with the integrated laboratory systems principles outlined in the Global Fund's [RSSH Information Note](#).
- Inclusion of activities must be directly related to or contribute to advancing the uptake of integrated service delivery. Siloed or disease-specific interventions are not eligible for consideration.
- Inclusion of activities must be identified in the National Laboratory Strategic Plan and / or the National Action Plan for Health Security.
- Allocation of adequate resources must be allocated to capacity building / human resource development to sustain activities outputs and ensure continued ownership of systems-level investments.

In order to operationalize the catalytic Matching Funds for the integrated laboratory systems strengthening catalytic priority component, Nepal is eligible to receive technical support through the **integrated laboratory systems strengthening catalytic Strategic Initiative**. Details on how to access this support will be communicated in due course.

### Scaling up programs to remove human rights and gender related barriers

To access US\$550,000 for scaling up programs to remove human rights and gender related barriers, Nepal must maintain or increase its level of investment from the 2020-2022 allocation in programs to reduce human rights-related barriers, for the 2023-2025 allocation.

Nepal's funding request must also meet the following programmatic conditions, which will be evaluated by the TRP during its review:

- The applicant has determined baseline scores for each human rights program area during the country dialogue, to enable reporting under KPI E1 (which measures the percentage of countries receiving human rights Matching Funds with increases in scale of programs to

reduce human rights-related barriers), and has attached the baseline scores to the funding request; and undertakes to do an annual review of progress to enable continued reporting under KPI E1.

- The funding request takes into account the findings of the most recent assessment of progress made in scaling up programs to reduce human rights-related barriers; attaches the findings to the funding request; and aims to ensure full implementation of human rights program essentials, with a particular emphasis on programming to reducing stigma and discrimination, efforts to remove harmful laws, policies and practices, including community-led efforts; and integration of human rights programs in key population programs.
- The country undertakes to review and update, before the end of its current plan/strategy, its national plan/strategy to remove human rights-related barriers to HIV services (and TB and malaria services, where applicable), including its monitoring, evaluation and learning framework and accountability levers; and adequately resource the mechanism that coordinates implementation and oversight of the strategy or plan.

In order to operationalize the catalytic Matching Funds, Nepal has been selected to receive technical support through the **scaling up programs to remove human rights and gender related barriers catalytic Strategic Initiative**. Details on how to access this support will be communicated in due course.