Mixed results from audit of Global Fund grants in Nepal, says OIG

The Office of the Inspector General (OIG) of the Global Fund, in its second audit of grants in Nepal, found that the country has made significant progress in the fight against HIV, tuberculosis and malaria. The number of patients on antiretroviral treatment has increased by 25% in the last three years, the TB treatment success rate is 91%, and malaria cases have declined so significantly that the country might be able to eliminate malaria ahead of the planned year of 2026.

The OIG's audit of Nepal's grants was published on 28 August 2019.

The OIG audit opinion is that Nepal's systems and mechanisms to ensure quality of services for HIV and TB to intended beneficiaries are partially effective. However, the implementation arrangements to ensure efficient and sustainable achievement of grant objectives need significant improvement. The OIG uses a four-tier rating: ineffective, need significant improvement, partially effective, and effective.

This article summarizes the OIG's audit report.

Country context and recent constitutional changes

Nepal is a landlocked country located between India and China, with a population of 29.9 million. It is the only low-income country in South East Asia.

HIV in Nepal is concentrated in key populations, with a prevalence of 8.5% among people who injectdrugs and male sex workers, 5% among men who have sex with men, and 7.3% among transgenderindividuals. In the general population, HIV prevalence in adults (aged 15-49) was 0.2% in 2015, andtrending downward over the last few years.

Tuberculosis (TB) is a public health problem in Nepal, as it is the sixth leading cause of death in the country. The estimated rate of TB incidence is 156 and estimated mortality rate is 20 per 100,000 people. Nepal has malaria under control; the malaria burden declined steadily by 97% between 1985 and 2016. Malaria testing increased by 76% from 118,165 in 2015-2016 to 207,581 in 2016-2017. In 2017, only three people died of malaria in the country.

In September 2015, Nepal adopted a new constitution, launching a federalization process that transformed the administration of the country including the health sector. The country now has three levels of government: federal, provincial and municipal (local). For health-related matters, the federal government, through the Ministry of Health and Population (MoHP), is in charge of policy-making, regulations, standards development, and monitoring.

The provincial and local governments are in charge of delivery of health services. Nepal created a Ministry of Social Development (MoSD) to oversee the newly-created Provincial Health Directorates. This new administrative structure eliminated districts and their Public Health Offices (DPHOs), which included units that used to coordinate and report on Global Fund grants, among other activities. (These units were reinstated in the first quarter of 2019 due to implementation challenges created by the revised administrative structure.)

Nepal is a Global Fund 'core country', meaning it has a large portfolio, a high disease burden for at least one disease, and is considered 'high risk'. The Global Fund measures risks in five areas: impact, including sustainability and transition; program quality and efficiency; reputation; drug- and insecticide resistance; and ethics.

The Secretariat placed Nepal under the Additional Safeguard Policy (ASP) in 2015 following a devastating earthquake. In addition, government PRs had weak financial and oversight management resulting in financial irregularities; grants managed by the government PR showed "consistent poor […] performance". These weaknesses appear related to the "weak state capacity" which meant that government was unable to deliver essential services, according to the OIG report. The result was that the Global Fund decided to appoint an international NGO, Save the Children, as PR for all its grants in Nepal. Save the Children has been the only PR since 2015. The OIG conducted an earlier audit of the Global Fund grants in Nepal in 2010.

Table 1: Global Fund grants audited in Nepal

Disease and Grant Number	Principal Recipient	Signed amount (US$)	Amount (US$)
Active grants covering years 2018-2021			
HIV/ NPL-H- SCF	Save the Children Foundation, Inc	23,264,144	8,497,81

Malaria/ NPL-M- SCF	Save the Children Foundation, Inc	4,208,547	1,443,85
Tuberculosis/ NPL-T- SCF	Save the Children Foundation, Inc	16,138,548	6,944,41
Total	Save the Children Foundation, Inc	43,611,239	16,886,0
Closed grants covering years 2015-2018			
HIV/ NPL-H- SCF	Save the Children Foundation, Inc	23,956,016	23,523,7
Malaria/ NPL-M- SCF	Save the Children Foundation, Inc	10,593,376	9,792,27
TB/ NPL-T- SCF		17,643,621	16,351,0
Total		52,193,013	49,667,0

Key achievements and good practices

The OIG report emphasizes two main achievements of the Global Fund grants in Nepal: the good performance of the grants and the good working relationships between the state, key populations, civil society, and community representatives.

The Global Fund grants contributed to increasing the number of people on antiretroviral therapy by 25% from 12,000 in 2015 to 15,000 at the end of 2017, and to reducing AIDS-related deaths by 22% between 2007 and 2017. TB treatment coverage was 70% in 2017, and the treatment success rate has remained relatively stable at 91% since 2017. The country has witnessed a significant decline in confirmed malaria cases, from 42,000 in 1985 to 1,009 in 2016. Malaria-related deaths decreased from 32 in 2006 to three at the end of 2017; the World Health Organization WHO has identified Nepal as having the potential to eliminate malaria by 2020, six years ahead of schedule in the national strategic plan.

Key issues

The OIG report detailed four key issues:

1. Lack of clarity in the roles and responsibilities of the different levels of government in the provision of health care

The OIG asserted that the post-federalization led to a lack of clarity in the roles and responsibilities of the different levels of government in the provision of health care. This uncertainty has slowed down the supply chain, almost halting the funding flow, and leading to incomplete reporting of programmatic and logistics data. For instance, the distribution of TB and malaria drugs by the central warehouse to provincial facilities

was delayed, leading to commodities' expiring and a high risk of stock-outs at service-delivery centers. HIV screening test kits worth $400,000, capable of performing approximately 400,000 tests, were at risk of expiring in the central warehouse in April and May 2019.

The oversight, accountability and reporting arrangements of the grants may also be jeopardized, the OIG said, because the Principal Recipient (PR) does not have any contract with the Ministry of Social Development (MoSD) or the Provincial Health Directorates, which are the institutions in charge of health service delivery in the new, federalized constitutional structure.

2.Sustainability of the three disease programs and co-financing

The second concern highlighted by the OIG is the sustainability of the three disease programs and the fact that the government has failed in the first two years of this grant cycle to fulfill its commitment to purchase the HIV commodities. The government had committed to procuring US$1.75 million worth of ARVs and test kits in 2018, but only procured US$0.85 million (49%) leading to possible stock-outs of antiretroviral medicines from September 2019 if no solution is found.

In addition, national disease programs' capacity is sub-optimal, with limited human resources allocated to the national disease programs and a high turnover of staff. In response to this situation, the PR has embedded its staff within the national disease programs not only to get the Global Fund program work done but also to help build national disease programs capacity; yet, the PR had not conducted a formal capacity need assessment.

3.Inadequate access to quality HIV testing and monitoring of clients on treatment

The OIG report also stressed the inadequate access to quality HIV testing and monitoring of clients on antiretroviral treatment. Less than half of the key populations reached with HIV prevention services got tested between November 2017 and December 2018. Among those tested, the prevalence was low. For instance, the proportion of tests performed that are positive, which is called 'testing yield', and prevalence rates of key populations are:

- People who inject drugs: 0.06% vs. 8.5%;
- Men who have sex with men: 0.14% vs. 5.0%;
- Transgender: 0.14% vs. 7.3%;
- Male sex workers: 0.14% vs. 8.5%.

Such discrepancies between known prevalences in key populations and positive test results in a screening intervention indicates that the strategy for finding most-at-risk persons for HIV may not effective; the intervention misses a huge proportion of people who are positive.

The OIG also noted the limited external quality assurance for the HIV laboratories. In the same vein, viral load testing for clients on treatment is low (31%) due to an eight-month delay in obtaining duty waivers from the Ministry of Finance for cartridges for GeneXpert, the machine used to test a patient's viral load.

Viral load information is necessary to ensure the right treatment approaches as well as to understand if a Person Living With HIV (PLWH) is still at risk of transmitting HIV. The GeneXpert machines experienced downtime of 6.3 months 2.8 months in 2017 and 2018, respectively. There is no central system to monitor the functionality of GeneXpert, the quality of tests, or the availability of supplies for the machines. This monitoring is necessary to assure that the supplies are available and tests results are reliable.

1. TB case notification interventions are ineffective

The fourth issue is that TB case notification is low and interventions to address it are ineffective, according to the OIG report. The TB program requires that for all patients with pulmonary bacteriologically-confirmed and childhood TB, all household contacts be traced and tested. Although the program does very well in tracing and testing family contacts, the testing yield, the proportion of tests performed that are positive, is low. Of 10,394 presumed family members referred or sputum samples collected for sputum microscopy, only 250 cases were diagnosed as positive for TB (i.e. 2.4%), compared to a target of 10%. The discrepancy is due to the lack of clear guidance on active case finding, and inadequate monitoring mechanisms for the volunteers who are tracing contacts. Undetected cases, if unaddressed, may increase TB morbidity and mortality.

The deficiencies with the functioning of the GeneXpert machine hampers the TB program, too, as the GeneXpert machine is used both for HIV viral load tests and for TB: the GeneXpert machine can confirm a TB diagnosis fast and accurately. According to the OIG report, only 12.7% of samples of smear-negative presumptive TB cases screened with microscopy were transported to GeneXpert centers for confirmatory tests; this proportion would be higher if the GeneXpert machines did not experience such major downtime.

Another contributing factor to Nepal's low TB-case notification is the limited engagement of the private sector. Nepal is implementing "Pay for Performance", an innovative arrangement to incentivize the private sector in TB case notification in 15 districts. The OIG states the intervention is unappealing to the private providers because training hours for the intervention conflicts with their regular working hours, and the financial incentive per notified case is unattractive. Thus, only a small proportion (24% of the target) of private health providers registered to use the tool to notify cases of TB; and only a tiny proportion of TB case notified originates from the private sector. The root cause of this ineffective engagement of the private sector is the absence of a nationally-endorsed public-private strategy.

Agreed Management Actions

The agreed management actions are all directed to the Head of Grant Management in the Secretariat. The Secretariat, working with the Principal Recipient, the government, and other partners, when relevant, will:

1. Highlight areas where roles and responsibilities of the relevant entities at the three levels of Government need further clarification to ensure appropriate grant implementation. The deadline for this action is 30 June 2020.
2. Assess the capacity-building needs of the staff involved in the implementation of national program activities, develop a capacity assessment report and a costed capacity building plan by 31 December 2020.
3. Develop an Action Plan to strengthen the quality of testing and monitoring of patients on treatment across HIV programs in Nepal. This action is due by September 2020.
4. Develop clear guidance on means of improving testing yields; and national public-private strategy for TB to strengthen the quality of testing and monitoring of TB patients, by 30 September 2020.

Further reading:

- This audit report, Audit Report Global Fund Grants in Nepal 28 August 2019 (GF-OIG-19-015)
- OIG Audit Report on Global Fund Grants to Nepal 26 February 2010 (TGF-OIG-09-006).

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