



Independent observer
of the Global Fund

Nepal's funding requests to the Global Fund yield three grants to be managed by an international NGO

care targets.

Nepal's funding requests for HIV, TB and malaria resulted in the Global Fund Board approving three grants to a civil society principal recipient (PR) — Save the Children Federation. The grants were approved on 21 March 2017 based on recommendations from the Grant Approvals Committee (GAC) and the Technical Review Panel (TRP) — see [GFO article](#).

Nepal is one of the poorest countries in the world with almost one-third of its population living below the poverty line. Malaria is concentrated in lowland districts along the Indian border, with male migrant workers such as miners, farmers and forest workers at greatest risk. In fact, returning migrant workers represent approximately 50% of all malaria cases in the country. Nevertheless, over the last 10 years, Nepal has made significant progress towards malaria elimination and has adopted a long-term strategy to achieve the goal of a malaria-free Nepal by 2026.

The prevalence of TB is estimated by the World Health Organization (WHO) to be 156 cases per 100,000 with treatment coverage of 76% and a treatment success rate of 92%. The funding request identified prisoners, slum dwellers, migrants, refugees and internally displaced persons (IDPs) as key populations to be addressed with targeted interventions.

The HIV epidemic, for its part, is concentrated among key populations. According to the National Centre for AIDS and STD Control: In 2016, prevalence rates were 8.5% among people who use drugs; 8.2%

among men who have sex with men (MSM) and transgendered people; 2.2% among female sex workers; and 0.4% among male labor migrants and their spouses. Although the estimated number of new infections continues to decline, the majority occur among so-called “low-risk” women (spousal transmission), male labor migrants, and MSM. The HIV treatment cascade stands at 55–72–48, far below the global UNAIDS 90–90–90 goal.

Nepal’s allocation for 2017–2019 from the Global Fund was \$42.3 million. The indicative breakdown of the allocation was as follows:

Malaria — \$4.2 million

TB — \$16.1 million

HIV — \$22 million

Total — \$42.3 million

The approved program split had the same breakdown. In addition, the TRP approved \$1.3 million in matching funds for HIV programs to remove human rights–related barriers (more on matching funds below). See Table 1 for information on the signed grants.

Table 1: Approved malaria, TB and HIV grants to Nepal

| Component | Name | Principal recipient | Amount |
|-----------|-----------|------------------------------|--------|
| Malaria | NPL-M-SCF | | 4.2 m |
| TB | NPL-T-SCF | Save the Children Federation | 16.1 m |
| HIV | NPL-M-SCF | | 23.3 m |
| Total | | | 43.6 m |

Nepal also submitted a prioritized above allocation request (PAAR) of \$22.9 million (\$2.4 million for malaria, \$8.7 million for TB and \$11.8 million for HIV). For HIV, the TRP deemed the full \$11.8 million to be quality demand. During grant-making, efficiencies of \$0.5 million were found and were used to fund PAAR initiatives. Initiatives totaling \$11.3 million were added to the Unfunded Quality Demand (UQD) Register.

For TB, \$5.7 million was deemed quality demand. During grant-making, efficiencies of \$86,458 were identified and were used to fund PAAR initiatives. Initiatives totaling \$5.6 million were added to the UQD Register. Lastly, for malaria, initiatives worth \$1.6 million were deemed quality demand and were added to the UQD Register.

Notable strengths

In its review of the three funding requests, the TRP found all of them to be technically sound and strategically focused. Highlights of the strengths for each component are described below:

Malaria: According to the TRP, the funding request identified key populations at risk, including migrants, refugees, and menstruating and post-partum women in Hindu communities. Also, the request identified effective interventions for these populations that are targeted and are key to accelerating elimination and preventing reintroduction of malaria. The request recognized the need for an effective malaria surveillance system and epidemic preparedness as cornerstones of achieving the goal of elimination.

TB: The TRP said that the funding request clearly identified the epidemiology of TB and described the

burden of disease in the different geographic areas, including high-burden regions. The TRP also considered the funding request to be well aligned to the National Strategic Plan 2016–2020 and the National Health Strategic Plan. The request included approaches to address TB in child health and other settings; it aimed for a shift from passive to active case finding and quality improvement in care; and it demonstrated a commitment to increasing national resources to health.

HIV: The TRP found that the funding request was aligned with the health sector strategy and the national HIV strategy and that it responded to the epidemiological profile; identified the most appropriate and critical cascade gaps and needed programming; and focused appropriately on key populations.

Additionally, the TRP observed that:

- Nepal has increased domestic resources for antiretroviral (ARV) drugs (committing to cover 100% of the costs by 2019); for the elimination of vertical transmission of HIV; for TB/HIV; for building resilient and sustainable systems for health (RSSH); for migrants; and for prisoners.
- The country has also sought to increase investment by other partners focused on MSM, transgendered people, male sex workers and female sex workers.
- The funding request outlined a number of innovative interventions focused on improving performance across the cascade, such as differentiated antiretroviral therapy (ART), service delivery, community-led and facility-led testing, and satellite dispensing units to address opioid substitution therapy (OST).

Issues and actions

The TRP and the GAC identified a number of issues to be addressed during grant-making or grant implementation. A selection of issues raised and actions taken are summarized below.

Common issues

ISSUE 1: Sustainability of government funding. Sustainability stands out as a key issue for all three diseases. The government has diverted funding for health (including HIV, TB and malaria) towards the country's reconstruction following the 2015 earthquake. For HIV, there is concern that the planned four-fold increase in domestic funding over the next two years will not be possible because of the volatility of the economic situation. The funding request did not contain sufficient information about the planned increase. The TRP asked Nepal to provide (a) an explanation of how the government will increase domestic resources for HIV; and (b) a contingency plan outlining how the government would ensure continued coverage of ARVs and other essential elements of the response in the event that the increase in domestic funding for HIV does not materialize.

For TB, the TRP expressed similar concerns and made similar requests.

For malaria, there is concern that the analysis focused only on disease burden, financial gap and total health expenditure levels. In addition, there was limited information on how the in-country financial management systems will be strengthened to allow for greater accountability and better assurance that the health system is functioning in an effective, efficient and equitable way for the three diseases.

The TRP recommended that the applicant develop a long-term financial sustainability plan for malaria elimination that is not only tailored to the disease burden, financing gaps and health expenditure levels of the country, but also takes into account fiscal space and absorptive capacity — and explains where and how the Global Fund and other partners can have the most catalytic impact on the country's malaria program.

The TRP further recommended that an assessment of the public financial management system be undertaken with the aim of setting out a comprehensive action plan for addressing critical weaknesses in the country's financial management system.

OUTCOME: For HIV, the grant documents state that the issue was cleared during grant-making, but they don't say how. For TB and malaria, the issue was not scheduled to be addressed until grant implementation.

ISSUE 2: Identifying synergies across the grant. There are missed opportunities for synergies across the three disease components. Having one PR manage all three grants presents opportunities for increased efficiencies.

OUTCOME: This was partially addressed during grant-making, but the grant documents don't say how, except to note that a Management Action will require further identification of synergies during 2018 as the grants are implemented.

ISSUE 3: Need for capacity development. The request was focused on training and technical assistance but did not include a systemic approach emphasizing sustainable knowledge transfer and institution building.

OUTCOME: This was partially addressed during grant-making. A needs assessment will be undertaken. A clause has been included in the grant confirmations requiring that the government address human resources gaps and that the PR develop capacity.

Malaria

Issue 4: Insufficient joint political collaboration with India. While Nepal identified the need for stronger cross-border coordination with India to address the rates of infection among returning migrants, there is limited information about how this will be achieved.

OUTCOME: This was partially addressed during grant-making. A cross-border meeting was convened and both countries have agreed to prepare a roadmap by the end of 2018. The country team for Nepal is working with the WHO and other partners to move this process forward.

ISSUE 5: Lack of a gender analysis in the mapping of migrant populations. The funding request lacked a gender and age analysis in the mapping of affected Nepalese migrant populations. These means that the special needs of migrant females such as sex workers, whose access to health services may be more difficult due to sex work-related stigma, were not included.

OUTCOME: This issue will be addressed as part of the current assessment being undertaken to identify the needs of migrants across all grants. The findings will be followed up as a Management Action during grant implementation.

TB

ISSUE 6: Inadequate data along the TB cascade. Insufficient details are provided on items such as the

proportion of key populations (contacts of TB patients, migrants, people living in extreme poverty, prison inmates) to be screened for TB; the proportion of those screened who are presumptive TB cases; the proportion of presumptives tested for TB; the proportion of those diagnosed who initiate treatment; and, of those placed on treatment, the proportion successfully treated.

OUTCOME: The issue was partially addressed during grant-making. The country team is working with the PR and the Nepal Tuberculosis Center to follow up (this is covered by a Management Action in the grant confirmation). The country team is also reinvesting efficiencies (\$300,000) from interventions related to Health Management Information Systems strengthening to activities to strengthen data quality, as recommended by the TRP.

HIV

ISSUE 7: Insufficient prioritization of interventions for female sex workers. Interventions for female sex workers are not included in the funding request and appear only in the PAAR, despite female sex workers being identified as key populations in the national strategy. Until now, a program for female sex workers has been covered by other partners, but this program is not planned to continue beyond 2018–2019. A key module in the national response is therefore at risk of discontinuation.

OUTCOME: This issue was partially addressed during grant-making. Needs for Year 2 have been included in the grant's budget. However, needs for Year 3 are still outstanding. They will be addressed by the country team, using savings realized during grant implementation, in tandem with the work to be undertaken to strengthen the government's contracting mechanism with NGOs.

ISSUE 8: Insufficient information about interventions for migrants and prisoners. Interventions for migrants and prisoners were not included in the funding request. Interventions for both key populations are to be conducted by the government, supported by domestic resources. However, the funding request provided insufficient information about the interventions.

OUTCOME: This was partially addressed in grant-making. Needs assessments for migrants and prisoners are being undertaken. Lump sums of \$100,000 for each group have been set aside within the budget to be used by the PR to encourage pro-active programming for these groups. There is a requirement in the grant confirmation that the Global Fund approve detailed budgets before the PR can access the funds.

Matching funds

The TRP considered that all of the activities described in the matching funds request to remove human rights barriers are in line with Global Fund and UNAIDS human rights technical guidance, based on evidence from global practice, and are likely to have a high impact in the country context.

The activities include: advocacy groups; support groups; legal literacy; campaigns to reduce stigma and discrimination in the community; training for healthcare workers and police to reduce stigma and discrimination; development of a monitoring system to capture stigma and discrimination data and to provide rapid response; and advocacy activities for legal reform.

However, the modules and interventions listed do not align with the modules in the Global Fund modular framework. The TRP asked Nepal to use the human rights module in the modular framework and to re-organize the work accordingly. For its part, the GAC noted potential challenges in reaching care and diagnostic targets if no progress is made on human rights. The TRP recommended all activities under the matching funds allocation (the budget was \$1.3 million) — despite the fact that the request did not fully meet the conditions for matching funds. The TRP considered that a 1:1 match using domestic funds instead of a 1:1 match using allocation funds (as is required) still demonstrated a strong commitment to the strategic priority area. That said, the completion of human rights baseline assessments has been

delayed and the matching funds have been ring fenced in the grant budget until Q2 2018, when the national budget is finalized and the specific activities that will be financed from the government match are detailed.

The funding landscape, co-financing and sustainability

The funding landscape is depicted in Table 2.

Table 2: Overview of Nepal's funding landscape in 2018–2021 (\$ million)

Component: Malaria

| | | | |
|-------------------------------------|--------|----------------------|-----------|
| Estimated funding need for program: | 24.9 m | As % of funding need | Change vs |
| Total domestic resources | 10.7 m | 43% | Increase |
| Total external resources (non-GF) | 0.06 m | 0.2% | Decrease |
| Total Global Fund resources | 4.1 m | 17% | Decrease |
| Total resources available | 15 m | 60% | Increase |
| Unmet need gap | 9.9 m | 40% | Decrease |

Component: TB

| | | | |
|-------------------------------------|--------|----------------------|-----------|
| Estimated funding need for program: | 89.1 m | As % of funding need | Change vs |
| Total domestic resources | 48.2 m | 74% | Increase |
| Total external resources (non-GF) | 0.0 m | n/a | Decrease |
| Total Global Fund resources | 16 m | 18% | Decrease |
| Total resources available | 64.3 m | 72% | Increase |
| Unmet need gap | 24.8 m | 28% | Decrease |

Component: HIV

| | | | |
|-------------------------------------|---------|----------------------|-----------|
| Estimated funding need for program: | 138.9 m | As % of funding need | Change vs |
| Total domestic resources | 32.5 m | 23% | Increase |
| Total external resources (non-GF) | 8.6 m | 6% | Decrease |
| Total Global Fund resources | 22.8 m | 16% | Decrease |
| Total resources available | 63.9 m | 46% | Increase |
| Unmet need gap | 75.0 m | 54% | Decrease |

The Ministry of Health is increasing its contributions for the national disease programs, including taking on the financing of core commodities. With significant decline in donor funding, due to what the GAC described as a lower Global Fund allocation, the government has taken steps to sustain the malaria response by significantly increasing its commitments for the next implementation period. Compared to the annual average contribution of about \$600,000 in the previous phase, the average annual domestic commitment for the next implementation phase is approximately \$2.6 million. Starting in fiscal year 2018–2019, the government will take full responsibility for procurement of long-lasting insecticidal nets (LLINs) that were previously financed by the Global Fund.

For TB, Nepal has undertaken to nearly triple its commitments for the next implementation period, specifically committing to increase funding to procure 100% of first-line drugs (up from 50%) and 62% of second line drugs (up from 0%). The Ministry of Health is also increasing its contributions for the national TB program, including taking on financing of core commodities for the TB program and funding a significant part of the Prevalence Survey.

To sustain the HIV response, the government has undertaken to triple its commitments for the next implementation period. Compared to the annual average contribution of about \$2.7 million in the current phase, average annual domestic commitments for the next implementation phase will be about \$9.0 million. With a major share of Global Fund resources targeted for key population programs, government commitments are focused on other priorities. The government has committed to fully absorb the costs of ARV procurement from 2018–2019 onwards. The government has also committed to assume full financial responsibility from the next fiscal year for interventions that previously received significant Global Fund support, including the program for the elimination of vertical transmission of HIV; TB-HIV interventions; salaries of health staff hired specifically for the HIV program, such as HIV counsellors; and prevention programs for migrant and prison populations.

In addition, the Global Fund will work with the Ministry of Health to strengthen its contracting mechanism with NGOs to support further financing of key populations.

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