

**KENYA COORDINATING MECHANISM FOR GLOBAL FUND
MINUTES OF THE SPECIAL KCM MEETING HELD ON 24TH JULY, 2019 AT AFYA
ANNEX ROOM 406, NAIROBI**

Present

1. Ms. Faith Ndungu	KCM Vice Chair- Chairing
2. Ms. Gloria Kerubo	AYP Alt Member
3. Dr. Lenai Kamario	CoG
4. Mr. Edward Mwangi	KeNAAM
5. Dr. Jonathan Kiliko	FBO/MEDS
6. Ms. Jane Wamoko	TNT
7. Mr. John Kamigwi	NACC
8. Mr. Peter Njane	Key Population Constituency
9. Ms. Lucy Chesire	TB Constituency
10. Dr. Pierre Yves Bello	French Embassy-BL
11. Dr. Tessa Mathollie	DFID/UK Gov-BL
12. Ms. Patricia Mwendu	Private Informal Sector
13. Ms. Faith M. Muigai	Formal Private sector
14. Mr. Samuel Muia	KCM Coordinator

In attendance

1. Ms. Mercy Musomi	Alt Member-Malaria Constituency
2. Ms. Pamela Kibunja	Alt member-NGO Constituency
3. Ms. Zilpha Samoei	Alt member –FBO Constituency
4. Mr. Linden Morrison	Global Fund
5. Mr. Bilikorang Alexander	Global Fund
6. Mr. John Ocheru	Global Fund
7. Mr. Francis Muriu	LFA(PWC)
8. Mr. Joseph Kagiri	LFA(PWC)
9. Dr. Peter Kimuu	TNT
10. Dr. Dan Koros	PEPFAR
11. Dr. Bernard Langat	AMREF

12. Ms. Emily Muga	KRCS
13. Ms. Gloria Wandeyi	AMREF
14. Mr. Stephen Muiruri	TNT
15. Dr. Clare Obonyo	TNT
16. Dr. Kibachio Joseph	MOH
17. Dr. Caroline Olwande	UNAIDS
18. Ms. Christine Awuor	KCM secretariat

Absent with apology

1. Ms. Susan Mochache, CBS	KCM Chair
2. Mr. Taib Abdulrahman	Member
3. Mr. Nelson Otwoma	Member
4. Ms. Joyce Ouma	Member
5. Ms. Margaret Mundia	KCM secretariat
6. Mr. John Kihui	Member

Agenda

1. Introduction
2. Welcome Remarks from the Chair
3. Apologies
4. Declaration of conflict of interest
4. Implementation of Global Fund (GF) Grants in devolved Setting in Kenya;
 - Presentation from GF: Global Fund review process and decision
 - Discussion
 - Way forward
5. AOB

Min 1/24/07/2019 Introduction/Apologies

The KCM Vice Chair called the meeting to order at 10.39 am. Mr. John Kamigwi offered a word of prayer and thereafter a round of introduction from all members.

The KCM Coordinator registered apologies as listed above

Min 2/24/07/2019 Welcome Remarks from the Chair

The vice chair of the KCM Ms. Faith Ndungu welcomed all members to the special KCM meeting and conveyed apologies from the KCM Chair who was held up in another meeting. The KCM Vice Chair welcomed the Global Fund Team to Kenya and extended appreciation to the Global Fund for the continued support towards the fight against HIV, TB and Malaria in Kenya. She informed the meeting that in June, 2018 the National Treasury in consultation with the Kenya Coordinating Mechanism and the Council of Governors submitted a concept note to the Global Fund proposing to devolve a portion of the Global Fund Grants Approximately USD 10 million for the current implementation period through conditional grants.

She informed members that the days meeting was important to discuss Decision made by the Global Fund regarding devolving Global Fund to Counties

Min 3/24/07/2019 Declaration of conflict of Interest

No member had any conflict to declare as per the agenda items.

Min 4/24/07/2019 Global Fund Review process and Decision on Implementation of GF Grants in Devolved Setting in Kenya

Presentation by Mr. John Ocherro-Senior Fund Portfolio Manager, The Global Fund

Introduction: Mr. Ocherro highlighted that Kenya introduced a devolved governance system in 2013 and the 47 County Governments are responsible for implementing and delivering health services. He informed the meeting that during 2015 to 2017 Funding period there were No changes in implementation arrangements & grant design. The County Governments participated actively in applying for the current Global Fund Grant to Kenya (2018 to June, 2012).

Development of Country Proposal on County Engagement: The National Treasury carried out a consultancy in 2017 which provided initial options. The National Treasury in consultation with County Governments and Council of Governors (CoG) proposed to go ahead with 47 conditional grants. The KCM approved this approach in April, 2018 including the disease split for the devolved grants and in July 2018 the National Treasury submitted draft Country proposal to the Global fund.

The Global Fund engaged in an interactive review process of the proposal for way forward through review of the country proposal, county self-assessments, LFA/Country team assessment and cost-benefit analysis.

Key Findings

1. Proposed change in programmatic reporting for the devolved activities stipulates that the National Treasury Project Management Unit is expected to receive and validate reports from 47 Counties, with Ministry of Health and Council of Governors in copy. Currently, validation of the activities is undertaken by the disease programs, the National Treasury Project Management Unit does not have the mandate and technical capacity to undertake this role.
2. The MoH (through its disease programs) will continue to be held responsible and accountable for the devolved grant activities. Challenge for MoH/disease programs to be accountable for what they do not control.
3. The bulk of Global Fund grants trickle down to the county level and are utilized by the counties at the county level.
4. General assessment of the new proposed arrangements and a cost benefit analysis :
Additional Cost for administration and operations : Key Cost drivers include • Regional Global Fund Coordination Unit (RGFCU) in each of the 9 regions, headed by a coordinator, to receive status reports prepared by County HIV, TB and Malaria Coordinators and consolidate them and forward to the MOH County GF Team at the MOH • Establish MOH County GF Team situated in the Programs Offices to review all the regional reports from the RGFCU and consolidate them according to the Specific grants and consolidating County reports and National reports to be forwarded to the National Treasury. • COG GF Oversight Liaison officers who will be housed at COG but answerable to the National

Treasury to follow up on issues arising from counties regarding GF requests for clarifications, Management letters, audit reports, etc. • Total Budget Total initial cost almost 50% and on-going annual cost about 25% of total funds going to county (5% of grant amount)

5. The Global Fund grants in Kenya are performing well under current architecture and have demonstrated tremendous results in the quality of health outcomes and the strengthening of health systems at county level
6. The proposed structure would have challenges with programmatic accountability and require the use of a significant proportion of grant funds for additional assurance and control measures thereby reducing the funding available for essential program -related activities
7. The cost / benefit analysis highlights very high additional costs and level of effort (human and infrastructure). The overhead / admin costs could be as high as USD 4 million (single initial cost of about \$4 million and subsequent annual fee of about US\$ 2 million).
8. Taking into consideration that over 70% of GF funds support procurement and a significant proportion of cross-county training, supervision, policy and tool development will be paid out at central level, the cost benefit of cascading the funds to county level may not be realized from a financial perspective (only 5% of allocation will be spent at county level).

Way Forward: Global Fund Recommendation

- The Global Fund recognizes the key role played by counties in the implementation of GF grants and acknowledges that County related activities are implemented at the County level by the County staff. The GF is committed to continue working in devolved setting.
- The GF has however not approved implementation through conditional grant modality. It is therefore the mechanism of implementation which is in question.
- The Global Fund believes that there are alternative ways, within the current funds flow arrangements, to increase ownership and visibility of grants by the counties. The Global Fund welcomes constructive suggestions.
- The Global Fund commits to work closely with the KCM, MoH / Disease Programs, CoG and Counties to enhance the implementation system by ensuring transparency in

preparation / sharing of budgets / work plans and in implementation of activities at county level

Discussion

The Global Fund Country Team clarified to members that the key factors that had informed the decision not to recommend implementation of Global Fund grants through conditional grants were: (a) the magnitude of the funds involved relative to the whole grant – only 5%, (b) the magnitude and cost of infrastructure required for tracking flow of funds and results, effective and efficient use of the funds across all the counties, and (c) the net benefit of this investment. The Global Fund Team proposed that KCM explores other alternative options of channeling funds to the Counties, other than the Conditional Grant Modality, that are: (a) Feasible, (b) Acceptable under the current Devolved System of Governance, and (c) Cost-Effective.

Way forward

The KCM deliberated on the feedback by the Country Team and agreed on the need to establish a committee to explore and propose alternative options of channeling funds to the Counties taking into account the following issues: (a) Have a focus on the next grant application; (b) take a holistic approach that considers how to handle funds channeled through all PRs; and (c) Explore an alternative, Feasible, cost-effective and Acceptable option under the current Devolved System of Governance. The KCM noted that the devolved implementation arrangements would not be feasible within the life of the current grants. The Kenya Coordinating Mechanism established an Adhoc Committee consisting of seven members as indicated below;


Adhoc Committee Membership

No	Name	Organization	Role
1	Dr Joseph Lenai	CECM, Department of Health, Laikipia County, representing the Council of Governors (COG)	Chair
2	Mr Stephen Muiruri	The National Treasury, State Principal Recipient (PR) of GF grants	Co-Chair
3	Dr Joseph Kibachio	Department of strategic public health programs	Member
4	Mr John Kamigwi	The National AIDS Control Council (NACC)	Member
5	Dr Bernard Langat	AMREF, representing non-state PRs	Member
6	Ms Lucy Chesire	TB constituency	Member
7	Dr.Caroline Olwande	Joint United Nations Program on HIV/AIDS (UNAIDS), representing multilateral partners	Member


The committee was to co-opt members for expertise and/or expanded dialogue as appropriate and was expected to present a report during the next KCM meeting in October, 2019

During the meeting the Adhoc Committee agreed to convene immediately after the Special KCM Meeting to finalize terms of reference for the assignment.

There being no other business the meeting ended at 12.39 P.M

Sign: 
Mr. Samuel Muia

Date: 7/11/2019
KCM Coordinator

Sign: 
Ms. Faith Mwende, Vice Chair-KCM

Date: 7/11/2019
Chairing