

**KENYA COORDINATING MECHANISM FOR GLOBAL FUND**

**REPORT OF THE OVERSIGHT VISIT CONDUCTED ON 18<sup>TH</sup>  
NOVEMBER-22<sup>ND</sup> NOVEMBER 2019.**



**KCM TEAM MEMBERS**

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## **1.1 Background& Introduction**

The mandate of Kenya Coordinating Mechanism (KCM) is to oversee the overall management of Global Fund grants to fight AIDS, Tuberculosis and Malaria (GFATM). The KCM Oversight team conducted an Oversight visit to the National Treasury, the National AIDS and STI control program, the National Malaria Control Program, Kenya Red Cross, AMREF and KEMSA on 18<sup>th</sup> to 22<sup>nd</sup> November 2019. The Oversight team was led by Ms. Lucy Chesire –KCM member and consisted of 15 team members i.e. 10 from the Oversight committee, 2 from KCM Secretariat and the KCM Oversight Officer. Annexed as appendix one find details of the team members

## **1.2 Purpose:**

The oversight was a targeted field activity one specifically looking at the causes of low absorption of GF grant. Our main focus was Funding request year 1 and 2.

## **1.3 Objectives:**

1. Establish Causes for low fund absorption and Discuss solutions with PRs/SRs
2. Assess GF commodities status and make recommendations to ensure safety stocks.
3. Discuss progress made on implementation of Special initiatives
4. Discuss Transitioning arrangements for GF Supported staff.
5. Establish progress made on construction of KEMSA Warehouse.
6. Orient members on their Oversight roles and responsibilities
7. Promote stronger relationship between KCM, PR and SRs

## **1.4 Approach:**

The oversight visit was a highly participatory and consultative process which was conducted through an in depth analysis of Programmatic and Financial data and information including site visits to all PRs and SRs within Nairobi. The first meeting was with the TNT team comprising of the programs, finance staff and KCM oversight team members. After presentations from TNT 3 groups were formed whose role was to analyze the causes of low absorption of GF funds. Later in the day the KCM oversight team split into 4 teams all with team leads and proceeded to NASCOP,

DNTLD, NACC and NMCP. The KCM oversight teams met with the programs, finance and IT staff.

On day 2, the KCM oversight team had a chance to visit KEMSA, the Oversight team held a meeting with the Board Chair, CEO, Directors, finance and programs staff in the morning session and later visited construction site of the warehouse.

On day 3 the KCM oversight team split into 2 groups. One to KRC(PR2) and the other to AMREF Africa (PR2) where they met with the Country Director of AMREF and staffs supporting Global Fund Program, later KRC team visited ISHTAR-SR implementing Human Rights and KPs programs.

On day 4, the KCM Oversight team had consultative meetings with the SRs implementing the KICF, PPM programs and 5 SRs from five Counties implementing the AYP programs. Thereafter the KCM oversight team had a joint meeting with the PR1, PR2, programs and KEMSA. The process was all inclusive and was validated by the various teams from the PR1, PR2, KEMSASRs and the KCM oversight team.

On Day 5 the team converged for report writing.

FINDINGS/RECOMMENDATIONS				
Analysis of GF PROCUREMENT PATHWAY-DRAFT				
Stages of Procurement	Bottlenecks	Recommendation	Duration	Responsible /Timeline
1. Processing General Tax Exemption	<p>Currently the process took One year 4months</p> <p><b>Reasons</b></p> <ul style="list-style-type: none"> <li>• Delayed preparation of master list.</li> <li>• Delayed Approval by TNT and KRA.</li> <li>• PMI and other donors experienced similar delays in obtaining tax exemptions</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare master list during grant making.</li> <li>• KCM Chair link with PS TNT for expedition of GF Exemptions/waivers.</li> <li>• Orientation of GF staff on the process of obtaining Tax exemption/Waivers.</li> <li>• MOH to set apart some funds for payment of tax for donor commodities</li> </ul>	Maximum 3months.	KEMSA/MOH /TNT/Amref Health Africa
2. Preparation of List of Health Products and submission to the PR & GF	<p><b>Currently 2-12Months</b></p> <ul style="list-style-type: none"> <li>• Changes/dynamics in Forecasting and Quantification</li> <li>• Revised /Change of guidelines</li> <li>• Unexplained delays</li> <li>• Bureaucracy Technical</li> <li>• Alignment of Quantification/ FY</li> </ul>	<ul style="list-style-type: none"> <li>• Align F&amp;Q process with preparation of list of products.</li> <li>• Stronger oversight by Head of Programs.</li> <li>• Subsequent years –Initiate preparation of list of Health Products 3months prior to the next FY</li> </ul>	Max 2 months	MOH/Program s/ Head of Programs
3. Approval of LoHP by GF	<p><b>Currently 0-6 Months</b></p> <ul style="list-style-type: none"> <li>• Delays due to queries regarding endorsement of new regimens.</li> <li>• Requirements by GF to have the most current F&amp;Q</li> <li>• Delays in COP 19 Approval</li> </ul>	<ul style="list-style-type: none"> <li>• Align the development of F&amp;Q with the procurement process - to be concluded prior to the onset of the new financial year</li> <li>• Prior review by GF before final submission.</li> <li>• Checklist from GF to Programs to ensure completeness in submission LoHPs</li> </ul>	Max 1Month	PR1and GF CT
4. Technical specification by Programs to PR	<p><b>Currently 2-12months</b></p> <p>Delay development of TS due to</p> <ul style="list-style-type: none"> <li>• Harmonization within MOH departments e.g. Nutrition Department.</li> <li>• Competing interests</li> <li>• Capacity/staff turnover.</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Use existing specification.</li> <li>• Be as generic as possible in line with international standards to avoid litigation.</li> <li>• Specification to be annexed in the Procurement request</li> <li>• Procurement expert from PR to review specs before launching tender to ensure that specs are generic.</li> </ul>	Maximum 2weeks	MOH/Program s /PR1/Procurement Expert-PR

		<ul style="list-style-type: none"> <li>Specs provided during grant making for all health products to be procured</li> </ul>		
5. Approvals within the Ministry of Health/ Raise a requisition from SR to PR	<b>1-4month</b> <ul style="list-style-type: none"> <li>Several layers of approval</li> <li>Capacity/staff turnover</li> </ul>	<ul style="list-style-type: none"> <li>Guidance from the KCM Chair.</li> <li>Heads of Program to follow up requests and provide immediate clarification to save time</li> </ul>	Max 2weeks.	MOH
6. Raise a requisition from PR to KEMSA	<b>Currently less than 2weeks</b>	-Immediate requisition from PR to KEMSA	5days	TNT
7. Preparation of Bid documents/authority /advertising	<b>Currently 3-4 weeks</b>	Preparation of Bid documents for each tender.	Max 2weeks	KEMSA
8. Advertising by KEMSA	Currently 3 weeks GAA Delays at GAA due to debts from other government agencies	Streamline payments with GAA to minimize disruptions Align advertising with GAAs schedule	Max 30 days As per the PPDA	KEMSA
9. Evaluation/Negotiation	Currently 30 days Delays in appointment of Tender Evaluation Committee	Provide a List of TEC members alongside the procurement request to TNT	Max 30 days	KEMSA
10. Professional Opinion		Max 7days		KEMSA
11. Awarding		Max 3days		KEMSA
12. Notification		Max 2days		KEMSA
13. Appeal		Max 14days		KEMSA
14. Litigation /Appeals Board	Common causes of litigation specification and supplier capacity.	28 days		KEMSA
15. High court/	High Court autonomy	Lifesaving commodities e.g. ARVs/Nutritional commodities should be allowed to be supplied pending ruling	45 Days	KEMSA
16. Contracting	Delay in signing contracts e.g. multinationals. Monopoly/single supplier	<ul style="list-style-type: none"> <li>KEMSA to constantly engage with supplier /pipeline.</li> <li>Consider framework Contracting.</li> <li>Contract manager for GF commodities engaged by KEMSA.</li> </ul>	14 days	KEMSA

		<ul style="list-style-type: none"> <li>• Condition Precedent by GF</li> </ul>		
17. Delivery/tax exemption/clearance	<p>Requirement 8-12 weeks. Not adhered to due to the following reasons;</p> <ul style="list-style-type: none"> <li>• Specific Tax waiver</li> <li>• PVOC</li> <li>• Shortage of API(Active Pharm Ingredients for ARVs and TB commodities.</li> <li>• Delays at the Port</li> <li>• Preshipment conformity /inspection.</li> </ul>	<ul style="list-style-type: none"> <li>• Enforce contract management / ensure Specific timeline</li> <li>• TNT to expedite Processing of tax Waiver.</li> </ul>	Max 16 weeks	KEMSA
18. Receiving and Invoicing complete consignment	<p>Conflicting interests Lengthy processes</p>	Max 14 days		KEMSA
19. Acceptance and verification of payment documents		Max 5 working days		KEMSA/MOH /Programmes
20. Verification by Programmes		Max 5 Days		Programmes
21. Payment		60 days from invoicing TNT-30 Days		TNT
<ul style="list-style-type: none"> <li>• Max Turnaround Time 12 months</li> <li>• Procurement pathway to be uploaded in Enterprise Resource Planning tool in January 2020 to track implementation of recommendations</li> </ul>				

## 1.6: CROSS CUTTING ISSUES/RECOMMENDATIONS

Cross cutting Issues TNT	Recommendation
Stock outs of lubricants for the last 2years.	By December 2019 deliveries will have been made.  Accelerated distribution to ensure availability to beneficiaries.
STI Drugs-No supply for the last 2years	MOH/Counties to ensure availability of STI drugs to all Drop in Centers and service delivery points.  DICES to be allowed to order from KEMSA STI Drugs for KPs.
Lack of nutrition supplements for the last 2 years	KCM Chair / State Counsel /AG to intervene to expedite ruling since national supplements are lifesaving commodities

## KRCS

Module	Bottlenecks	Recommendation	Responsible	Timeline
1. COMBO (56% of the 2.47m USD unspent)	Delay in approval from GF  Approval from MOH – NASCOP  Assumptions from previous grant, was not adjusted	1. Formal communication from KRCS to GF through TNT to Seek approval for the submitted workplan 2. Convene a TWG to review the Consultant report and the submitted workplan 3. Consultant to share report. 4. Unpacking grants during grant application – Detailed Workplan and budget	KRCS  NASCOP	5 days  2 weeks
2. Prevention programme for General Population	Rebranding of VCT specific to COMBO (330,000)	1. Inform the PREP TWG - Revise the scope of work 2. Start a conversation with GF about scope of work submitted	NASCOP	2 weeks



<p>3. AYP ( USD 2.9 Million ) CTP – for 1 year, to be implemented in 2020 – NCE 900 – Other activities</p>	<p>Visibility – Regular/Quarterly Updates</p> <p>Lack of Capacity to implement – AYP Grant (absorption at 50%)</p> <p>Delay in starting implementation in Siaya County</p> <p>Lack of clear mandate between PR and SRs especially Training TOTs. Accountability, Transparency and Flexibility.</p>	<ol style="list-style-type: none"> <li>1. Close monitoring of progress and updates at the ICC, KCM and Oversight</li> <li>2. Mentorship by already established networks and organizations</li> <li>3. Agree on non-negotiables for SR selection</li> <li>4. On-board underperforming AYP Organizations as SSR</li> <li>5. Handle issues of duplication at grant making process.</li> <li>6. Community members trained as TOTs for ownership and sustainability</li> <li>7. Fiscal Hosting of SRs</li> <li>8. Formation of AYP networks</li> </ol>	<p>PR – KRCS</p>	
<p>4. HR Training manual</p>	<p>Lack of HR manual to facilitate Human Rights Training</p>	<p>MOH/NASCOP to disseminate HR Manual.</p>	<p>NSACOP</p>	<p>Immediate</p>
<p>5. CHVs (USD 11M) Reimbursement</p>	<p>Reporting – Affects performance</p>	<ol style="list-style-type: none"> <li>1. Provide projected savings to KCM and utilization plans</li> <li>2. KCM Chair to Request Public Service Commission and Counties to provide written commitments to Transition GF Staff and payment of stipends for CHVs.</li> </ol>	<p>KRCS</p>	
<p>6. Prevention programme for KPs</p>	<p>Erratic supply of commodities – Lubes and condoms, STI Drugs; Shortages</p>	<ol style="list-style-type: none"> <li>1. Write to relevant partners about challenges/shortages (NACC, NASCOP, TNT)</li> <li>2. Conduct assessment to identify gaps in the</li> </ol>	<p>KRCS KCM</p>	

	Consistency – supply of short-expiry products  *Sustainability plans	supply of commodities to KP sites 3. Procurement to be done by the PR (STI Kits for KP) 4. Standardize specs used for procurement		
NSP – KIT 1	Stock outs – Supplier sent a regret after appointment To receive stocks next week, able to absorb funds as it is a procurement process. KRCS to enforce contract management with Supplier.			
HRG – USD 3.4 m -Paralegal (1m) -Stigma index (820)	Delays in Manual Development (AYP/PLHIV) – Done  <ul style="list-style-type: none"> <li>• Consultancy money for “Know your Rights Campaign”</li> <li>• KRCS to utilize TOTs /SRs to cascade Campaign to beneficiaries/communities.</li> <li>• Training of AYP ToTs- “Know your Rights Campaign”</li> <li>• KRCS/SRs agree on implementation plan to fast track implementation.</li> <li>• Harmonization/ Linkages of services to ensure continuum of Care between PR and SRs .</li> </ul>			
Recruitment of SRs - GF Recommendation	<ol style="list-style-type: none"> <li>1. TRC to review reports of existing best performing SRs and give independent reports to PRs on who can continue to implement, remaining slots can have advertised.</li> <li>2.</li> <li>3. TRC to develop a document to be used during the selection process</li> <li>4. KCM to appoint the TRC - Identify TRC members who don't have <b>Conflict of Interest</b>.</li> <li>5. Restricted tender</li> </ol> **KRCS had worked with some of SRs before therefore it was easy to recruit and start implementation			

## Amref Health Africa

### Challenges

#### TB

1. VAT exemptions: 2% to 5% increment in Freight levy affecting budget for Gene Xpert cartridges- Identify savings from TNT/Amref to close the gap.
2. Inadequate budget to procure cartridges for 2021
3. VAT 6 months Fine-KCM/Amref to follow up with TNT and KRA for a waiver to be granted.

4. Delay in issuance of Tax exemption letters/waivers to facilitate procurement and Clearance of GF commodities.
5. Capacity gaps –SRs implementing special initiatives lack prior capacity in implementing GF grants/ late engagement/contracting hence low Funds Absorption-Continuous Capacity building

### **1.7: Recommendations**

- i. Identify savings from TNT/Amref to close the gap in Gene Xpert Cartridges for 2021
- ii. Continuous capacity building for SRs performing Below Average.
- iii. KCM to Regulate the scope of work given to PR
- iv. KCM, Partners and PRs to organize for Pre bidding Conference before the commencement of SR Selection process.
- v. Ministry of Health to provide guidance on Court Case by KMMLTB Lab Association ruling on non-lab personnel conducting tests.
- vi. HRH Transition for GF supported Staff/CHVs
- vii. ERP ready by January by 2019-

### **Construction of KEMSA Warehouse**

#### **Findings**

Delayed completion caused by competing priorities and lack of adherence to the Contract timelines.

#### **Recommendations**

- Commitment letter by the Contractor through KEMSA to KCM that the project will be completed by **March, 2020 as agreed.**
- Revised road/Gannt chart to assess progress

#### **Summary**

cross cutting issues noted during the visits to PR1 (TNT) Programs, KEMSA and PR2 (Amref and KRC)

1. Procurement
2. Tax exception is also key in causing delays resulting to low absorption.
3. VAT waiver
4. Master List/plan
5. List of health products- (LOHP)
6. Approvals of requisitions (MOH-SR)
7. Court cases and appeals
8. Stock outs
9. Specifications
10. Recruitment of GF experts
11. ERP

Annex

**TEAM MEMBERS**

<b>No</b>	<b>Name</b>	<b>Position</b>
1.	Ms. Lucy Chesire	KCM-Team Leader
2.	Dr. Dan Koros	PEPFAR/GF Liaison Officer
3.	Ms. Rosemary Kaberia	KCM
4.	Ms. Rosemary Kasiba	KCM
5.	Mr. John Kihiu	KCM
6.	Ms. Kerubo Gloria	KCM
7.	Dr. Jonathsan Kiliko	KCM
8.	Dr. Teresia Kinyari	KCM
9.	Ms. Pamela Kibunja	KCM
10.	Mr. Ishmael Bahati	KCM
11.	Ms. Faith Mwendu	KCM VC
12.	Dr. Caroline Olwande	UNAIDS
13.	Mr. Samuel Muia	KCM Secretariat
14.	Ms. Christine Awuor	KCM Secretariat
15.	Ms. Margaret Mundia	KCM Secretariat

**KENYA COORDINATING MECHANISM FOR GLOBAL FUND  
TARGETED OVERSIGHT FIELD VISIT TO THE NATIONAL TREASURY,  
AMREF HEALTH AFRICA, KENYA REDCROSS, NASCOP, NMCP, DNTLLD,  
NACC, KEMSA  
PROGRAM 18<sup>TH</sup> TO 22<sup>ND</sup> NOVEMBER, 2019**

Date/ Time	Activity
<b>Day 1</b> 18 <sup>th</sup> November,2019 , 8.30 am	Departure from Afya House to the National Treasury
9.00am to 9.30am	Introduction, Welcome Remarks ,Purpose , Overview/ PR1 current Global Fund performance rating
9.30am to 12.30pm	<p><b>Discussion/ Review of Document</b></p> <ul style="list-style-type: none"> <li>• Causes/reasons for low fund absorption</li> <li>• Follow through Key issues highlighted as the causes for low fund absorption - document review (select budget line items that contribute to &gt; 50% of unabsorbed funds</li> <li>• Follow through Key issues contributing to inadequate safety stocks of Commodities</li> <li>• Procurement tracking tool</li> </ul>
12.00 to 12.30pm	Way forward / Closing Remarks
12.30pm to 2.00pm	<p><b>Oversight Team splits into 4 teams</b> Lunch and Travel to NASCOP,DNTLLD,NACC,NMCP</p>
2.00PM to 4.00PM	<p>Team 1 to 4 Visit <b>NASCOP, NLLTP, NACC, NMCP</b> respectively</p> <ul style="list-style-type: none"> <li>• Introduction, Welcome Remarks, Purpose, Overview of GF grant performance</li> </ul> <p><b>Discussion/ Review of Document</b></p> <ul style="list-style-type: none"> <li>• Causes/reasons for low fund absorption</li> <li>• Follow through Key issues highlighted as the causes for low fund absorption - document review (select budget line items that contribute to &gt; 50% of the unabsorbed funds</li> <li>• Follow through Key issues contributing to inadequate safety stocks of Commodities.</li> <li>• Transition plan for GF supported staffs.</li> <li>• Readiness of Strategic Plans to inform Funding Request application</li> </ul>
4.00pm to 4.30pm	Way forward / Closing Remarks
<b>Day 2</b> 19 <sup>th</sup> November,2019, 9.00am to 12.30pm	<p><b>Visit to KEMSA</b></p> <ul style="list-style-type: none"> <li>• Introduction, Welcome Remarks, Purpose</li> </ul> <p><b>Discussion /document review</b></p> <ul style="list-style-type: none"> <li>• Discuss Procurement, warehousing, distribution and availability of GF commodities.</li> <li>• Procurement status of Commodities supported through Global Fund /Co-financing.</li> </ul>

Date/ Time	Activity
	<ul style="list-style-type: none"> <li>• Supplier performance</li> <li>• Follow through specific issues as discussed with the National Treasury and Programs including review of supporting documents to identify bottlenecks</li> <li>• Status update/Visit KEMSA new Warehouse Construction site</li> </ul>
12.30pm to 2.00pm	Lunch
2.00pm-4.00pm	Discussion/ way forward KCM Oversight Team/KEMSA/PR 1/Programmes
<b>Day 3</b> 20 <sup>th</sup> November,2019 Two teams 9.00am to 12.30pm	<b>Team 1 KRCS</b> <b>Team 2 Amref Health Africa</b> <ul style="list-style-type: none"> <li>• Introduction, Welcome Remarks, Purpose, Overview of GF grant performance</li> </ul> <b>Discussion/ Review of Documents</b> <ul style="list-style-type: none"> <li>• Causes/reasons for low fund absorption</li> <li>• Follow through Key issues highlighted as the causes for low fund absorption - document review (select budget line items that contribute to &gt; 50% of the unabsorbed funds.</li> <li>• SR Selection/ contracting, workplan /targets, Disbursement, implementation, challenges, reallocation/reprogramming.</li> <li>• Follow through NSP procurement /stock status-KRCS</li> <li>• Follow through procurement/ stock status of Gene xpert Cartridges-Amref Health Africa</li> <li>• Discuss progress made on implementation of Special initiatives AYP, Key population, Human Rights, Combo, PLHIV Network-KRCS</li> <li>• Discuss progress made on implementation of Special Initiatives –Amref Health Africa</li> </ul>
12.30pm to 2.00pm	<b>Lunch</b>
2.00pm to 4pm	Visit SR implementing Key population / Human rights interventions
<b>Day 4</b> 21 <sup>st</sup> November,2019 09.00am -12.30pm	Consultative meeting with representatives of sub recipients implementing special initiatives (Venue TBC) <ul style="list-style-type: none"> <li>• Amref Health Africa- SRs -KICF, PPM-6 Counties</li> <li>• KRCS – 5SRs implementing AYP one from each County</li> </ul>
1.00pm to 2.00pm	Lunch
02.00-04.00	Joint Meeting PRs/Programmes/KEMSA/NACC/KCM Team
<b>Day 5</b> 22 <sup>nd</sup> November,2019 9.00am to 1.00pm	Report writing
1.00pm-2.00pm	Lunch