HARM REDUCTION FINANCING LANDSCAPE ANALYSIS IN NEPAL

HARM REDUCTION INTERNATIONAL

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ISBN 978-1-915255-07-5

Copy-edited by Samantha Hodgetts

Designed by Bikas Gurung

Published by

Harm Reduction International 61 Mansell Street
Aldgate
London
E1 8AN
United Kingdom

Harm Reduction International (HRI) is a leading non-governmental organisation (NGO) dedicated to reducing the negative health, social and legal impacts of drug use and drug policy. We promote the rights of people who use drugs and their communities through research and advocacy to help achieve a world where drug policies and laws contribute to healthier, safer societies. The organisation is an NGO with Special Consultative Status with the Economic and Social Council of the United Nations.

Research and analysis for this report was carried out by Apurva Rai, in consultation with Catherine Cook and Gaj Gurung.

Acknowledgment from the author

I would like to express my sincere gratitude to the colleagues from HRI for supporting me to complete the assignment. I would like to express our special thanks to Recovering Nepal, SPARSHA Nepal, National Center for AIDS and STD Control (NCASC), Save the Children Nepal, Richmond Fellowship Morang, Recovering Nepal-Women and UNAIDS-Nepal Country Office for their valuable inputs and assistance. My particular thanks go to the representatives of civil society organizations and external development partners, especially Mr. Bishnu Fueal Sharma, Mr. Ujjwal Karmacharya, Mr. Komal Badal, Dr. Keshab Deuba, Dr. Prakash Shakya, Mr. Sushil Khatri, Mr. Roshan Shrestha, Mr. Sanjeev Chapagain, Ms. Sonam C. Sherpa, and Ms. Manila Dahal, who shared their experiences to provide the perspectives included in this report. Without them, it would have been impossible to produce this report. It is their perspectives that shape this study.

This report was made possible by a financial contribution from UNAIDS.

TABLE OF CONTENTS

EXECUTIVE SUMMARY 1 - 3

SECTION 1: OVERVIEW 4 - 6

1.1 Objective of the study

1.2 Methodology

1.3 Limitations

SECTION 2: OPERATIONAL LANDSCAPE 7 - 12

2.1 Legal and policy environment for CLOs, CBOs, and CSOs

2.1.1 National policy on HIV and STI, 2011

2.2 Policy framework and mechanisms for social contracting of CLOs, CBOs, and CSOs for harm reduction

2.3 Integration of harm reduction in health and HIV planning processes at the national and sub-national levels

2.4 Participation and involvement in planning and decision-making platforms at the national and sub-national levels

SECTION 3: FINANCIAL LANDSCAPE 13 - 22

3.1 Current levels and sources of harm reduction funding in the country, including recent funding fluctuations or changes

3.2 Domestic public financing for the harm reduction response

3.3 Existing analyses on the resources required to fund harm reduction at the national or subnational level, including resource needs estimates, resource gap analyses and/or allocative efficiency analyses

3.3.1 Nepal National AIDS Spending Assessment (NASA Nepal) 2016-2017

3.3.2 Gaps and challenges for accessing domestic funding, particularly for CLO, CBO, and CSO harm reduction service provision

SECTION 4: MAPPING TARGETS AND OPPORTUNITIES 23 - 26

4.1 Existing prioritisation processes and mechanisms for improving efficiency in national or sub-national programme planning and resource allocation

4.2 Advocacy efforts or existing practices to priorities Harm reduction in Nepal

4.3 Opportunities for harm reduction funding within the broader domestic health financing environment

4.4 Opportunities for budget advocacy

SECTION 5: ANNEXES 27 - 31

5.1 List of Community, Civil Society and Stakeholder Consultation

Participants
5.2 Laws and policies with implications to Harm reduction in Nepal
5.2.1 Constitution of Nepal 2015
5.2.2 National Directive Act (1961)
5.2.3 Associations Registration Act, 2034(1977)
5.2.4 Social Welfare Act, 2049 (1992)
5.2.5 The Public Health Service Act, 2075 (2018)
5.2.6 Public procurement Act 2063
5.3 NCASC Budget Absorption
REFERENCES **32 - 35**

LIST OF ABBREVIATIONS

AIDS	Acquired Immunodeficiency Disease Syndrome
ARV	Antiretroviral
BCC	Behaviour Change Communication
CBO	Community Based Organization
CCM	Country Coordination Mechanism
CCMN	Country Coordination Mechanism Nepal
CG	Conditional Grant
CLM	Community-Led Monitoring
CLO	Community-Led Organization
CMC	Centre for Mental Health and Counseling-Nepal
CSO	Civil Society Organization
DTCO	District Treasury Controller Office
GF	Global Fund
GoN	Government of Nepal
HCV	Hepatitis C
HIV	Human Immunodeficiency Virus
IEC	Information, Education & Communication
KP	Key Population
LL	Local Level
MoF	Ministry of Finance
MOHP	Ministry of Health and Population
NAPN	National Association of People Living with HIV/AIDS in Nepal
NCASC	National Center for AIDs and STD Control
NGO	Non-governmental Organization
NHSSP	Nepal Health Sector Support Programme
NNRFC	National Natural Resources and Fiscal Commission
NPR	Nepali Rupees
NSP	Needle Syringe Program
OST	Opioid Substitution Therapy
PG	Provincial Government
PR	Principal Recipient
PTCO	Provincial Treasury Controller Office

PUD	People who Use Drugs
PWID	People Who Inject Drugs
SU	Spending Unit
SuTRA	Sub-national Treasury Regulatory Application
SWAp	Sector-wide Approach
SWC	Social Welfare Council
TABUCS	Transaction Accounting and Budget Control System
TUTH	Tribhuvan University Teaching Hospital
TWG	Technical Working Group
UHC	Universal Health coverage
UNICEF	United Nations International Children's Emergency Fund
UNODC	United Nations Office on Drugs and Crime
WHO	World Health Organization

EXECUTIVE SUMMARY

This report was prepared using the HRI tool to identify challenges and opportunities for increasing domestic financing for harm reduction. This document aims to assess the legal and policy environment, evaluate the financial landscape, and to map opportunities, targets, and partners for advocacy. It discusses the key domestic harm reduction funding issues in Nepal, reflecting on the current funding landscape and exploring opportunities for viable mechanisms to accelerate domestic funding and social contracting in Nepal.

Nepal's 2015 constitution mandated a transition to a federal structure with three levels of government: central, provincial, and local (municipal). Following the 2017–18 elections, all three tiers of government were established. A clear division of functional responsibilities and accountabilities across all three levels of government is still required, notwithstanding the constitution's lists of absolute and concurrent functions at each level of government. Despite the new rules and regulations, the devolution process is far from finished. For instance, staff distribution and assignment to various levels of government is still ongoing. Understanding of these aspects is important to frame the nation's scope of increasing domestic financing. This federalization process could be an opportunity to incorporate harm reduction and other health services for people who use drugs in the national health system.

According to the Health Sector Budget Analysis published in 2022,[1] universal health coverage (UHC) suggests that lower and middle-income countries should spend at least 5% of their GDP on health, which translates to USD$ 86 (NPR 9,630) per capita. This analysis confirms that the Government of Nepal's health spending as a share of the GDP is far less (2.4% in FY 2020/21) than the desired level. The analysis suggests that the current investment in health is not sufficient to achieve UHC or the health-related sustainable development goals (SDG) targets by 2030. A large majority of the health budget remains at the federal level.

The National Coordinating Committee for Drug Abuse Control, chaired by the Home Minister, is the highest body and is responsible for the overall formulation of national policy matters in the areas of drug abuse control (including harm reduction) and law enforcement. Under this, the Executive Committee for Drug Abuse Control has the overall administrative responsibility for the implementation of the approved policy and programmes.[2]

In terms of meaningful involvement of community-led organisations (CLOs), community-based organisations (CBOs), and community society organisations (CSOs) in the federal or central level is prominent but that is not the case at the provincial and local level. However, there are some CLOs, CBOs, and CSOs that are quite active and are involved in the provincial and local level due to their personal affiliation with political parties. Apart from the government platforms, Country Coordination Mechanism (CCM) and separate Technical Working Groups (TWG) for HIV, HCV, and harm reduction, there are other multi-stakeholder committees where the involvement of CLOs, CBOs, and CSOs is both significant and meaningful.

The mid-term assessment of the Breaking Down Barriers initiative published in 2021 shows that the Global Fund and USAID/PEPFAR, in particular, provide the majority of the financing

1 Health Sector Budget Analysis, 2022 https://www.nhssp.org.np/Resources/HPP/Final%20Budget%20Analysis%20of%20Health%20Sector-Five%20Years%20of%20Federalism.pdf

2 The Official Portal of Government of Nepal, Drug (Narcotic Law) http://nepal.gov.np:8080/NationalPortal/view-page?id=166

for Nepal's HIV response. Due to factors such as political instability and change of leadership from time to time, it has been very difficult to develop road maps for social contracting for harm reduction services and HIV service delivery. Due to the lack of capacity among the CLOs, CBOs, and CSOs, there hasn't yet been any structured budget advocacy for harm reduction services, despite of its proven efficacy in reducing prevalence of HIV among people who inject drugs from an estimated 68% to 8.5% in Kathmandu within two decades.[3]

When it comes to harm reduction funding in Nepal, Save the Children/Global Fund and ViiV Healthcare UK are the only two development partners financing harm reduction services. The country's progress report in 2020 found that both the needle and syringe distribution programme and the OST programme had poor coverage, underscoring the necessity of expanding these programmes nationwide. In 2006, Nepal released its most recent edition of its drug control policy,[4] with one of its goals being to reduce the risk of HIV, hepatitis, and STI transmission among people who use drugs and their families.

There is a need for more emphasis on domestic financing and social contracting for the sustainability of the harm reduction programme in the country, as the funding landscape is expected to shrink in a couple of years from now due to the fact that Nepal will be a middle-income country by 2026.

Key Findings and Recommendations

This study found that there was a lack of domestic funding for harm reduction in Nepal, as well as poor knowledge of budget advocacy and social contracting strategies among both policymakers and representatives of CLOs, CBOs, and CSOs. According to the findings of this mapping, we recommend wider national and regional stakeholder engagement towards prioritising and improving domestic funding for Nepal's harm reduction programme.

Finding 1: There is a lack of structured advocacy effort for domestic funding for harm reduction due to the lack of advocacy capacity of CLOs, CBOS, and CSOs in Nepal.

Recommendations:

- Increase advocacy and technical competency of the CLOs, CBOs, and CSOs at the national and provincial level.
- Develop position papers on the efficacy of harm reduction for different provinces as per their local context for the leaders, policy makers, and stakeholders.
- Conduct stakeholder mapping for budget advocacy.
- Conduct training for representatives of CLOs, CBOs, and CSOs on social contracting mechanisms and budget advocacy at federal, provincial, and local level
- Conduct advocacy for a social contracting mechanism and budget at federal, provincial, and local levels.

3 HIV Epidemic Update of Nepal-Fact sheet 7-2020, (page 25) http://www.ncasc.gov.np/WAD2020/Factsheet-2020-S.pdf

4 National Policy for Drug Control, 2063 (2006) https://www.lawcommission.gov.np/en/wp-content/uploads/2018/09/drug-control-national-policy-english-version-1627.pdf

Finding 2: Lack of understanding and negative attitudes towards harm reduction among government officials and leaders. The 1976 Narcotic Drugs (Control) Act, which is still in force, criminalises the use of drugs, possession of drugs for personal use, and 'addiction' to drugs. These drug control laws contradict the current policy environment and hinder implementation of comprehensive harm reduction programmes.

Recommendations:

- Sensitise key government officials on harm reduction at central, provincial, and local levels.
- Sensitise parliamentarians and key policy makers.
- Create policy champions at different levels of the government system.

Finding 3: Lack of meaningful involvement of CLOs, CBOs, and CSOs at the macro level of planning and decision-making forums. Their involvement in the implementation (micro) level is substantial and significant, as the government and the External Development Partners (EDP) realise that their participation at this level is imperative.

Recommendations:

- Conduct interaction meetings among the National Coordinating Committee (led by the Ministry of Home Affairs) and Executive Committee (chaired by the Secretary of Home Affairs) at the central level; and the Planning Committee (chaired by the head of the planning division) at the provincial and local levels.

Finding 4: Lack of policy dialogue between sectors of government responsible for HIV and drug use. E.g, Ministry of Home Affairs is drug control orientated rather than human rights oriented and there is no formal body in Nepal that facilitates dialogue among them.

Recommendations:

- Conduct interaction meetings with the Ministry of Health and Population, Ministry of Home Affairs, Human Rights Commission, National Planning Commission, and External Development Partners (EDPs).

SECTION 1: OVERVIEW

The first AIDS case in Nepal was reported in July 1988. Since then, the number of people living with HIV has steadily escalated. There were an estimated 29,503 people living with HIV in 2020[5] and the prevalence among the adult population was below 1%.

The adult HIV prevalence is 0.13% among the 15-49 age group. Available data by epidemic zones shows wide variation, with prevalence among men who have sex with men in the Terai Highway Districts of up to 8.2%, and 8.5% among people who inject drugs in Kathmandu. Routine mathematical modelling carried out by National Center of AIDS and STI Control (NCASC) shows that migrants, men who have sex with men, and transgender people account for the highest percentage of new HIV infections, with 25% of new infections among migrants and 19% among men who have sex with men and transgender people; female sex workers account for 9% of new infections, male sex workers for 8%, and people who inject drugs for 2%.[6]

The HIV epidemic has evolved from a 'low prevalence' to a 'concentrated epidemic', i.e., a low prevalence of HIV infection in the general population, but a higher prevalence in specific sub-populations of people who inject drugs, men who have sex with men, transgender people, male sex workers, female sex workers, and male labour migrants and their spouses.[7]

Nepal was one of the first countries in the region of the South Asia Association of Regional Cooperation (SAARC) to recognize harm reduction interventions, including needle and syringe programmes, as a strategy for prevention of HIV transmission among people who inject drugs. The first needle and syringe programme (NSP) was reportedly set up as early as 1991 in Kathmandu Valley by the Lifesaving and Lifegiving Society (LALS).[8] At the same time, Nepal is also the first country in the region to have started a government-approved oral substitution programme in the form of Methadone Maintenance Clinics (MMC).

Methadone is a Schedule-A drug under the Drug Act 2035 and must be approved by the Ministry of Home Affairs (MOHA) to be imported into the country. Except for one year, methadone was reportedly procured by the WHO. An MMC began at the Kathmandu Mental Hospital in 1995 as a pilot programme, after approval from the MOHA and Ministry of Health (MOH).[9] The Narcotic Drugs (Control) Act 2033 prohibits cultivation, production, preparation, purchase, sale, distribution, export or import, trafficking, storing, or consumption of cannabis and other narcotic drugs.[10]

Targeted interventions are implemented in Nepal with the aim of offering HIV prevention and care services to key populations. The key populations for HIV are people who inject drugs, sex workers and their clients, men who have sex with men and transgender people, male labor

5 HIV Epidemic Update of Nepal 2020 -Factsheet 1. (Page: 1) http://www.ncasc.gov.np/WAD2020/Factsheet-2020-S.pdf
6 IBID 5
7 Country progress report – Nepal. Global AIDS Monitoring 2020 (page:4) https://www.unaids.org/sites/default/files/country/documents/NPL_2020_countryreport.pdf
8 Legal and policy concerns related to harm reduction. https://www.unodc.org/documents/southasia/reports/Legal_and_Policy_Concerns_related_to_IDU_Harm_Reduction_in_SAARC_countries_-_A_Review.pdf
9 IBID 8
10 Narcotic Drugs (Control) Act, 2033 (1976). Chapter 2 Prohibition and Control https://lawcommission.gov.np/en/?cat=407

migrants and their wives, and people in prisons. Targeted interventions are implemented by the provincial level government and other partners.

As per the National HIV Standard Service Package published by National Center for AIDS and STD Control (NCASC) on December, 2020, harm reduction programmes such as Needle Syringe Programme (NSP) and Opioid Substitution Therapy (OST) are key interventions among people who inject drugs in Nepal. Apart from these services HIV testing, outreach, condoms and targeted IEC, BCC, Post Exposure Prophylaxis (PEP), Prevention of Mother to Child Transmission (PMTCT), Sexually transmitted infection (STI) management/referral and follow-up services are catered to the people who inject drugs community.[11] As of now, the Government of Nepal and partners have been implementing the OST programme through 12 sites in 10 Districts.[12]

Table 1: Targeted Interventions-People Who Inject Drugs

Indicator	Achievements						
	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17	Fiscal Year 2017/18	Fiscal Year 2018/19	Fiscal Year 2019/20
Districts covered	23	23	28	13	27	27	27
Reached through BCC	6,570	13,478	31,144	15,249	22,201	27,080	27,067
Condom distributed	610,557	606,171	786,504	12,237	671,631	1,118,664	987,567
HIV tested and counselled	5,332	9,777	15,897	11,478	19,992	25,832	17,613
Needle/Syringe distributed	1,731,095	1,663,213	1,521,054	1,661,546	1,459,464	2,674,136	2,589,409
Received Methadone	–	–	819	909	740	906	672
Received Buprenorphione	–	–	528	145	176	292	216

Source: Save the Children routine program data

The Global Fund through Save the Children supports programmes for responding to TB, Malaria, and HIV in Nepal. Save the Children has been working as the sole principal recipient (PR) of the Global Fund grant in Nepal since 16 July 2015 for HIV, TB, and Malaria. The Global Fund grant is implemented in close collaboration with the Department of Health Services, the National Centre for AIDS & STD Control (NCASC), the National Tuberculosis Centre (NTC)

11 HIV Standard Service Package for Key Population in Nepal - 2020
12 HIV Epidemic Update of Nepal 2020 -Factsheet 8. (Page: 27) http://www.ncasc.gov.np/WAD2020/Factsheet-2020-S.pdf

and the Epidemiology and Disease Control Division (EDCD). The grant is implemented all over Nepal in partnership with governmental and non-governmental service delivery points (SDPs), including 36 non-governmental organisations as sub-recipients (SRs) of the Global Fund grant. They support harm reduction services for people who inject drugs by distributing needles and syringes, and opioid substitution therapy since 2015. *(Table 1)*

Along with Save the Children by Global Fund, ViiV Healthcare UK has been supporting female-centric harm reduction programmes in three different districts of Nepal since 2020.

1.1 Objective of the study

To identify challenges and opportunities for increasing domestic financing for harm reduction in Nepal.

1.2 Methodology

The study was done by means of a two-pronged approach:

The desk-based review – analysis of secondary sources of information in the public domain. Broadly, the information sources included government agency websites (for example, the Ministries of Health, Finance, and Internal Affairs, the National Center for AIDS and STD Control), Government Office websites, community or civil society websites, and those of UN and donor agencies present in the country.

Semi-structured interviews – a formal letter to all stakeholders/respondents involved was written. Each organisation responded by designating a focal point for the discussions, making appointments, and conducting formal consultations using the resources offered by HRI. All the designated respondents signed forms of ethical consent. A 30-minute formal interview was conducted with each participant. Follow-up phone calls and emails were also exchanged where required.

1.3 Limitations

As the financial landscape study is based on secondary data, mainly budget and expenditure data from government sources, implementing partners and UN, it may not reflect the accurate and detailed scenario of the financial landscape of provincial and local level governments. Secondly, Nepal has seven provinces and 77 district, hence the CLO representatives in this study may not have been able to encompass all the local issues.

SECTION 2: OPERATIONAL LANDSCAPE

2.1 Legal and enabling policy environment for CLOs, CBOs, and CSOs

Nepal came up with its latest version of Drugs Control Policy in 2006.[13] This policy includes an objective to minimise the risk of transmission of HIV, hepatitis, and STIs among people who use drugs and their families. Further to this, building upon the plinth of the Drugs Control Policy 2006, the Ministry of Home Affairs' Drug Control Strategy 2066 (2010)[14] includes the objective of controlling the transmission of HIV, HCV, and STIs. It has clearly envisaged the expansion of the OST programme, including within prisons, executed by the government and private hospitals, as well as NGOs. Similarly, the Drug Control Strategy 2066, through its objective of controlling the transmission of HIV, HCV, and STIs, has also pointedly envisaged the provision of safe needles, syringes, and condoms through comprehensive outreach activities of harm reduction programmes for people who inject drugs. Furthermore, the National HIV Strategic Plan (NHSP) 2016-2021,[15] sets out strategies to fast-track Nepal's HIV response towards achieving the 90-90-90 treatment targets by 2021 in order to end the AIDS epidemic by 2030. This Strategic Plan adheres to the innovative Identify, Reach, Recommend, Test, Treat and Retain (IRRTTR) approach for all of its key populations – including people who inject drugs – to address the critical gaps in the prevention-treatment continuum by envisaging interventions across the entire HIV cascade, with a focus on case finding and case management.[16]

All of the laws, policies, and strategies in Nepal enable harm reduction programmes except for the Narcotic Drugs (Control) Act 2033 (1976) which contradicts the current policy environment and hinders implementation of comprehensive harm reduction programmes. The Act criminalises the use of drugs, possession of drugs for personal use, and 'addiction' to drugs. According to a 2019 survey of people who use drugs, nearly half of the respondents, including 63% of respondents who injected drugs, had been arrested for drug use or a related offence.[17]

There are no national guidelines to facilitate the meaningful participation and involvement of CLOs, CBOs, and CSOs in health-related planning and decision-making platforms. However, the Country Coordination Mechanism Nepal (CCMN) focuses on performance by linking Global Fund resources to the achievement of the clear, measurable, and sustainable results through strengthening partnerships between the government, private sectors, donors, and NGOs. The participation of communities and people, particularly those living with and directly

13 National Policy for Drug Control, 2063 (2006) https://www.lawcommission.gov.np/en/wp-content/uploads/2018/09/national-policy-for-drug-control-2063-2006.pdf

14 DRUGS CONTROL STRATEGY - 2010 https://www.lawcommission.gov.np/en/wp-content/uploads/2018/09/drugs-control-strategy-2010.pdf

15 National HIV strategic plan 2021-2026) https://www.aidsdatahub.org/sites/default/files/resource/nepal-national-hiv-strategic-plan-2021-2026.pdf

16 Community Based Quality Monitoring study of key Harm Reduction and other healthcare services for People Who Inject drugs in Nepal. https://nepal.savethechildren.net/sites/nepal.savethechildren.net/files/library/Link%20III%20Country%20Report%20%E2%80%93%20Nepal%20under%20ANPUD.pdf

17 Human rights and drug policies in Nepal https://idpc.net/publications/2021/12/human-rights-and-drug-policies-in-nepal

affected by the three diseases, are critical for both the development of funding request and the implementation of the awarded grant funds.[18]

2.1.1 National Policy on HIV and STI, 2011

The national HIV policy outlined the following clauses to facilitate the HIV plan formulation process and harm reduction is prioritised in the national policy on HIV and STIs, 2011.[19]

1. HIV/AIDS and STI control, prevention, treatment and care works shall be given high priority in the state plan and policy for this purpose.
    - While formulating sectoral, periodic and annual plan mainstreaming of HIV and AIDS issue shall be done.
    - Focal points (desks) on HIV/AIDS shall be established in Prime- ministers' office, National Planning commission and line ministries.
2. Meaningful involvement of people living with HIV and high-risk community along with external development partners, donor countries and other stakeholders shall be ensured. In addition, mainstreaming of HIV shall be encouraged in the plan and programs of the international organizations and donor agencies.
3. HIV/AIDS programmes shall be launched through health service providers and other organisations after formulation of quality and credible health service standards.
4. Special programmes for people living with HIV and affected women and children shall be launched by adopting the principle of gender inclusion.

2.2 Policy framework and mechanisms for social contracting of CLOs, CBOs, and CSOs for harm reduction

There is currently no policy framework or mechanism for social contracting of CLOs, CBOs, and CSOs for harm reduction in Nepal. Currently, the government of Nepal in close collaboration with partners is working to develop a suitable mechanism to channel government funding for the community-led responses. A draft proposal with clear action plan and different investment options has been submitted to government for their review and finalization.

The review of the National HIV Strategic Plan (2016-2021) highlighted two important areas that need to be addressed in the national HIV response: meaningful engagement of key populations and CSO networks in HIV response planning, implementation, monitoring and evaluation at all levels; and strengthening resilient and sustainable systems for health (RSSH) and community systems strengthening (CSS) with enhanced investments in human resources, capacity building, strategic information, community-led monitoring and evaluation, advocacy for domestic resource mobilisation, and strengthening access to comprehensive HIV services for key and vulnerable populations.

18 Country Coordination Mechanism - ROB https://ccmnepal.org/wp-content/uploads/2021/09/RoB_CCM-Nepal_January-2019.pdf

19 National Policy on HIV and STI, 2011 https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---ilo_aids/documents/legaldocument/wcms_151409.pdf

Based on the National Health Sector Programme (NHSP) review findings, the new National HIV Strategic Plan for 2021-2026 also includes community-led monitoring as a critical component. UNAIDS in collaboration with government, USAID and Global Fund have initiated Community-Led Monitoring (CLM) initiative in Nepal. As the purpose of community-led monitoring is to serve as a surveillance and accountability community mechanism for health and related services, it will complement the community-based HIV service delivery.

The mid-term assessment on Nepal's Global Fund Breaking Down Barriers Initiative stated that the Nepal Central Government committed to support USD$ 1.3 million in domestic funds to match the Global Fund catalytic grant for 2018-2021.[20] The fund was compromised due to the decentralization process and there was no confirmation or evidence on whether the provincial government upheld these commitments. Importantly, the fund was meant to be used only for activities overseen by the government and not by civil society, unless civil society is contracted by the government for a specific activity. However, these 'social contracting' processes have proven cumbersome due to the lengthy administrative process. This is something to be improved upon in the next funding cycle, as noted in the 2021-2024 funding request. Recently, the Ministry of Health and Population with support from USAID, the Global Fund, and UNAIDS has taken the initiative to study the feasibility and bottlenecks of social contracting in Nepal. The study is in a mid-phase and is yet to be published.

The National HIV Strategic Plan for 2021-2026 recommends strengthening RSSH and CSS with enhanced investments in human resources, capacity building, strategic information, community-led monitoring and evaluation, and advocacy for domestic resource mobilisation, as well as strengthening access to comprehensive HIV services for key and vulnerable populations. Effective planning and implementation of a range of HIV-related interventions and services is the prime responsibility of provincial and local governments by ensuring multi-sector coordination and partnerships for domestic resource mobilisation in the HIV response. In this context, options for partnerships and social contracting with relevant stakeholders create synergies in the community-led local response. Therefore, the capacity of provincial and local governments in participatory planning and budgeting processes of HIV-sensitive health care services will be further strengthened to effectively localise the national response that contributes to continuity and sustainability of HIV services.[21]

2.3 Integration of harm reduction in health and HIV planning processes at the national and sub-national levels

Harm reduction is not explicitly included in the National Health Policy given it's an umbrella of national health policies, but it is placed strategically in the National HIV Policy and Strategy. It is also incorporated in the HIV Standard Service Package for Key Populations.[22] There are provincial level guidelines issued by the National Center for AIDS and STI Control (NCASC) to implement HIV programmes at the provincial level. The OST programme has been included in the provincial level guidelines but not at the local level. The guidelines are available in Nepali

20 NEPAL Mid-term Assessment Global Fund Breaking Down Barriers Initiative (Page: 49) https://www.theglobalfund.org/media/11688/crg_2021-midtermassessmentnepal_report_en.pdf

21 National HIV strategic plan 2021-2026 (page 31) https://www.aidsdatahub.org/sites/default/files/resource/nepal-national-hiv-strategic-plan-2021-2026.pdf

22 HIV Standard Service Package For Key Populations http://www.ncasc.gov.np/uploaded/publication/HIV-Standard-Service-Package-Final-December29-2020.pdf

language on the NCASC website.[23] Despite Nepal being one of the first countries to recognise and adopt harm reduction as a strategy for prevention of HIV transmission among people who inject drugs, it is still not costed for in the national operational plan. However, NSP and OST programmes are included in the national policies, operational plan and strategic information,[24] and the National HIV plan.

Scaling up HIV prevention interventions for key and vulnerable populations has been prioritised by the National Health Sector Programme (NHSP) as one of the key critical areas for fast-track actions to ensure comprehensive HIV prevention services are accessible to key populations, including sex workers, men who have sex with men, people who inject drugs, transgender people, prisoners, and migrants. The NHSP also aims to articulate key strategic actions to implement the Differentiated Services Delivery (DSD) approach to ensure that the most vulnerable groups, such as young people, and key populations with multiple overlapping risk behaviours such as women who inject drugs also involved in sex work, and gay men injecting drugs, are reached. Additionally, the NHSP aims to continue and expand primary prevention interventions, especially for key populations, including information, education, and communication (IEC), behaviour change communication (BCC), condom promotion and distribution, lubricant provision, and harm reduction (NSP and OST) among people who inject drugs.

Harm reduction is included in the National Consolidated Guideline for Treating and Preventing HIV in Nepal.[25] The Ministry of Home Affairs (MoHA) has endorsed the National Guidelines on Opioid Substitution Therapy (OST) (2014), which call for scaling-up and maintaining the quality of OST programmes and retaining beneficiaries of OST (including methadone and buprenorphine) in the programmes.[26]

With regards to the decision-making platforms relevant to harm reduction at the national and sub national levels, the Coordinating Committee for Drug Abuse Control (chaired by the Home Minister) is the highest body that is responsible for the overall formulation of national policy matters in the areas of drug abuse control and law enforcement. Under this, the Executive Committee for Drug Abuse Control has the overall administrative responsibility for the implementation of the approved policy and programmes.[27] Apart from that, the CCM and TWG for HIV, HCV, and OST are other multi-stakeholder committees at the national level.

2.4 Participation and involvement in planning and decision-making platforms at the national and sub-national levels

Representatives from the HIV related CLOs, CBOs, and CSOs are not engaged in health sector planning but are engaged in the national HIV planning process through the CCM.

23 NCASC program guidelines https://www.ncasc.gov.np/program-guideline
24 National Consolidated Guidelines on Strategic Information of HIV response in Nepal 2022-2026 https://www.ncasc.gov.np/publications/251
25 National Consolidated Guideline for Treating and Preventing HIV in Nepal (Page: 2) http://km.mohp.gov.np/sites/default/files/2018-07/National_Consolidated_Guideline_For_Treating_and_Preventing_HIV_in_Nepal.pdf
26 Nepal and the Millennium Development Goals Final Status Report 2000-2015 http://library.nhrc.gov.np:8080/nhrc/bitstream/handle/123456789/797/Nepal%20and%20the%20Millennium%20Development%20Goals%20Final%20Status%20Report%202000-2015.pdf?sequence=1
27 The Official Portal of Government of Nepal, Drug (Narcotic Law) http://nepal.gov.np:8080/NationalPortal/view-page?id=166

However, when it comes to resource allocation, the CLOs, CBOs, and CSOs are not involved in the process at the federal, provincial, and local levels.[28,29] The Federal Ministry of Health and Population (FMoHP)'s Policy, Planning and Monitoring Division (PPMD) is responsible for the entire planning and budgeting process. Based on the budget ceilings provided by ministry of finance, it takes a lead role in finalising the budget details for all departments, divisions, centres, hospitals and councils under their jurisdiction. The concerned departments are responsible for preparing their respective budgets. The PPMD's Planning Unit reviews draft budgets from all departments, centres, hospitals, and councils. The FMoHP organises four Joint Consultative Meetings (JCMs) per year with EDPs to discuss the budget and priority areas. EDPs make their official annual commitments to FMoHP at the fourth JCM.[30]

People who use drugs are represented in the CCM, CLM, and TWG for HIV programmes in Nepal.[31] At the national or central level, the involvement of people who use drugs is prominent and meaningful in terms of implementation, but not so much at the planning and decision-making level. For example, while developing strategies and policies for any programme, global and regional evidence is pushed through UN agencies and the government of Nepal simply adopts it, there is no input from the local level.[32]

Two of the respondents in the formal interviews stated that "at the provincial level, we are involved in the planning process for formality's sake. We don't have much say in the meetings, especially when it comes to harm reduction as it is still considered to be a donor-driven programme by the government officials and the stigma associated to it is still prevalent."[33,34] This particular point was further corroborated by other interviewees.

There are no defined roles and responsibilities allocated to CLOs, CBOs, and CSOs working on harm reduction and other key population programmes within these processes. However, Nepal has recently taken steps towards initiating community-led monitoring with support from PEPFAR and the Global Fund and will monitor:

1. Client satisfaction in accessing HIV-related services;
2. Availability of HIV commodities;
3. Human rights violations against KAP and PLHIV; and
4. Quality assurance of community-based services.

At the moment, community-led monitoring is operationalised in 14 districts with high burdens of HIV, on-going HIV interventions and districts located in different geographical variation to capture different aspects of services. The representative from people who inject drugs is involved in the national and subnational task teams.[35] However, one of the respondents from

28 Formal Interview with Mr. Bishnu Sharma - CEO, Recovering Nepal
29 Formal Interview with Mr. Sushil Khatri - President, SPARSHA NEPAL
30 Health Sector Budget Analysis: First Five Years of Federalism (Page:4,5) https://www.nhssp.org.np/Resources/HPP/Final%20Budget%20Analysis%20of%20Health%20Sector-Five%20Years%20of%20Federalism.pdf
31 Formal Interview with Mr. Ujjwal Karmacharya-CCM Nepal Member
32 Formal Interview with Dr. Keshab Deuba - Sr.Strategic Information Specialist, NCASC
33 Formal Interview with Mr. Sanjeeb Chapagain - Programme Manager, Richmond Morang
34 Formal Interview with Mr. Sushil Khatri - President, SPARSHA NEPAL
35 Formal Interview with Mr. Bishnu Sharma - CEO, Recovering Nepal Mr. Ujjwal Karmacharya - CCM Nepal Member, Dr. Keshab Deuba - Sr.Strategic Information Specialist, NCASC, Mr. Sanjeeb Chapagain - Programme Manager, Richmond Morang and Dr. Prakash Shakya - Senior Technical Advisor - HIV program, Global Fund

the district level stated that "We are invited in the meetings, but there are no specific roles and responsibilities allocated to CLOs, CBOs, and CSOs".[36] It appears that there may be some challenges or limitations in the involvement of CBOs, CSOs, and CLOs in the decision-making processes at the district level in Nepal. To address this issue, it may be beneficial for the district government to develop more structured and defined roles for CBOs, CSOs, and CLOs in their meetings and decision-making processes. Additionally, district officials could engage in more frequent and open dialogue with these organizations and officers to build stronger partnerships and a better understanding of their unique perspectives and needs.

36 Formal Interview with Mr. Sanjeeb Chapagain - Programme Manager, Richmond Morang

SECTION 3: FINANCIAL LANDSCAPE

3.1 Current levels and sources of harm reduction funding in the country, including recent funding fluctuations or changes

Global Fund and ViiV Healthcare UK are the main international sources of harm reduction funding in the country. It was difficult to access reliable harm reduction expenditure data disaggregated by intervention as the budgets are allocated in a lump sum. Below are the budget summaries from Save the Children Nepal/Global Fund and ViiV Healthcare UK.

Table 2: Summary of budget related to Global Fund Grant 2021 to 2023[37]

Particulars	NSP	OST	Total (NPR)	% of total budget of grant
People who inject drugs – Sub-Recipients	3,197,350	817,152	4,014,502	14.46%
Procurement of Opioid Substitution Medicines		654,293	654,293	2.36%
Procurement of Needles and Syringes	567,078		567,078	2.04%
Total	**3,764,429**	**1,471,445**	**5,235,874**	**18.86%**

ViiV Healthcare: The project was awarded to Recovering Nepal in 2021, with the objective of reducing the prevalence of HIV/AIDS, HCV, blood-borne diseases, and other health-related harms among women who use drugs in three different districts of Nepal. The project management cost was supported by ViiV Healthcare and the harm reduction commodities were supported by Save the Children/Global fund through the National Center for AIDS and STD control (NCASC).

Table 3: Summary of budget related to ViiV Grant 2021 to 2023

ViiV Grant				
Year	**2021**	**2022**	**2023**	**Total**
Budget (NPR)	3,748,200.00	8,214,578.54	10,499,095.27	22,461,873.81

Harm reduction is included in the transition planning from international donor support to domestic financing. For HIV service delivery, the NCASC developed the 2019-20 Programme Guidelines to prioritise programmes and guide investments to subnational governments. Examples of areas of responsibility for provinces, as outlined in the guidelines, include OST staff and operating expenses.[38] Out of the 12 OST sites, 8 sites operate at public hospitals

37 Formal Interview with Ms. Manila Dahal, Finance Officer, Recovering Nepal
38 Domestic resource mobilization for HIV in Nepal National and Subnational HIV Financing Landscape page:8 http://www.healthpolicyplus.com/ns/pubs/18505-18901_NepalDRMReport.pdf

and are supported through the conditional grants from government of Nepal *(Table 1)* and the remaining 4 OST sites operate through CLOs and are supported by Save the children-Global Fund.

Table 4: Annual Budget for OST sites at 8 Public Hospitals

Description	Number	Rate	Frequency	Total/site	Total of 8 Govt. sites
Medical Officer	1	48,000	13*	624,000	4,992,000
Staff Nurse/ Health Asst.	2	34,730	13*	902,980	7,223,840
Admin/logistic Officer	1	34,730	13*	451,490	3,611,920
Security Guard	1	20,700	13*	269,100	2,152,800
Child Allowance	5	10,000	1	50,000	400,000
Operational expenses	1	127,530	1	127,530	1,020,240
				2,425,100	(NPR) 19,400,800
*Festival allowance equal to one month salary is included.					
Source: NCASC Program Guidelines 2012-20					

The Ministry of Home Affairs in its Drug Control Strategy (DCS 2066) with the objective of controlling the transmission of HIV, Viral Hepatitis C, and STI has clearly envisaged the expansion of the OST programme to include prisons in the country through implementation by the government and private hospitals, as well as NGOs. However, there is no provision for NSP and OST in prisons,[39] despite two decades of harm reduction in the country.

The country progress report for 2020[40] indicated low coverage in the needle and syringe distribution and OST programmes, highlighting the need for scaling up these programmes across the country. Different methodologies and approaches that are more cost effective should be adopted to make it more 'client-centered' in order to improve demand. New innovations in the OST programme, such as take away doses so that client does not have to visit daily to the OST sites, should be designed and implemented to increase the coverage of the programme in the whole country.[41]

With the exception of funding from ViiV Healthcare specifically earmarked for women-centered harm reduction services and a regional grant from the Global Fund, namely the Key Population Research Advocacy Project, supporting the Community-Based Quality Monitoring study of key harm reduction and other healthcare services for people who inject drugs in Nepal, harm reduction funding within the country remained largely stable without significant fluctuations.

39 Community Based Quality Monitoring study of key Harm Reduction and other healthcare services for People Who Inject drugs in Nepal. https://nepal.savethechildren.net/sites/nepal.savethechildren.net/files/library/Link%20III%20Country%20Report%20%E2%80%93%20Nepal%20under%20ANPUD.pdf

40 Country progress report-Nepal, Global AIDS Monitoring 2020 https://www.unaids.org/sites/default/files/country/documents/NPL_2020_countryreport.pdf

41 IBID 40 (page: 20)

3.2 Domestic public financing for the harm reduction response

There is no specific domestic funding for harm reduction in Nepal. However, human resource expenses for the clinical units at government hospital OST sites are covered by government funding (Redbook).

Nepal has a unique approach to its OST programme: it has a combination of a social support unit (managed by NGOs and led by people who use drugs) and a clinical unit (managed by the hospital). This unique blend of interventions providing psycho-social counselling, clinical dispensing, and medical services is an approach that is considered as a model in the region for OST. Social support is a part of wider services for HIV and AIDS prevention, treatment, care, and support for people who inject drugs, aiming to establishing a continuum of care between psycho-social and bio-medical support for people who use drugs. Located in the same premises as the dispensing/clinical component, it promotes synergies between the civil society partners and the clinical professionals. The human resources at the medical unit are supported by the government of Nepal, and the human resources at the social support unit are supported through Save the Children/Global Fund. It is under the supervision of the TWG on OST led by the Ministry of Home and the Ministry of Health and Population, with representation of civil society, people who use drugs, and other relevant partners. Within the UN system, this project is also a good example of joint programming as various UN agencies (including WHO, UNDP, and UNAIDS) are involved in the design, funding, technical assistance, and implementation of the project.[42] This could be a precursor for domestic funding for Harm reduction in Nepal.

"Government financial commitment to the HIV response has increased. The government committed to covering 100% of the country's procurement of ARVs in 2019-20 and 2020 – 2021, as well as the salaries of health staff hired specifically for the programme (ART, OST, and lab)".[43]

Since the implementation of federalism, both the volume and amount of health budget has dramatically increased, from NPR 46.8 billion in FY 2017/18 to NPR 133.1 billion in FY 2021/22. At the same time, the share of the health sector budget against the national budget rose from 4.6% (NPR 60.4 billion) in FY 2016/17 to 8.6% (NPR 179.6 billion) in FY 2020/21. This clear increase in health sector budget can be attributed to the response to the COVID-19 pandemic and resource allocation in health through internal sources in sub-national governments increasing from 0.5% in FY 2017/18 to 14% by FY 2021/22. This supports the fact that federalism has opened up fiscal space for health.[44]

The strategic actions in this particular context are to increase domestic resource mobilisation in order to ensure continuity and sustainability of HIV services, as well as to strengthen the capacity of provincial and local governments in HIV budgeting and planning processes to ensure integration and mainstreaming of HIV across policies, plans, and programmes.[45]

42 Opioid substitution therapy in Nepal, Learnings from building a national programme, A publication in the German Health Practice Collection https://health.bmz.de/wp-content/uploads/studies/GHPC_Nepal_FinalWEB.pdf

43 HIV National strategic Plan 2021-2026 https://www.aidsdatahub.org/sites/default/files/resource/nepal-national-hiv-strategic-plan-2021-2026.pdf

44 Health Sector Budget Analysis: First Five Years of Federalism (Page:ii)

45 HIV National strategic Plan 2021-2026 https://www.aidsdatahub.org/sites/default/files/resource/nepal-national-hiv-strategic-plan-2021-2026.pdf Page 34,35

The National Health Sector Programme (NHSP) prioritises strategic allocation of resources for fast-tracking the HIV response over the next five years. The investments required for the first fiscal year 2021/2022 amount to USD 34.14 million, increasing every year to reach an investment of USD 43.54 million in the final fiscal year 2025/2026, adding up to a total of USD 199.12 million for the five years.[46] Key populations were the main focus of the NHSP 2016-2021, and the primary focus of HIV prevention interventions was key and vulnerable populations that included female, transgender, and male sex workers and their clients; transgender people; gay men and other men who have sex with men; people who inject drugs; incarcerated people; and mobile and migrant populations. The NHSP recognised the specific vulnerabilities associated with sub-populations of key populations and overlapping risk behaviours, including street-based female sex workers, female sex workers who inject drugs, and transgender and male sex workers. The NHSP's primary focus was on sex workers, notably sex workers who inject drugs, street-based female sex workers, and transgender and male sex workers.[47]

A further increase in domestic investment in HIV is required to ensure the sustainability of the HIV response in Nepal. Apart from this, HIV-related services that relied on this pooled funding[48] need to be assessed and reshaped to fit the new prevention-treatment paradigm and public private partnerships through task-sharing. Multi-year contracts need be issued to CLOs, CBOs, and CSOs, where feasible, to avoid implementation gaps. The government of Nepal has been contributing to the targeted Interventions, particularly for key populations. Apart from this, the government is contemplating financing particularly for ART from its own sources. This initiative will leverage sustainable financing – especially for ART – as well as increase the share of domestic contribution to the national response.[49]

3.3 Existing analyses on the resources required to fund harm reduction at the national or subnational level, including resource needs estimates, resource gap analyses and/or allocative efficiency analyses

There are no existing specific analyses on resources required to fund harm reduction at the national or subnational level that include resource needs estimates, resource gap analyses and/or allocative efficiency analyses.

In general, the government's share of the Ministry of Health and Population budget has been maintained at over 75% from the period 2016/2017 to 2019/2020, except in the year 2018/2019 when it dropped to 66%. Despite the continuous increase in the health sector budget over the years and the reasonably high government share of health budgets, domestic co-financing commitments for HIV have only been partially realised. This can be attributed to competing agendas not only between HIV and TB, but also among other health issues such as the reconstruction of health infrastructure damaged by the 2015 earthquake, which was a major focus of resource allocation in 2017/2018. Moreover, social health insurance has

46 IBID 45 (page: 32)
47 IBID 45 (page:17)
48 Government of Nepal along with major external development partners like World Bank, DFID, GIZ have developed a pooled funding mechanism where government and pool partners put money in one basket for Ministry of Health to plan and disburse the fund.
49 Country progress report – Nepal 2020, https://www.unaids.org/sites/default/files/country/documents/NPL_2020_countryreport.pdf

been prevailing over the government health budget between 2016/17 and 2020/21, and the response to COVID-19 has outdone all other national priorities in the year 2020/21.

Figure 1: Trend of health sector budget as share of national budget

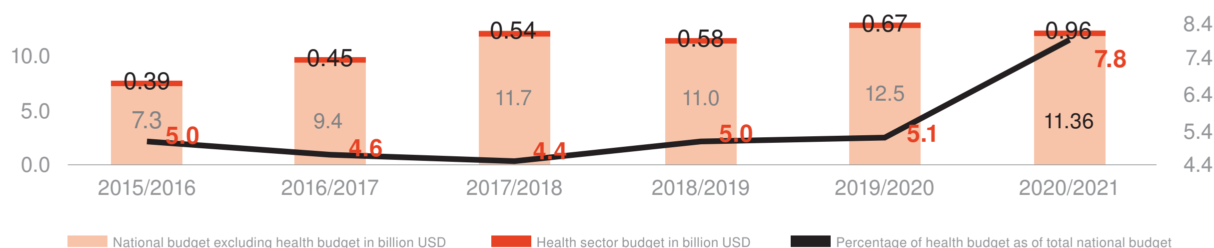


Table 5: Ministry of Health and Population budget by source and absorption rate (%)

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
GoN	79	77	77	66	79
EDP	21	23	23	34	21
Absorption rate of the budget %	78.7	93.9	82.1	83.4	NA
Source: Budget analysis of Health Sector, MoHP 2019					

The Government of Nepal has allocated domestic resources to cover the cost of ARV procurement, condoms, test kits, the majority of prevention of mother to child transmission (PMTCT) programme costs, and the cost of training the health workforce, as well as several activities to address human rights barriers to accessing HIV, TB, and malaria services. The Government of Nepal has committed to sustaining and increasing this financial support for the HIV programme through resource allocations at the federal level. With support from the technical assistance proposed under this grant (RSSH: Integrated service delivery and quality improvement), the government will also be assessing opportunities to access resources for the HIV programme in the expanding fiscal space at local and provincial levels.[50]

The NHSP prioritizes strategic allocation of resources for fast-tracking the HIV response over the next five years. The investments required for the first fiscal year 2021/2022 amounts to USD 34.14 million, increasing every year to reach an investment of USD 43.54 million in the final fiscal year 2025/2026 adding up to the total of USD 199.12 million for the five years.*(Table 1)*

50 Funding Request Form Allocation Period 2020-2022 https://ccmnepal.org/wp-content/uploads/2021/09/NPL_H_FundingRequest_en.pdf

Table 6: Anticipated resources required for NHSP (in USD Million)

Investment Areas	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	Funding Agency
Prevention	12.86	15.02	15.83	16.41	16.74	GoN, GF, USAID
Testing	6.51	7.74	8.24	8.66	8.92	GoN, GF, USAID, AHF
Treatment	4.64	5.21	5.27	5.46	5.78	GoN, GF, USAID, AHF
Care and Support	2.96	3.24	3.30	3.36	3.45	GoN, GF, USAID, AHF
Programmatic Enabler	1.22	0.93	1.22	0.93	1.22	GoN, GF, USAID
Strategic Information	0.99	1.03	1.01	1.01	1.03	GoN, GF, USAID
Plan for addressing human rights barrier	0.50	0.52	0.55	0.68	0.72	GoN, GF, AHF
Management Cost	4.45	5.05	5.31	5.47	5.68	
Total US$ (in million)	**34.14**	**38.74**	**40.73**	**41.97**	**43.54**	

The total anticipated funding estimated to be available from the government and external development partners for the five years is around USD 67.7 million. However, the total investment needed for the implementation of the NHSP (2021-2026) is USD 199.12 million; as such, a little more than one-third is likely to be available of the total need.

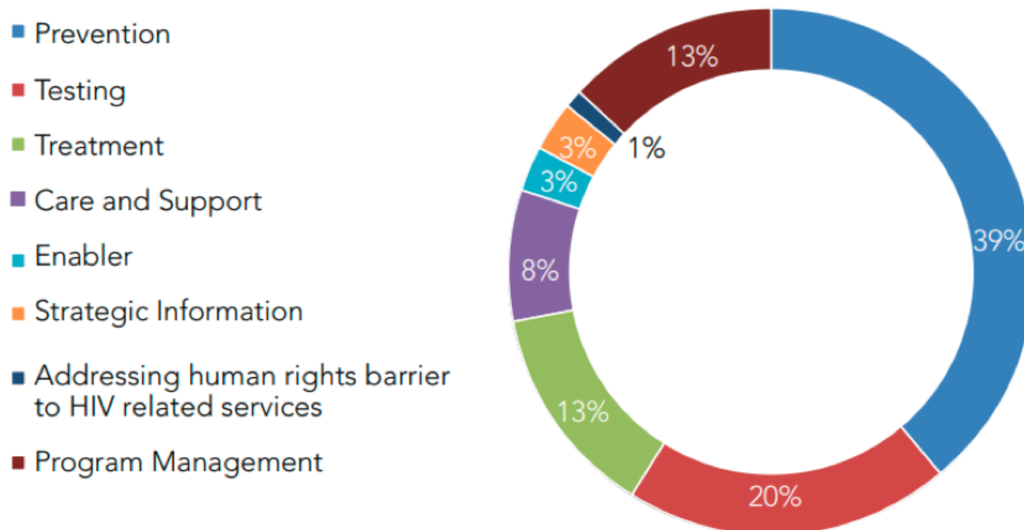
Table 7: Financial landscape of anticipated resources for NHSP (in USD Millions)

Source	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
GoN	5.09	5.35	5.61		
GFATM	6.30	8.60	9.13	3.56	
US Government	8.45	4.70	4.70	4.70	
AHF	0.85				
Other (UN agencies)	0.3	0.1	0.19	0.13	
Total Current Committed	**20.95**	**18.79**	**19.63**	**8.390**	**-**
Projected investment need	34.14	38.74	40.73	41.97	43.54
Funding gap	**13/19**	**19.95**	**21.09**	**33.58**	**43.54**
Source: The Global Fund Funding Gap Analysis 2020					

The investment area of Prevention accounts for 39 percent while Testing requires about one-fifth (20%) of the total requirement of USD 199.12 million. Treatment in combination with Care

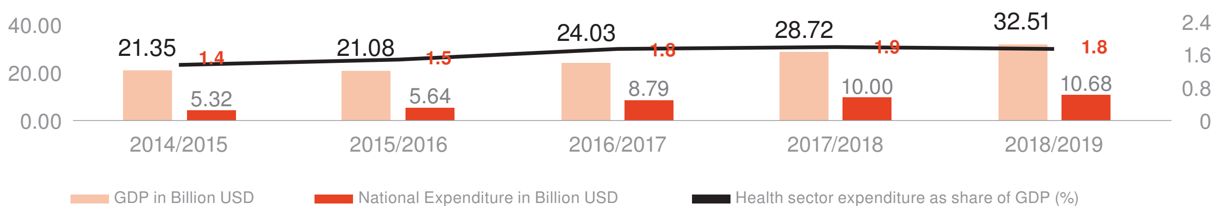
and Support account for a little more than one-fifth (21%). Combined, other investment areas, notably, Programmatic Enabler, Strategic Information and addressing human right barriers, are expected to account for 7 percent of the total requirement.

Figure 2: Proportion of resource required by Investment areas



The budget analysis of the health sector conducted by the Minister of Health and Population in 2019 showed that health expenditure as a share of GDP in Nepal reached 1.8% in 2018/2019, marginally increasing from 1.4% in 2014/2015, while overall national expenditure doubled in this same period to reach USD 10.68 billion in 2018/2019 from USD 5.32 billion in 2014/2015. A Chatham House report issued in 2014 recommended that countries should strive to spend five percent of their GDP to progress towards universal health coverage (UHC). According to this recommendation, Nepal has been investing less in health as a share of GDP than would be necessary to achieve UHC.

Figure 3: Trend of government health spending as a percentage of GDP in Nepal



Source: Health Sector Budget Analysis MoHP, 2019: USD to NPR conversion rates for FY 2014/2015, 2015/2016, 2017/2018, and 2018/2019 are pegged at 99.79, 106.62, 106.48, 104.69 and 113.16 respectively, taking the conversion rate yearly average of July 16 to July 15 of each fiscal year.[51]

51 Funding Request Form Allocation Period 2020-2022 https://ccmnepal.org/wp-content/uploads/2021/09/NPL_H_FundingRequest_en.pdf

3.3.1 Nepal National AIDS Spending Assessment (NASA Nepal) 2016-2017

Table 8: HIV Prevention activities (in USD)

Prevention activities (Broad categories)	2013	2014	2016	2017
PMTCT	148,600	223,769	1,204,619	2,566,328
BCC - not disaggregated	994,070	1,170,190	1,009,463	798,991
VCT - MARP	834,696	609,482	101,088	68,211
Condom Promotion	5,671	99,092	426,531	680,806
Programme - STI	16,509	142,677	-	-
Programme - Migrants	1,963,333	1,596,682	1,202,946	414,117
Programme - Youth	55,715	22,198	-	5,467
VCT - SW	7,741	12,005	288,950	196,773
Programme - SW	181,983	188,874	6,514	793
VCT - MSM	-	-	7,448	27,273
Programme - MSM	1,048,458	875,761	427,232	1,090,220
Programme - IDU	**1,411,567**	**1,574,356**	**1,375,579**	**1,466,246**
OST	262,189	250,789	775,775	828,471
Blood Safety	1,303,002	1,441,570	1,416,230	1,416,230
Total	**8,242,533.51**	**8,207,445.00**	**8,242,373.83**	**9,559,926.93**

Further analysis of prevention activities, broadly re-categorised for ease of reference, revealed that overall trends in certain activities were declining (for example, BCC, youth programmes, NSP), while trends in PMTCT and OST were rising. While the upward trend for PMTCT and OST is understandable, the trends in BCC, youth programmes, and migrants need further exploration as the current data and other information were inadequate to make further interpretations.[52]

Fully executed budgets may assist in the case for domestic resource mobilisation. Budget underspend dilutes a case for higher allocations. Nevertheless, budget underspend on some categories can coexist with a demand for a higher budget for other spending categories, as government ministries and agencies in Nepal have no flexibility to move funds across budget categories. Low absorption rates and a majority of NCASC's budget going to commodities points to potential bottlenecks in the procurement process that need to be identified and

52 Nepal National AIDS Spending Assessment (NASA Nepal) 2016-2017 (Final 2018) (Page 29) https://www.ncasc.gov.np/publications/250

addressed, which will support increasing domestic resource mobilisation for HIV.[53]

Over the first five years of federalism, government spending in health as a share of GDP slowly increased from 1.5% in FY 2016/17 to 2.4% in FY 2020/21. Evidence suggests that countries should strive to spend 5% of their GDP to progress towards UHC. This translates to increasing per capita government spending in health from NPR 1,821 to NPR 3,432 (USD 15-29) in real terms between FY 2016/17 and FY 2020/21. However, in constant terms (base year fixed to FY 2010/11) within the same period, the share of government spending has increased very little, from NPR 1,080 (USD 7.30) to NPR 1,973 (USD 11.30). Chatham House recommends that low-income countries spend USD 86 per capita to ensure universal access to primary care services. Increased dependence on donor funding in the last two years after a steady declining trend in donor share raises a question about sustainability of health financing.[54] This increased dependence has been driven mainly by the Covid-19 response, as well as expansions in the Health Reform Programme and Integrated Health Infrastructure Development Programme, both of which are significantly reliant on donor funding.

Federalism has opened avenues for increased fiscal space in health. Some sub-national governments have been able to tap into those avenues, while others need to be capacitated to do so. A coherent health policy that is acceptable to all spheres of government would help in prioritising health and securing resource allocation. At the same time, a comprehensive policy framework advocating for the consideration of health issues in all policies would facilitate the harmonization of an evidence-based Annual Work Plan and Budget (AWPB) at all levels of government. A discussion around transitioning away from health conditional grants for provincial governments and making them responsible for planning conditional grants for their local governments should be initiated to facilitate proper planning and budgeting, as well as capacity building. A costed health financing strategy that is applicable to all levels of government needs to be formulated.[55]

However, Nepal has been making deliberate efforts to meet the SDG aim of UHC by 2030. Nepal has adopted a four-pronged strategy to achieve UHC, including a) free health services, b) free (disease-focused) health programmes, c) social health insurance programme, and d) a social protection programme (cash transfer programme). It is also planned that the technical support provided to the MoHP would look at ways to help CSOs use these resources and support their service delivery.

3.3.2 Gaps and challenges for accessing domestic funding, particularly for CLO, CBO, and CSO harm reduction service provision

There are no legal and/or policy restrictions for domestic funding. However, there is no domestic funding available for CLOs, CSOs, and CSOs implementing harm reduction programmes in Nepal. Nevertheless, there used to be some domestic funding for harm reduction through a pool fund[56] in 2016, but this was discontinued due to lengthy administrative process and

53 Domestic resource mobilization for HIV in Nepal National and Subnational HIV Financing Landscape page: 11, 12. http://www.healthpolicyplus.com/ns/pubs/18505-18901_NepalDRMReport.pdf

54 Health Sector Budget Analysis: First Five Years of Federalism 2022 http://www.nhssp.org.np/Resources/HPP/Final%20Budget%20Analysis%20of%20Health%20Sector-Five%20Years%20of%20Federalism.pdf

55 IBID 54

56 Government of Nepal along with major external development partners like World Bank, DFID, GIZ have developed a pooled funding mechanism where government and pool partners put money in one basket for MoH to plan and disburse the fund.

legal challenges. The existing procurement guidelines and policies do not allow multi-year contracts, instead requiring the government to call for Expressions of Interest (EOI) every year. The organisations operating harm reduction programmes had to bid for the proposal and the selection process through the Technical Review Panel would take at least 2 to 3 months – this led to a service gap in harm reduction services that was completely unacceptable.[57,58] This point was corroborated by all the participants during the interviews. In retrospect, a different procurement policy for NGOs must be developed that would allow multi-year contracts between the Government of Nepal and NGOs to avoid similar challenges.

With regards to CLOs, CBOs, and CSOs at the central level, they are quite invested. Historically, people who use drugs had a crucial role in spearheading the HIV response in Nepal and it is due to the strong presence of CLOs that the HIV programme is where it is today.[59] However, when it comes to technical capacity, there is a lack of proposal and report writing skills, monitoring and evaluation skills, and advocacy competency.[60]

57 Formal Interview with Mr. Bishnu Sharma - CEO, Recovering Nepal
58 Formal Interview with Dr. Keshab Deuba - Sr.Strategic Information Specialist, NCASC
59 Formal Interview with Mr. Ujjwal Karmacharya - CCM Nepal Member
60 Dr. Prakash Shakya-Senior Technical Advisor - HIV program, Global Fund

SECTION 4: MAPPING TARGETS AND OPPORTUNITIES

4.1 Existing prioritisation processes and mechanisms for improving efficiency in national or sub-national programme planning and resource allocation

The Global Fund has its own mechanism through Save the Children acting as the Principal Recipient. Further, there is a CCM in Nepal which also takes part in these allocation decisions. Apart from this platform, CLOs, CBOs, and CSOs are not currently engaged in existing prioritisation processes and mechanisms for improving efficiency in national or sub-national programme planning and resource allocation.

As per the National HIV Strategic Plan, it aims to "Continue and expand primary prevention interventions, especially for key populations, including IEC, BCC, condom promotion and distribution, lubricant provision, harm reduction through NSPs and OST among people who inject drugs."[61] And furthermore, the country progress report (Nepal Global AIDS Monitoring 2020) highlights the need for scaling up of the needle and syringe distribution and OST programmes across the country. Different methodology and approaches should be adopted that are more cost effective in order to make it more 'client-centered' and to improve demand. New innovations in the OST programme (such as take away doses so that the client does not have to visit the OST sites daily) should be designed and implemented to increase the coverage of the programme in the whole country. Also, regular reporting should be ensured from targeted intervention programmes.[62]

4.2 Advocacy efforts or existing practices to priorities Harm reduction in Nepal

Recovering Nepal, the national organisation of people who use (or used) drugs, established in 2001, the drug user movement in Nepal quickly moved to the forefront of advocacy efforts to secure access to free, evidence-based treatment and care for people who use drugs.

Through demonstrations, sit-ins, and other interventions, its members succeeded in drawing the attention of the media, government officials, international organisations, and the population at large to the rights of people who use drugs and the need for expanded services. The HIV epidemic had been the spark, but the resulting movement was much broader in orientation. Faced with growing pressure, the Ministry of Home Affairs established a Technical Working Group in 2005 which brought together a range of stakeholders to provide input into the country's drug control strategy for the first time. In addition to representatives from UNODC, the police, and the narcotics control bureau, the working group also included a doctor from the psychiatry department at the Tribhuvan University Teaching Hospital (TUTH) with experience treating substance use disorders, and representatives of Recovering Nepal. Civil society used its seat at the table within the working group, as well as its voice on the streets, to continue pushing for free treatment and rehabilitation services for people who use drugs. At the same

61 National HIV strategic plan 2021-2026 (page:24) https://www.aidsdatahub.org/sites/default/files/resource/nepal-national-hiv-strategic-plan-2021-2026.pdf

62 Country progress report-Nepal, Global AIDS Monitoring 2020 (page: 20) https://www.unaids.org/sites/default/files/country/documents/NPL_2020_countryreport.pdf

time, development partners showed a willingness to support elements of a comprehensive package of services for people who inject drugs as a way to prevent the spread of HIV. In 2007, a needle and syringe exchange programme funded by the United Kingdom's Department for International Development and the United Nations Development Programme (UNDP) began rolling out countrywide. In the same year, the Ministry of Home Affairs, with support from UNODC, re-launched opioid substitution therapy.[63] The German Development Cooperation (GDC) played a crucial role as a technical partner in this initiative, leveraging Germany's extensive experience with OST and collaborating closely with both government and civil society partners to expand OST in Nepal from a small pilot project to a sustainable national program.[64] Since 2011, Save the Children has been providing support for OST in Nepal under the Global Fund HIV & AIDS Program, and this support continues to date.

Recently, after an unrelenting advocacy effort of Recovering Nepal, with the backing of the Harm Reduction Asia project and; collaboration of Ministry of Home and line agencies, the police training curriculum has now been updated to include HIV and harm reduction.

Advocacy for Hepatitis C screening and treatment among people who inject drugs.

In the early 2000s, various groups of people who inject drugs in Nepal began advocating for the treatment of Hepatitis C (HCV) through activities such as demonstrations, meetings, and evidence-based research. Despite facing numerous challenges, Recovering Nepal, with support from the Nepali-German Project "HIV Prevention for the High-Risk Group of Injecting Drug Users," conducted a study on the prevalence rates of HIV, HCV, and HBV, as well as co- and triple-infection patterns, HCV genotypes, and two IL28B-SNPs among people who inject drugs in 2014. This study was part of a comprehensive program aimed at strengthening healthcare for people who use drugs in Nepal. The study found that 49.9% of the tested population had anti-HCV antibodies, and 41.9% had HCV-RNA,[65] which provided further evidence to support the demand for HCV treatment by the people who inject drugs population.

In 2015, Recovering Nepal collaborated with SPARSHA Nepal to establish a network of hepatologists, laboratory experts, and community-based leaders at six Opioid Substitution Treatment (OST) sites in four cities across Nepal. This network successfully screened 838 patients, and 600 individuals with a history of drug use and HCV infection were treated in a community-based model.[66] In 2018, Recovering Nepal with help of Harm Reduction Asia project was able to further bolster the presence of CLOs, CBOs and CSOs representatives in the National Hepatitis C committee and ensure their meaningful involvement. Subsequently, in 2020 the National Center for AIDS and STD Control (NCASC) developed the National Guidelines for Screening, Care, and Treatment of Hepatitis C Infection in Nepal,[67] and incorporated the treatment of HCV for individuals co-infected with HIV and key populations into the National

63 Opioid substitution therapy in Nepal, Learnings from building a national programme, July 2016, A publication in the German Health Practice Collection http://nhsp.org.np/wp-content/uploads/formidable/7/GHPC_Nepal_Final_lowres.pdf pg. 14,

64 IBID 63 (page:7)

65 Prevalence of HIV, Hepatitis B and C Infections and an Assessment of HCV-Genotypes and Two IL28B SNPs among People Who Inject Drugs in Three Regions of Nepal https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0134455#sec013

66 Hepatitis C (HCV) therapy for HCV mono-infected and HIV-HCV co-infected individuals living in Nepal https://journals.plos.org/plosntds/article?id=10.1371/journal.pntd.0008931#sec017

67 National Guidelines for Screening, Care and Treatment of Hepatitis C Infection in Nepal 2020 https://www.aidsdatahub.org/sites/default/files/resource/nepal-guidelines-hepatitis-2020.pdf

HIV program. Furthermore, to eliminate viral hepatitis as a public health threat, a National Strategic Plan for Viral Hepatitis is being developed under the leadership of NCASC and shall be finalized soon.

4.3 Opportunities for harm reduction funding within the broader domestic health financing environment

The National Coordinating Committee for Drug Abuse Control chaired by the Home Minister is the highest body responsible for the overall formulation of national policy matters in the areas of drug abuse control and law enforcement. Under this, the Executive Committee for Drug Abuse Control has the overall administrative responsibility for the implementation of the approved policy and programmes.[68]

The CCM and TWG for HIV, HCV, and harm reduction are other multi-stakeholder committees at the national level. The CCM and TWG for drug control in Nepal is the only existing mechanism for advocates to engage with and influence harm reduction as a priority for domestic financing in Nepal.

Under the health financing schemes, people living with HIV are covered by the National Social Health Security Programme and are included in the Health Insurance Program (HIP), through which they can access free health care services in the health facilities.[69] Premiums for the enrolment of people living with HIV into the social health insurance scheme are waived. Harm reduction is not included within the health insurance scheme and essential packages within UHC. However, people who inject drugs living with HIV are eligible for the health financing schemes.

4.4 Opportunities for budget advocacy

As of now, budget advocacy for harm reduction has not been carried out in Nepal but advocacy efforts from the community of people who inject drugs have always been very vocal and effective in pursuing their place in society.

As Nepal is in a federalisation process, there is a very good opportunity for budget advocacy for the harm reduction programme both at the national and subnational levels.[70] However, it is paramount to bring on-board Ministry of Health to initiate dialogue with the Ministry of Home Affairs to change the narrative from control to human and health rights-oriented approaches, and formulate favorable policies for harm reduction in Nepal.[71]

One of the respondents in the formal interviews stated that some of the platforms where the community is involved and could lobby harm reduction budget advocacy are the CCM, the OST TWG led by MoHA, the HCV TWG, and the HCV steering committee led by NCASC. Apart from these platforms, Joint Annual Review (JAR) meetings and health sector drafting committee meetings are other major platforms where we could push our issues.[72]

68 Health Insurance Board Regulation 2075 https://hib.gov.np/en/detail/health-insurance-board-regulation
69 National HIV strategic plan 2021-26 (page:34) https://www.aidsdatahub.org/sites/default/files/resource/nepal-national-hiv-strategic-plan-2021-2026.pdf
70 Formal Interview with Dr. Keshab Deuba - Sr.Strategic Information Specialist, NCASC
71 Dr. Prakash Shakya-Senior Technical Advisor - HIV program, Global Fund
72 Formal Interview with Mr. Bishnu Sharma - CEO, Recovering Nepal

Key partners outside the harm reduction sector that should be involved in budget advocacy for harm reduction are:

1. World Health Organization (WHO) Nepal,
2. UNODC Regional Office for South Asia (ROSA),
3. UNAIDS Nepal
4. National Association of People Living with HIV/AIDS in Nepal (NAPN),
5. Centre for Mental Health and Counseling-Nepal (CMC).[73]
6. BAR Association.
7. GIZ Nepal.

Target audiences for harm reduction budget advocacy at national and sub-national level are:

1. Ministry of Health and Population,
2. Ministry of Home Affairs
3. National Planning Commission
4. Human Rights Commission
5. Parliamentarians at National and Subnational Level.
6. Policy makers at National and subnational level.

73 The list of stakeholders were discussed with the key informant of the study

SECTION 5: ANNEXES

5.1 List of Community, Civil Society and Stakeholder Consultation Participants

SN	Name	Title	Organisation/ Individual	Organization type (CLOs, CBOs, CSOs)
1	Mr. Bishnu Fueal Sharma	Chief Executive Officer	Recovering Nepal	CLO
2	Mr. Ujjwal Karmacharya	Chief Executive Officer / CCM member	SPARSHA Nepal	CLO
3	Mr. Komal Badal	Strategic Information Consultant	UNAIDS Nepal	UN agency
4	Dr. Keshab Deuba	Sr. Strategic Information Specialist	National Center for AIDS and STD Control (NCASC)	Government
5	Dr. Prakash Shakya	Senior Technical Advisor- HIV program, Global Fund	Save the Children Nepal Global Fund	INGO
6	Sanjeev Chapagain	Program Manager	Richmond Fellowship Morang	CLO
7	Mr. Sushil Khatri	President	SPASRHA Nepal	CLO
8	Ms. Sonam C. Sherpa	Team Leader	Recovering Nepal-Women	CLO
9	Mr. Roshan Shrestha	Finance Manager	Save the Children Nepal	INGO
10	Ms. Manila Dahal	Finance Officer	Recovering Nepal	CLO

5.2 Laws and policies with implications to Harm reduction in Nepal:

5.2.1 Constitution of Nepal 2015

The Constitution of Nepal[74] has provisioned health as a fundamental right of citizens and mandated all spheres of government to ensure that right.

The directive Principles of constitution of Nepal states that, “the political objective of the State shall be to establish a public welfare system of governance, by establishing a just system in all aspects of national life through the rule of law, values and norms of fundamental rights and

74 Constitution of Nepal 2015 https://us.nepalembassy.gov.np/wp-content/uploads/2017/03/The-Constitution-of-Nepal-English.pdf

human rights, gender equality, proportional inclusion, participation and social justice, while at the same time protecting the life, property, equality and liberties of the people, in keeping with the vitality of freedom, sovereignty, territorial integrity and independence of Nepal; and to consolidate the federal democratic republican system of governance in order to ensure an atmosphere conducive to the enjoyment of fruits of democracy, while at the same time maintaining the relations between the Federal Units on the basis of cooperative federalism and incorporating the principle of proportional participation in the system of governance on the basis of local autonomy and decentralization."

5.2.2 National Directive Act (1961):

The Act is expedient to provide for powers to make national guidance in order to enable class and professional organizations to use their strength in their class and professional interests and development as well as in the building and development of the nation, so as to maintain cordial relations between the people of various classes, professions or sectors and maintain the Decency, convenience, economic interest, courtesy and morality of the general public.

The section 3 of the Act states that, "(1) No one shall establish any class and professional organization without obtaining prior approval of the Government of Nepal pursuant to this Act. (2) Any person or persons desiring to establish a class and professional organization shall make an application, accompanied by a copy of the statute establishing the organization, providing for the operation and other relevant activities of the organization, with specification of the main goal, to the Government of Nepal. And in the Section 5 of the Act it bestows the power to the Government of Nepal to give national direction, the Government of Nepal may from time to give such directions to various class and professional organizations and other organizations of Nepal in relation to their activities and functions, bearing in mind the national interest, and it shall be the duty of the concerned organization to abide by such directions.

The section 8 of the Act states, any order, direction given by the Government of Nepal under this Act or the Rules framed under this Act shall be final and no question may be raised in any court in relation to such an order, direction."[75]

5.2.3 Associations Registration Act, 2034 (1977):

Associations Registration Act[76] contains provisions for the establishment and registration of any social, religious, literary, cultural, scientific, educational, intellectual, physical, economical, vocational and philanthropic associations.

The Act states that, (1) Prohibition on Establishment of Association without Registration: No person shall establish or cause to be established any Association without having it registered pursuant to this Act. 4. Registration of Association: (1) Any seven or more than seven persons willing to establish an Association shall have to submit to the Local Authority an application setting out the following details on the Association, accompanied by one copy of the Statute of the Association, and with the prescribed fee:- (a) Name of the Association, (b) Objectives, (c) Name, address and occupation of the members of the Management Committee, (d) Financial sources, (e) Address of the office. (2) Upon receipt of the application referred to in Sub-section

75 National Directive Act (1961) https://www.lawcommission.gov.np/en/wp-content/uploads/2018/10/national-guidance-act-2018-1961.pdf

76 "Associations Registration Act, 2034 (1977) https://lawcommission.gov.np/en/?cat=363

(1), the Local Authority shall make necessary inquiry, and register the Association, if he/she deems it appropriate to register the Association, and shall issue the certificate of registration. (2) Upon receipt of the application referred to in Sub-section (1), the Local Authority shall make necessary inquiry, and register the Association, if he/she deems it appropriate to register the Association, and shall issue the certificate of registration.

14. Dissolution of Association and Consequences Thereof: If an Association is dissolved due to its failure to carry out the functions pursuant to its Statute or for any other reasons whatsoever, all the assets of such Association shall devolve on Government of Nepal. (2) In the case of the liabilities of the Association dissolved pursuant to Sub-section (1), Government of Nepal shall bear such liability to the extent that the assets of the Association cover.

15. Powers to Frame Rules: Government of Nepal may, in order to carry out the objectives of this Act, frame the Rules.

5.2.4 Social Welfare Act, 2049 (1992)

The Social Welfare Act[77] establishes a Social Welfare Council to conduct social welfare work through coordination, resource mobilisation and promotion of social organizations. In addition to general social welfare programs, the Government may provide special programs for the benefit and welfare of children, aged, destitute and disabled persons; for the protection of the interests of women; and for unemployed, poor and uneducated persons.

His Majesty's Government, by means of different activities relating to the social welfare work, to support the overall development of the country may operate the social welfare program through the relating ministry and social organizations and institutions.

Establishment of the Council:

(1) The social welfare council has been established to make effective co-ordination, co-operation, mobilisation and promotion of the social organizations and institutions, in order to run social activities in more organized way.1) The social welfare council has been established to make effective co-ordination, co-operation, mobilisation and promotion of the social organizations and institutions, in order to run social activities in more organized way.

Permission and agreement:

(1) Any foreign non-governmental organization if desires to work within the kingdom of Nepal, before starting the work shall submit an application to the Council for permission.

(2) The council, after receiving and application pursuant to sub-section (1) may give permission deciding within three months.

(3) The permitted foreign non-governmental organization, pursuant to sub-section (2) before operating the work within Nepal shall have to reach in an agreement with the Council.

Affiliation with the Council:

(1) Social organizations and institutions willing to keep affiliation with the Council shall have to submit an application as prescribed form.

77 http://www.swc.org.np/sites/default/files/downloads/SWC-Act.pdf

(2) The organizations and institutions applying pursuant to sub-section (1) shall submit and mention its Constitutions, names of executive committee members, their occupations and addresses and the office where the organization or institution has been registered and the date of the registration along with the application.

(3) After receiving the application pursuant to sub-section (1) if it deems to be affiliated such institutions or organization with the Council, the Council shall issue the certificate as prescribed form taking the fees as prescribed.

(4) The organization or institutions affiliated with the Council may keep out its affiliation as prescribed.

5.2.5 The Public Health Service Act, 2075 (2018)

The Public Health Service Act[78] is expedient to make necessary legal provisions for implementing the right to get free basic health service and emergency health service guaranteed by the Constitution of Nepal and establishing access of the citizens to health service by making it regular, effective, qualitative and easily available

Chapter-3 Relating to Health System and Management of Service states;

(5) The Federal, Provincial and Local Levels may, in order to provide health service, carry out necessary partnership with private or non-governmental health institutions.

(6) The Government of Nepal may determine the standards, license and regulation of the services to be provided by the private and non-governmental, private or cooperative, or non-profit-making or community health institutions by a notification in the Nepal Gazette

22. To obtain license:

(1) A non-governmental or private health institution shall provide health service only after obtaining the license as prescribed

5.2.6 Public procurement Act 2063

Procurement to be made by Inviting Open Bid: Except as otherwise provided in this Act, a Public Entity making any procurement shall, to the extent possible, make by inviting open bids, and provide equal opportunity to qualified bidders to participate in such procurement process without any discrimination.

The Section 45 states that the "Work May be caused to be carried out by Non-Governmental Organization: (1) If promptness, effectiveness and economy are achieved in having works such as public awareness training, orientation, empowerment, main-streaming carried out by a non-governmental organization, the Public Entity may have such work carried out or obtain such services from a nongovernmental organization by application of the process as prescribed".

5.3 NCASC Budget Absorption

The budget absorption rate is the share of budget that gets spent in a given fiscal year. The

78 The Public Health Service Act, 2075 (2018)(page 10) https://lawcommission.gov.np/en/?cat=630

absorption rate of the NCASC budget was 66% in fiscal year 2017-18 and 77% in 2018-19. Comparatively, the Ministry of Health and Population's budget absorption rate was 97% in 2016-17 and 86% in 2017-18 (MOHP and NHSSP, 2018). The budget underspend for the NCASC was almost entirely due to underspending on procurement and transportation of commodities (procurement constitutes the majority of the NCASC budget). In 2017-18, the government procured ARVs through UNICEF after two unsuccessful procurement attempts through Nepal's national procurement mechanism. The procurement process was stopped after bidders quoted a significantly higher price than outlined in the government's tender. Procuring drugs through UNICEF is an option when procurement cannot be done via the government's procurement process. The Global Fund's pooled procurement mechanism is another option being considered to avoid delays in future ARV procurement and distribution; however, current procurement policies and guidelines do not allow procurement through this mechanism. Allowing multi-year procurement as well as exploring social contracting for procurement are other options to explore.[79]

79 The administrative process under the existing procurement policy is cumbersome and lengthy, which leads to service gap.

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