



Independent observer  
of the Global Fund

## Procurement challenges hampered the implementation of COVID-19 Response Mechanism grants

Kenya has received millions of dollars from the Global Fund's COVID-19 Response Mechanism (C19RM) to fight the pandemic. It has used these funds to procure COVID-19 related products and finance programmatic activities, including contact tracing and training and sensitization of frontline health care workers. Overall, these funds have contributed significantly to the national COVID-19 response. However, under the C19RM 2020 grants, predominantly for procurement, the implementers struggled to manoeuvre the procurement process characterized by lengthy quality assurance processes, persistent changes in the COVID-19-related product quality specifications, and fluctuations in prices. The implementers also had to implement these grants amid a rapidly changing epidemiological situation and evolving COVID-19 strategies. In light of these, Kenya has underscored the need to streamline the procurement process, remain flexible in grant implementation and emphasize building community and health systems.

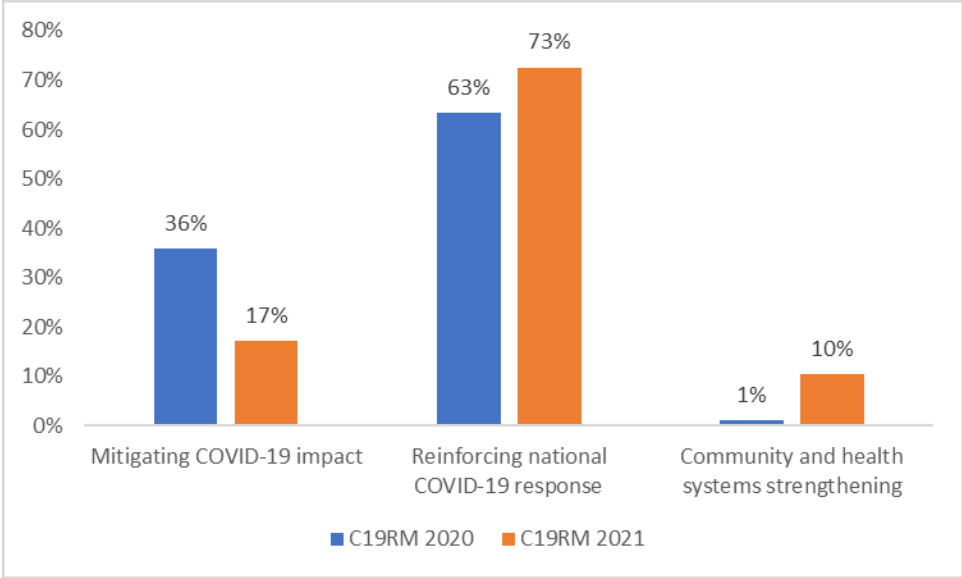
This article is the sixth in a series of several. The Global Fund Observer (GFO) has published the first four articles in previous GFO issues (see the list of the four articles in this article [Global Fund's COVID-19 Response Mechanism grants to Ethiopia yield challenges and lessons published](#) in Issue 402). The fifth article is published in this issue (see [Innovative technical support to countries' Global Fund COVID-19 mitigation proposals provides directions for future assistance](#)). This sixth article describes Kenya's experiences applying for and implementing the C19RM funding. The GFO will publish further articles on the experiences of other countries in future issues.

The information for this article comes from interviews with in-country stakeholders ? the Kenya Coordinating Mechanism (KCM) C19RM funding request writing team and the state and non-state Principal Recipients (PRs) ? between May and June 2021. We have updated some of the information to reflect the current realities as of September 2021.

Kenya received \$37 million from the Global Fund in 2020 to support its COVID-19 response

By [3 September 2021](#), Kenya had registered 237,851 COVID-19 cases and 4,746 deaths since the first case was reported on 12 March 2020. The Global Fund allocated Kenya \$37 million in the first phase of the C19RM (2020), through three allocations in June, August and December 2020, and \$8.4 million in grant savings and reallocations. In the current second phase, C19RM 2021, the Global Fund has allocated Kenya \$62 million and an equal amount if additional funding becomes available in what the Global Fund calls Above-Base Allocation. By [2 September 2021](#), the Global Fund had approved \$102 million of C19RM 2021 funding to Kenya. Kenya spent 63% of the C19RM 2020 funding to reinforce the national COVID-19 response and 36% in mitigating impact (Figure 1). Under C19RM 2021, Kenya has allocated 73% of the C19RM approved funding to the COVID-19 response.

Figure 1: C19RM 2020 vs. C19RM 2021 Investment Areas



Experiences during the application process

The KCM was responsible for preparing and submitting applications during phases one and two of the C19RM. It established a writing team with representatives from the PRs, the COVID-19 national task force, civil society and communities, county governments, and the three disease programs. KCM organized country dialogue meetings where constituencies proposed interventions and provided feedback on the draft funding request.

In the phase one application, Kenya struggled with limited data and information on the pandemic, inadequate guidance from the Global Fund and technical partners, and individual interests hampering consensus on interventions. There was also limited time to prepare the application, given the urgent nature of the pandemic.

By the second phase, the stakeholders had more information about the pandemic, more resources, and guidance from the Global Fund, increased understanding of COVID-19 interventions, and more time to prepare the funding request (FR). They had also identified many lessons from implementing phase one activities and the overall COVID-19 response in the country. KCM also expanded the writing team from 15

constituencies to 20, including people with disabilities and the humanitarian and informal sectors. There was also increased support by the Global Fund and technical partners, including the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), and the World Health Organization (WHO).

However, Kenya lacked an updated national strategic preparedness and response plan to guide the FR's development. It, therefore, relied on the National Task Force for COVID-19 to ensure that interventions, particularly for control and containment, were aligned to the gaps and needs of the country's response to COVID-19. Compared to phase one, there were fewer donors available during phase two – only the Global Fund and a few others donors ? to support the COVID-19 response.

C19RM 2020 affected by procurement challenges and changes in strategies

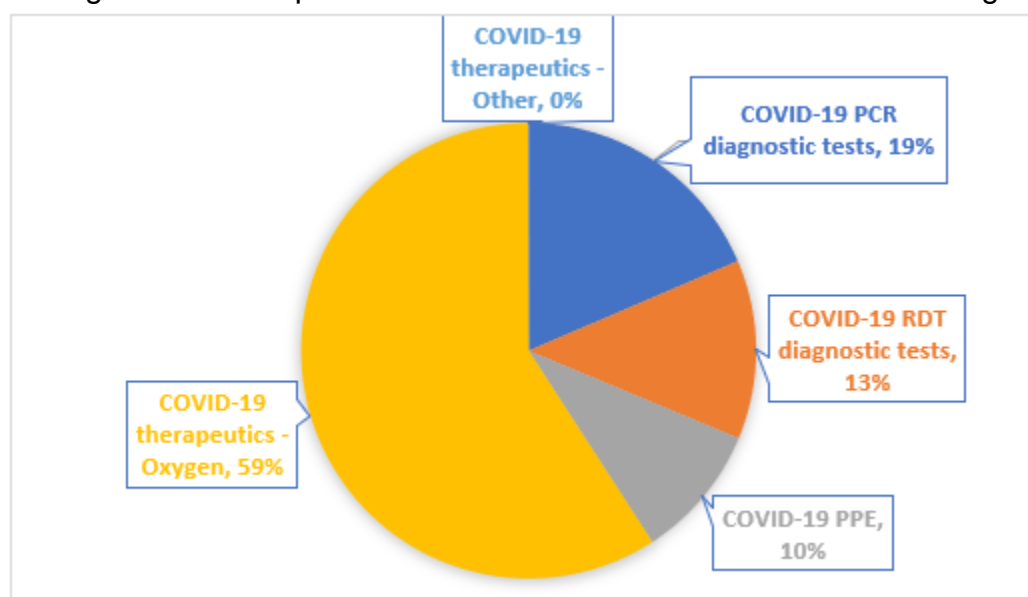
All three PRs – the African Medical and Research Foundation (AMREF), Kenya Red Cross Society and the National Treasury ? implemented procurement and programmatic activities supported by the C19RM funds.

Several issues stand out in the implementation of the C19RM 2020 grants:

Procurement processes were a critical bottleneck in the implementation of the grants

Under phase one, Kenya allocated most of the funding to purchase COVID-19-related products, including personal protective equipment (PPE) and COVID-19 diagnostics. Kenya spent 43% of the C19RM 2020 funding to procure COVID-19 diagnostic tests, which contributed significantly to the country's testing capacity. Similarly, in the second phase, 69% (\$70 million) of the approved funding totaling \$102 million is for the procurement of COVID-19 related products (Figure 2).

Figure 2: Health products investments under C19RM 2021 funding



The Global Fund made [COVID-19 products available on its online procurement platform, wambo.org](https://wambo.org). It guided the implementers on which products to buy from wambo.org and what they could source locally or through the national procurement system.

Commodities procured by the National Treasury contributed to the national stockpile of COVID-19 commodities. National Treasury selected products that could be procured through wambo.org, primarily the diagnostic test kits and PPEs (Table 1). The platform provided transparency and visibility, and was faster than the Kenya Medical Supplies Authority (KEMSA), the national procurement agency, as it took between three to six months, delivered on time and guaranteed better-quality products. The National

Treasury had used KEMSA to procure COVID-19 commodities using the grant flexibilities in April 2020. Unfortunately, KEMSA was overwhelmed by the increased demand for COVID-19 products. By May 2021, it had delivered only two of the five commodities, more than a year after the National Treasury submitted the order. This was far from ideal for an emergency response. Indeed, KEMSA registers long lead times for HIV, tuberculosis (TB), and malaria commodities, but it secures lower prices for them compared to the wambo.org prices.

Table 1: Commodities supported by C19RM 2020, by PR

PR	Types of commodities
	COVID-19 Ag test kits
AMREF	PPEs: gloves, reusable, and surgical masks, N95 masks
	Handwashing stations
	Thermal guns
Kenya Red Cross Society	Reusable and surgical masks and sanitizers
	PPEs: face masks, alcohol-based sanitizers, water-resistant aprons, N95 masks, and hand gloves
	Manual and automated COVID-19 test kits
The National Treasury	COVID-19 Antigen test kits
	Laboratory consumables
	HIV self-test kits
	Assorted equipment

Due to various challenges in using wambo.org, such as the limited supplies of some products and other technical issues, the Global Fund allowed the non-state actors to procure their products locally. However, the Global Fund required quality and standard checks of the products by the Kenya Bureau of Standards (KEBS), the statutory body for quality certification of products, and quality reviews by the Local Fund Agent (LFA) before the award of tenders.

The technical analysis by KEBS was the most problematic step in the local procurement process. Unfortunately, KEBS was overwhelmed by the number of analyses owing to the increased number of COVID-19 products on the market. The analysis was often considerably delayed, leading to significant intervals in the award of tenders. The implementers also faced difficulties with changes in the product specifications by the Ministry of Health (MOH) and KEBS, securing suppliers that met the quality requirements, sometimes requiring a retender process, and fluctuations in prices. For example, these challenges delayed the procurement of surgical masks worth \$3 million by more than six months. The PRs noted improvements in subsequent procurements, including the KEBS technical analysis process, product specification by the MOH, and a better relationship with KEBS, which has led to shorter waiting times.

Except for the Kenya Red Cross Society, which is tax-exempt, the implementers also faced delays

acquiring tax exemption certificates for COVID-19 products that were not originally on the list of tax exemptions under the Global Fund grants. Tax exemptions for Cepheid tests were particularly problematic for the National Treasury; they were ordered but could not be delivered because of delayed waivers. In addition, AMREF spent many hours following up on clearance and administrative processes with the MOH, National Treasury, and the Kenya Revenue Authority (KRA). Fortunately, all exceptions have so far been successful.

#### Procurement challenges led to low absorption

Kenya received C19RM 2020 funding from June 2020, to be spent by 30 June 2021. Unfortunately, the procurement challenges delayed grant expenditures leading to a low burn rate by June 2021. According to the C19RM 2021 funding request (FR), Kenya had spent 49% of the C19RM 2020 funding as at June 2021 (Table 2). However, some grants had spent as low as 17% (KEN-M-AMREF) and 22% (KEN-H-KRCS). However, the implementers noted that they had committed most of the remaining funding, even though the products would arrive beyond the original grant end date of 30 June. The low absorption was also due to decreased product prices; between budgeting and ordering, prices had reduced by almost half leading to more than 40% in savings. However, processes to re-allocate savings had not been actualized

Fortunately, the Global Fund has allowed the implementers to carry forward unspent funding to C19RM 2021, which will end officially in December 2023.

Table 2: Financial expenditure and absorption of C19RM 2020 funding, as at June 2021

PR	Grant	Budget (\$)	Expenditure (\$)	Absorption (%)
AMREF	KEN-M-AMREF	2,819,331	488,036	17%
	KEN-T-AMREF	6,191,781	1,774,765	29%
Kenya Red Cross Society	KEN-H-KRCS	6,392,972	1,418,766	22%
	KEN-H-TNT	6,746,264	3,134,739	46%
The National Treasury	KEN-M-TNT	45,455	–	–
	KEN-T-TNT	15,015,947	11,454,608	76%

#### Other implementation challenges

**Coordination:** Commodities procured by the National Treasury contributed to the national stockpile of COVID-19 commodities alongside other partners, including the government, the World Bank, and WHO. The COVID-19 National Task Force, not the National Treasury, was responsible for receiving and distributing the commodities. Without a clear coordination mechanism between the National Treasury and the COVID-19 National Task Force, this arrangement made it difficult to track and account for the commodities. The National Treasury circumvented this by making payments only after receiving distribution schedules and proof of deliveries from the Task Force.

**Staff overloaded with the lengthy procurement processes:** the implementers spent a significant amount of time and other resources following up on the procurement processes, whether with wambo.org, at KEBS (for the product specifications and quality checks before completion of the tender process), or at KRA (for the tax exemptions). The non-state actors provided incentives to their staff, including instituting work-from-home arrangements, facilitating this by providing work desks and printers, and providing medical insurance covering COVID-19.

Rapidly evolving situation: Priorities and strategies shifted given the pandemic's evolving nature, which hampered the implementation of COVID-19 interventions and mitigation measures. Implementers needed to constantly monitor the situation and adapt quickly to the changes in the operating environment.

Digital space not a panacea for COVID-19 disruptions: The implementers shifted to digital modalities for programmatic activities. However, this approach assumed digital access and literacy, particularly amongst all the populations benefitting from community interventions, which was not the case for some groups. The digital approach worked well for some beneficiaries, such as the youth, but excluded others.

### What worked well under C19RM 2020

Under phase one, several good practices stood out that can be carried forward to C19RM 2021:

- The Global Fund Country Team was very supportive of the implementers during the application and implementation of the COVID-19 grants. With the second phase, the Global Fund has provided clear guidance for the implementers.
- Civil society and government have a strong working relationship leveraging each sector's strengths. Civil society implemented activities on behalf of the state, for instance, procuring commodities on behalf of the national programs and distributing long-lasting insecticide nets (LLINs) during the pandemic.
- Bringing on board other civil society actors that are non-implementers for Global Fund grants as a way of expanding reach beyond the usual Global Fund beneficiaries, with due consideration for Global Fund requirements.
- C19RM funds contributed to the national response, particularly to the stockpile of COVID-19 commodities, alongside other partners such as the World Bank and domestic resources. The advantage of this is that when one pipeline was experiencing challenges, then the other systems could take over.
- The non-state PRs are also involved in the COVID-19 response beyond their capacity as Global Fund implementers. For instance, Kenya Red Cross is a relief organization that supports communities in different ways during emergencies and disasters. It has actively provided mental health support during the pandemic. AMREF has also been leading the community response.

### C19RM 2020 application and implementation yields lessons

The implementers also captured some lessons to inform the implementation of C19RM 2021:

- There is a need to have a clear and structured coordination mechanism between Global Fund PRs and COVID-19 National Task Force to ensure accountability for COVID-19 investments.
- There is a need to have multiple strategies to reach the same objectives. For instance, even as Kenya shifts to virtual modalities, implementers need to maintain other mechanisms to reach those excluded from the virtual space.
- Implementers also need to remain flexible to respond as strategies and priorities change.
- The country missed the opportunity to build community systems, basic infrastructure, and a stronger health system because the country prioritized commodities.
- Each procurement mechanism's pros and cons need to be balanced; wambo.org does better for products with limited suppliers such as the test kits, although there is still a need to consider the administrative and regulatory issues, and the delivery time. Local procurement is ideal for products with an adequate number of suppliers. It may have a shorter turnaround time of three months if there are no delays with the product certification process.
- FR development must be guided by clear country strategies to safeguard against stakeholders'

conflict of interest.

- There is a need to balance the stakeholders' requirements within the COVID-19 response. The COVID-19 response stakeholders go beyond those involved in the HIV, TB, and malaria grants.
- COVID-19 has underscored the need to build local manufacturing capacity for health products.

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