

Global Fund Report:
Review of the Non-State Principal Recipient Selection Process

Background

On 16 December 2019, the Global Fund Secretariat communicated an allocation of US\$ 415,310,170 for HIV, tuberculosis, malaria and building resilient and sustainable systems for health (RSSH) to Kenya for the 2020-2022 allocation period. The allocation is to be utilized for the period 1 July 2021 to 30 June 2024.

At the time of Funding Request (FR) submission, Country Coordinating Mechanisms (CCM) compliance to Eligibility requirement 1 (Transparent and inclusive funding request development process) and eligibility requirement 2 (Transparent and documented PR selection process) are assessed by the Global Fund Secretariat.

For eligibility requirement 2, CCMs are expected to illustrate that transparent criteria were used for retaining the existing PR or selecting a new PR and any conflict of interest was appropriately managed. In selecting the non-state PR, the Kenya Coordinating Mechanism (KCM) adopted the second option.

The Global Fund Secretariat has completed the review of the Non-State PR selection process undertaken by the KCM. The objectives of the review were to establish whether:

- The procurement process was fair, transparent and well documented;
- The request for proposal (RfP) document provided clear information to allow applicants respond adequately; and
- The evaluation was in line with the criteria established in the RfP document.

Review Findings

The KCM advertised a Request for Proposals (RfP) on 14 April 2020 with a closing date of 6 May 2020. This provided the interested applicants at least 21 days to respond. This was a best practice as identified in the *Applicant Handbook 2020-2022* which recommends at least 14 days’ notice before the application deadline.

Eight (8) entities submitted technical and financial proposals as per the table below:

Applicant	Grant
World Vision	Malaria and TB grant
KANCO	HIV
AMREF	TB, Malaria and HIV
Youth Connect Consortium	HIV
LVCT	HIV
Kenya Red Cross Society (KRCS)	HIV and TB
Health Strat	TB
PS Kenya	Malaria

The review notes that to assist in the technical evaluation, KCM constituted a seven (7) member Independent Review Panel (IRP). The IRP comprised of technical experts from WHO, DFID, UNAIDS, USAID and UNDP. Two (2) KCM members joined the IRP as observers. We observe that this was a good practice.

Further, the KCM provided the IRP with terms of reference and detailed scope of work to assist in the evaluation process. The KCM handed over the technical bid documents to the IRP for evaluation on 28 May 2020.

The evaluation process was conducted in four (4) stages:

- i) Administrative check;
- ii) Technical evaluation;
- iii) Onsite verification;
- iv) Financial evaluation

1. **Administrative check**

At this stage, applications were checked against the following requirements:

- i) Mandatory documents i.e. registration certificate, proof of office bearers, pin certificate and valid tax compliance certificate.
- ii) That application and mandatory documents were submitted in hard and soft copies¹.

It was noted that KANCO, Youth Connect Consortium and Health Strat did not comply with mandatory requirements and were therefore eliminated.

Applicant	Grant	Complied Yes/No?	Global Fund agreement with the observations? Yes/No
World Vision	Malaria and TB	Yes	Yes
KANCO	HIV	No - did not submit list of office bearers	Yes
AMREF	TB, Malaria and HIV	Yes	Yes
Youth Connect Consortium	HIV	No - soft copy not submitted	Yes
LVCT	HIV	Yes	Yes
Kenya Red Cross Society (KRCS)	HIV and TB	Yes	Yes
Health Strat	TB	No - Late submission – hard copy not submitted	Yes
PS Kenya	Malaria	Yes	Yes

As analyzed in the above table, the Global Fund concurs that the administrative check was carried out in a transparent manner.

2. **Technical evaluation**

The technical evaluation focused on the following three (3) areas:

- i) Technical approach – 35 marks
- ii) Monitoring, Evaluation, Accountability and Learning (MEAL) – 15 marks
- iii) Institutional Capacity and Programme Management – 50 marks

The review noted that the evaluation criteria in the RfP allocated marks to the three main areas highlighted above without an allocation of marks to the sub-criteria under each of the 3 areas. During the evaluation of the proposals, the sub-criteria for the above three (3) evaluation areas contained in **section 2.3.1, 2.3.2 and 2.3.3** of the RfP were allocated marks and used to score the technical proposal.

We note that while marks were allocated in the RfP for the 3 technical evaluation areas, the RfP did not allocate marks for the sub-criteria under the 3 evaluation areas. In our view, this denies the applicants visibility on how the specific sub-criteria will be evaluated and hence the risk of not responding adequately.

¹Section of the 2.6 of the RfP provided a disclaimer that, "If there are any discrepancies between the original and the copies of the proposal, the original shall govern".

We observed that each IRP member independently evaluated and scored all the nine (9) proposals as analysed below. Scores from each of the reviewers were then aggregated and an average obtained. The review of the individual score sheets noted that there were no significant deviations/ inconsistencies in allocation of marks by the evaluators. This is best practice.

Grant	HIV	TB	Malaria
Applicant	Technical Evaluation Results (%)	Technical Evaluation Results (%)	Technical Evaluation Results (%)
KRCS	90	89	
AMREF	94	95	94
PS Kenya			87
World Vision		70	75
LVCT	75		

The minimum score to proceed to the next evaluation stage (on-site verification) was 80%. Only KRCS, AMREF and PS Kenya qualified to progress to the next stage.

3. Onsite verification

The onsite verification assessed the following:

- i) Institutional personnel met
- ii) Verification of key documents; and
- iii) Assessments of systems in place.

The review noted that the criteria of items to be reviewed were well defined under **section 2.4** of the RfP and the below scores were obtained by the applicants.

Applicant	Score (out of 50)
KRCS	49.5
AMREF	49
PS Kenya	46

In line with **section 2.4** of the RfP, the scores for technical evaluation and onsite verifications were aggregated and then factored to a 100% to determine the applicants to progress to the financial evaluation stage.

Grant	HIV			Tuberculosis			Malaria		
	Technical Evaluation (%)	Onsite verification	Combined Score	Technical Evaluation (%)	Onsite evaluation	Combined score	Technical Evaluation	Onsite evaluation	Combined
KRCS	90	49.5	93	89	49.5	92.33333			
AMREF	94	49	95.33333	95	49	96	94	49	95.33333
PS Kenya							87	46	88.66667

As per the RfP, only applicants who scored an aggregate score of 80% and above could progress to the next stage. AMREF, KRCS and PS Kenya therefore proceeded to the next stage (financial evaluation).

4. Financial evaluation

The financial evaluation was undertaken by an evaluation committee independent of the IRP and was comprised of five (5) members from various organizations. This is a good practice.

One of the key tasks of the committee was to evaluate the financial proposal based on the information provided in **section 4.3** of the RfP.

Section 4.3 of the RfP does not provide clarity on the evaluation criteria for the financial proposal. The financial proposal template provides a table with cost groupings and year of implementation. However, there is no guidance on how to determine responsiveness to the requirements. The assumption is that this should have been read together with instruction provided in **section 2.5 “Preparation of Financial Proposal”** which provides that the following should be considered:

- The guidelines for grant budgeting
- The Modular Framework Handbook
- The Operational Policy Manual

The review shows that the financial proposal score allocation was not indicated in the RfP unlike the technical proposal scores that were provided.

Considering that the financial evaluation was not intended to determine the applicant with the lowest grant management costs but was rather to demonstrate knowledge and understanding of Global Fund budgeting guidelines and operations, the evaluation criteria including the sub-criteria should have been clearly identified in the RfP and the maximum mark under each area of financial evaluation should have been disclosed. **This was a significant deficiency to allow the applicants to respond appropriately.**

5. Determination of the overall winner

Whereas the RfP clearly defines how the applicants were to progress from each stage, the RfP does not provide information on how the overall winner would be determined after the conclusion of technical and financial evaluation, leaving it open for interpretation and hence rendering the process inconclusive.

In practice the following two methods are used:

- i) The technical and financial scores are weighted to determine the winning applicant; or
- ii) The most financially responsive applicant is selected.

It would be expected that technical, onsite verification and financial scores were to be aggregated. **However, this can only be assumed as it was not indicated in the RfP and therefore a significant deficiency.**

6. Other observations

- a) Following an appeal by one applicant, the KCM Appeals Committee reviewed the appeal application. The review of the Appeals Committee report noted the following:
 - Based on the Appeals Committee report it is evident that the financial evaluation criteria in the RfP was not clear.
 - One of the key recommendations by the Appeals Committee was re-evaluation of financial proposals for KRCS and AMREF. However, this recommendation was time constrained as highlighted in the following communication to the appellant: *“The KCM observed that due to the requirement by Global Fund to nominate Principal Recipient/s before submission of the funding request application on 31, August 2020, re-evaluation of financial bids that were submitted by all applicants would not be feasible. The KCM also observed that even if a re-evaluation of financial bids was undertaken and all other applicants awarded full marks under financial evaluation other than the successful applicant, the successful applicant i.e. AMREF Health Africa will still be successful in HIV, TB and Malaria components”.*

The Global Fund notes that this response does not justify the gaps identified in the financial evaluation, especially considering that the use of the financial scores was not pre-determined in the RfP as highlighted

above. **To enhance fairness and transparency, a procurement process should be followed to its logical conclusion.**

- b) From review of KCM minutes and letters of concerns from various stakeholders, there were issues of conflict of interest raised. We take note that this matter has been referred to the KCM Management and Ethics Committee. **We consider this as a significant concern and recommend that the matter is resolved conclusively by the KCM.**

Conclusion

The review noted that the technical evaluation process was detailed, fair and transparent. As a best practice, there should be disclosure of how scores will be allocated to the sub-criteria in the RfP document in future.

However, the review noted with regards to the financial evaluation that the RfP had significant gaps, especially on the financial proposal requirements to allow applicants to respond appropriately. The RfP also did not indicate how the overall successful applicant would be determined. Therefore, the process did not comply with the eligibility criteria of ensuring an open and transparent PR selection process, based on clearly defined and objective criteria.

Global Fund Recommendation

The Global Fund recommends that the KCM cancels the non-state PR selection process as submitted to the Global Fund Secretariat on 31 August 2020 given the significant flaws noted in the financial evaluation part of the procurement process. Further, the Global Fund requests that in the interest of ensuring Kenya's eligibility for the funding request; the KCM undertakes a transparent and documented process for selection of the non-state PR/s through clearly defined and objective criteria; and submit to the Global Fund's Access to Funding department no later than **cob 14 September 2020**.

As per the Global Fund guidance on CCM eligibility requirements 1 & 2, the KCM can use and document a transparent process for the nomination of continuing PRs based on clearly defined and objective criteria or undertake any other process in line with the CCM eligibility requirements.

The KCM should deliberate and provide feedback to the Global Fund on or before 14 September 2020 to ensure timely eligibility review conclusion for Kenya's funding request.

The Global Fund thanks the KCM for all the good work that was undertaken leading to the successful timely submission of the funding requests to the Global Fund.