



CASE STUDY

Strengthening Domestic Contracting Systems for the South African Voluntary Medical Male Circumcision (VMMC) Programme

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Executive Summary

This case study will document best practices in the management of the Voluntary Medical Male Circumcision (VMMC) Republic Tender Transversal Contracts, better known as the RT35 contracts, including the processes of procurement and implementation.

Management of these contracts is critical to the viability of South Africa's VMMC programme: Financed via the Comprehensive HIV and AIDS Conditional Grant, the National Treasury's 35th RT contracts fund service providers to offer VMMC services across all nine provinces. These RT35 contracts are designed to ensure programme sustainability and to inculcate ownership at the sub-national level.

However, challenges arose both during the process of awarding the first RT35 contracts in 2016 and the subsequent management of the contracted partners and their sub-contractors. These challenges ultimately impacted contract oversight and created potential consequences for the overall quality of the VMMC programme.

The Medical Male Circumcision Scale and Sustainability to Avert New HIV Infections (MMC SUSTAIN) programme assists the National Department of Health (NDoH) to build resilient local systems that sustainably plan, manage and execute a high-quality VMMC programme at scale. Out of this commitment, MMC SUSTAIN worked with officials from all levels of the Department of Health (DoH) and the National Treasury to bolster the Special Conditions of the Contract and the accompanying Service Level Agreements (SLAs) of the RT35 contracts.

MMC SUSTAIN also helped introduce procedures to strengthen DoH oversight of the contracted partners, particularly at the provincial and district level, and to enhance connections between provincial and district officials, partners and sub-contractors, strengthening the overall performance of the programme and contributing to its sustainability.

This report documents those initiatives and highlights areas for additional collaboration and strengthening.



At a Glance

As the United States government's President's Emergency Plan for AIDS Relief (PEPFAR) phased out support in certain districts for South Africa's VMMC programme, the NDoH introduced RT35 contracts to ensure continuation of MMC service provision.

The contracts guaranteed minimal service interruptions, though challenges emerged during the bidding and management process, underscoring the need for more active oversight from provincial and district officials and engagement with and accountability from the RT35 partners.

Ahead of a new round of RT35 contracts, MMC SUSTAIN assisted DoH officials and the National Treasury to strengthen the contracts and the SLAs.

To bolster collaboration between officials at all levels of the DoH, the RT35 partners and their sub-contractors, MMC SUSTAIN supported meetings to comprehensively detail expectations and provide clarity on contract implementation.

MMC SUSTAIN further developed a toolkit as an implementation guide for designated provincial and district DoH officials to comprehensively finalise, implement and monitor these contracts.



Introducing RT35 Contracts

The South African government adopted VMMC as an HIV prevention strategy in 2010 to halt the spread of the disease among men. Ambitious targets of circumcising at least 80% of HIV-negative men by 2022 as a key intervention were set in the effort to achieve epidemic control (South African National AIDS Council, 2017).

Evidence shows that VMMC effectively reduces HIV acquisition among heterosexual males by 60%, with indirect benefits for their female partners (Auvert et al., 2008). It is the most efficacious biomedical prevention intervention, in addition to being one of the most cost-effective under South Africa's Investment Case (South Africa Department of Health, South African National AIDS Council, 2016).

At the launch of South Africa's VMMC programme, PEPFAR primarily funded and ran the programme. As PEPFAR began a gradual transition out of 25 districts in 2016, NDoH took complete responsibility for the VMMC programme in those districts.

To continue funding VMMC service delivery in districts that PEPFAR would no longer be supporting, the NDoH introduced RT35 transversal contracts.

RT35 Contracts

Managed by the National Treasury, a transversal contract covers a specific good or service required by more than one department or by more than one level of government. The 35th Republic Tender Transversal Contract, known more commonly as RT35, is funded by the Comprehensive HIV and AIDS Conditional Grant to appoint providers to operate VMMC services across all nine provinces.

The RT35 contracts offered a streamlined process for contracting VMMC services. They standardised the tendering and contracting process, offering district and sub-district officials consistency, while also promising programme sustainability and improved ownership at the sub-national level.

The key features of the contract are:

- Service providers are paid per circumcision from provincial allocations of the Conditional Grant. This supports the integration of the VMMC programme into the comprehensive package of provincial HIV services.
- As NDoH-contracted parties, RT35 service providers report on their performance through the district health information system (DHIS), which prevents data variance challenges that resulted from the dual reporting system that existed under PEPFAR funding.
- The contract is limited only to local South African organisations, which means strategic shifts in foreign policy will not impact the programme.

Inaugural Implementation of the RT35 Contracting Partners

Overall, the inauguration of the first RT35 service providers in November 2016 allowed the VMMC programme to continue at scale in places where PEPFAR partners had exited, with minimal service interruption. In a closed process, NDoH invited service providers with a track record of delivering safe VMMCs to apply for the RT35 contracts. The service providers were ultimately expected to deliver high-quality, high-volume and cost-efficient MMC services to all males (while prioritising men between the ages of 10 and 49 years) through fixed, outreach and mobile VMMC sites, as well as referring HIV-positive clients to treatment and care services.

Three providers were selected and tasked with providing 141,376 circumcisions beginning in November 2016. As the first round of contracts ended in March 2020, these providers had ultimately improved the capacity for delivering quality, reliable VMMC services in non-PEPFAR-supported districts. Some opportunities to improve the selection and introduction process did become apparent, and those lessons were applied with MMC SUSTAIN's help in the subsequent round.

Among the issues to emerge during the process of selecting and inaugurating the RT35 partners was the opportunity for closer collaboration between officials at all levels of government, including more purposeful inclusion of provincial and district DoH officials in the process. There were also reportedly occasions where national officials could have eased the initiation of the new RT35 partners into provinces and districts by facilitating introductions with their collaborators.

There were also reports of uneven management of the first RT35 contracts at all levels, resulting in alleged communication gaps and instances where the terms of the SLAs were not completely met. These challenges highlighted the opportunity to identify methods of improving engagement among DoH partners with the RT35 partners during the new contract round. Payment became an issue, as some provinces maintain disparate payment processes that were incompatible with the 30-day payment timeline outlined in the SLAs.

Other challenges originated from the service providers' side. Though the process for monitoring, evaluating and reporting of adverse events (AEs) was clearly articulated in the national VMMC guidelines, service providers and sub-contractors frequently failed to report data according to the guidelines and within the dictated timelines. This created concerns about the quality delivered by service providers.

At the same time, some RT35 partners struggled to provide all necessary documentation, particularly the necessary supporting documents for payment. Sub-contractors hired to conduct the contracted activities often failed to produce documentation containing vital data on procedures performed. Some RT35 partners also rejected district- and provincial-level meeting requests.

Ultimately, all of these challenges underscored the need for more active oversight from provincial and district officials and engagement with the RT35 partners.

The 2019 RT35 Contracts

Funded by the Bill and Melinda Gates Foundation, MMC SUSTAIN is a consortium comprised of Genesis Analytics and the Foundation for Professional Development. Since September 2018 MMC SUSTAIN has been assisting the NDoH in building resilient local systems that can sustainably plan, manage and execute a high-quality VMMC programme at scale. Part of that support is directed to strengthening domestic contracting systems. As the end of the first RT35 contracts approached in March 2020 and the bidding for a new round of partners was imminent, MMC SUSTAIN supported the NDoH to review and refine the contract procurement and implementation process to address the earlier challenges.

Scoping the Problem

The first step in the process of issuing the new contracts was to clearly understand the contracting and implementation experiences from the previous contracts. In late 2018 and early 2019, MMC SUSTAIN conducted in-depth interviews with representatives from multiple levels of the DoH, the National Treasury and with previous RT35 service providers to understand the earlier challenges.

To begin to address them, MMC SUSTAIN facilitated co-design workshops with these stakeholders to promote joint solutions and consensus-building.

The 2019 RT35 Contracts Timeline



The main issues identified were:

- Whether to maintain a closed tender process or to pursue an open process that would allow more applicants.
- How to integrate sub-contractors who would be hired by partners to provide services.
- How to ensure clarity and consistency of contract documents and terms across all districts.
- How to ensure that partners followed processes for monitoring, evaluating and reporting AEs.
- How to improve the timeliness of service provider payments.
- How to improve records on contract performance by service providers.
- How to better incorporate escalating fees over the length of the contract.

Strengthening Documentation

MMC SUSTAIN began the work of strengthening the foundational documents – the contracts and SLAs – of the RT35 partnerships. The purpose of the SLA is to establish the VMMC service delivery arrangement between the provincial DoH (PDoH) and the service delivery partner to ensure the objectives of both the PDoH and the NDoH are met.

With guidance from the NDoH and the National Treasury, MMC SUSTAIN reviewed the previous Special Conditions of Contract and the standard SLA, before applying contracting best practices to strengthen their terms and conditions.

The updated SLA template outlined key responsibilities for both DoH officials and implementing partners to ensure accountability and improve overall quality. The changes included more specific language about the expectations for potential partners to build capacity, develop Continuous Quality Improvement (CQI) teams, manage AEs and oversee the use of devices or surgical aids.

The new SLAs also left room for provinces to tailor the agreements to address specific gaps and needs. MMC SUSTAIN offered support in customising the SLAs, which some districts took advantage of.

In an additional bid to improve quality and safety, MMC SUSTAIN spelled out expectations for AE monitoring and reporting in the revised contracts. The new documents also included remedial measures and strict penalties for non-compliance.

The previous contracts did not include an annual price-based escalation. Instead, partners included estimated cost increases in their bids, resulting in a situation where prices in the early years of a contract were not true to cost. To address concerns about transparency, an annual price-based escalation of certain items, indexed to the consumer price index, was clearly defined in the new contracts. It mandated an annual review and cost breakdown per line item.

MMC SUSTAIN's complete recommendations (see Table 1) were incorporated into the final documents, which were released for public bidding on 7th June 2019.

Challenge	Rationale for change	Recommendations
Open tender process	The NDoH and the National Treasury previously relied on a closed procurement process. Though this was faster than an open process, closed tenders require approval and a formal written rationale and create barriers for new entrants.	An open tender was recommended to allow more bidders to apply. Strict requirements were instituted to ensure that only experienced organisations able to undertake the job would qualify.
Sub-contracting provisions	The primary contractors are responsible for the oversight of sub-contractors. In the earlier round, these sub-contractors were not adequately oriented on the VMMC programmatic requirements or guidelines, resulting in poor quality outcomes and AEs. The national VMMC external quality findings indicated that key policy violations were attributed to general practitioners, indicating that there were insufficient systems for monitoring sub-contractors.	Special conditions on sub-contracting were included in the new RT35 contracts and SLAs highlighting penalties for policy violations. Additionally, primary contractors were required to indicate sub-contractors in their tender proposal submission.
SLA development	There were variations in the SLAs between provinces, including some provinces not implementing the contract and approaching alternative providers. Districts would manage the contracts in an ad hoc reporting chain back to the NDoH.	A template SLA was developed to guide provinces and districts in developing comprehensive agreements that cover critical elements of VMMC service provision. Additionally, orientation briefings on contract management were implemented. Provinces or districts had the option to request technical assistance with the contract management unit from the National Treasury and with support from MMC SUSTAIN.
AE management	The process for monitoring, evaluating and reporting AEs was clear in the national VMMC guidelines. However, some implementing partners did not follow the correct reporting protocols and did not report AEs out of fear of recriminations.	SLAs were updated to explicitly include AE monitoring and reporting, with an indicated criterion of what constitutes an AE. Strict penalties for non-compliance and remedial measures were also included in the SLAs.
Payment process	Payments from provinces to some service providers were delayed. The impact on smaller service providers was significant. Additionally, payment processes with timelines for data verification and approvals were not explicitly stated.	A fast-track dispute resolution mechanism, specifically on payment to the service providers, was built into the contract.

Challenge	Rationale for change	Recommendations
Costing	The cost per circumcision varied by province.	The updated contracts determined a fair rate that considered the differing logistical requirements in each province.
Incorporating escalation of fees	The early contracts did not outline an escalation of fees, which forced bidders to predict potential price escalations and integrate them into their bids. Fees in the early years of the contracts were not true to cost, which limited transparency and could have caused higher NDoH expenditures.	Annual price-based escalations on selected costs were defined in the contracts and linked to the consumer price index. This allowed for a clear indication of costs per line item and an annual review of costings.
Procurement of MMC kits	The responsibility for the procurement of consumables was not expressly addressed.	The new documents stipulated service providers would procure their own consumables that met NDoH specifications.

Bidding Process

To identify a broader base of capable candidates and alleviate any capacity concerns among the existing providers, MMC SUSTAIN recommended that the NDoH and the National Treasury utilise an open tender process in its second effort with strict qualifiers on who could bid.

To qualify, potential partners needed to have:

- Conducted more than 50,000 circumcisions cumulatively in a lifetime
- At least two years' experience providing VMMC services
- Experience managing at least two sub-contractors

One key aspect of the RT35 partners' scope of work was to recruit, contract, manage and reimburse sub-contractors to provide VMMC services. In order to improve quality, primary implementing partners were required to list sub-contractors in the proposal. The district DoH needed to approve any sub-contractors subsequently added.

Four MMC SUSTAIN team members served as observers on the Bid Evaluation Committee. They also joined representatives from the National Treasury in a non-compulsory briefing session on 18th June 2019 to answer technical questions from potential service providers, in an effort to help clarify the process and ultimately strengthen the submitted bids.

The request for bids closed the following month and the NDoH invited provincial officials to join the Bid Evaluation Committee. The Committee assessed each bid based on price, technical strength and compliance with the tender. Ultimately, the committee deemed 11 bidders compliant and recommended them to the Bid Adjudication Committee.

Due Diligence

Integrating new layers of due diligence, the NDoH and the National Treasury conducted additional evaluations, in collaboration with MMC SUSTAIN, on the 11 recommended partners. Bidders were questioned about their track record, their relationships with provinces and districts, the composition of their core technical teams and the justification for their price per VMMC.

Officials from the NDoH, National Treasury and MMC SUSTAIN continued to evaluate key criteria, including:

- Past performance against target i.e. number of circumcisions conducted for existing service providers
- Current geographic scope and relationships with districts/provinces
- Internal capacity to conduct circumcisions

Ultimately, eight winning bidders emerged from this rigorous process.

Toolkit Development

Recognising the challenges to overseeing and implementing the previous contracts, MMC SUSTAIN developed a toolkit as a resource document to assist the district contract managers tasked with contracting, implementing and monitoring the new SLAs. The purpose of the toolkit was to provide a ready guide to assist contract managers in executing their functions more effectively. Although the roles and responsibilities of each party are already stipulated in the standard SLA template, MMC SUSTAIN believes the toolkit, which consists of a manual and several templates, will help ensure there is a unified understanding of responsibilities between NDoH, provinces, districts and partners.

The toolkit offers specific guidance on:

- ✓ Completing contract administration activities in a standardised and high-quality manner
- ✓ Customising SLAs between districts and service providers
- ✓ Contracting and managing general practitioners
- ✓ Establishing and maintaining stakeholder coordination structures at the district level
- ✓ Verifying the accuracy of service provider data at the district level
- ✓ Ensuring VMMC data is accurately and timeously submitted to capturing sites

Once the contract award letters and circulars were distributed, NDoH shared the contract management toolkit, which had been customised to every province and service provider. The MMC SUSTAIN team then conducted a number of onboarding sessions to familiarise the contract managers and appointed service providers with the toolkit, as part of the inception phase of the contract implementation.

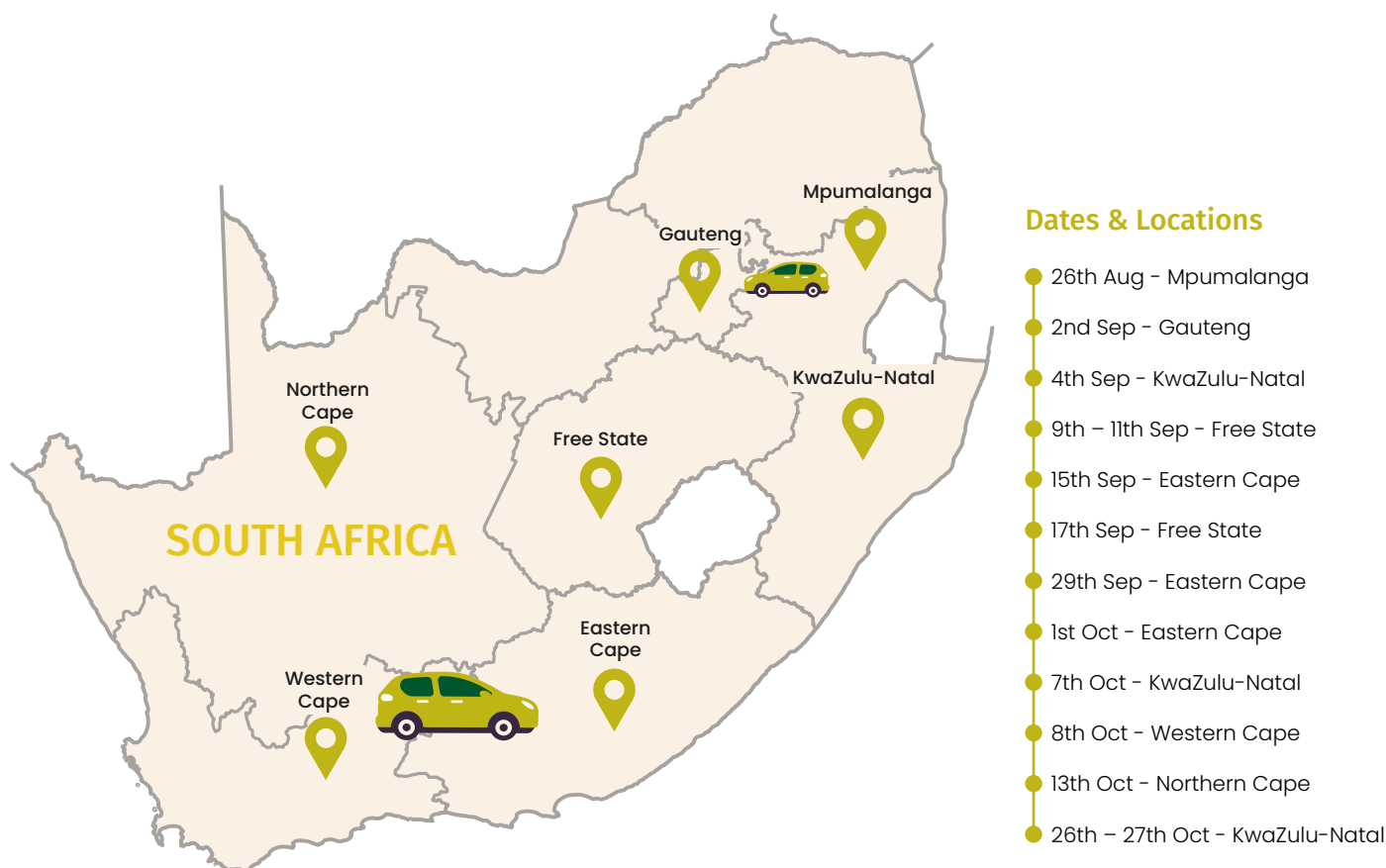
Building Management Capacity

Improving ownership and accountability were two of the key goals of this process, and MMC SUSTAIN saw an opportunity to further both by increasing the interactions between DoH officials and partners. NDoH and National Treasury with the support of MMC SUSTAIN launched an RT35 induction roadshow across all of the provinces, kicking off with a national orientation session in August 2020.

The event brought together the winning service providers with all provincial VMMC and HIV, AIDS, STI and TB (HAST) managers, providing them with an opportunity to build connections and to familiarise themselves with the SLAs.

Subsequent provincial meetings offered an opportunity for more in-depth discussions on roles and responsibilities around contracting, stakeholder management, quality assurance issues, data submission, training and demand creation. Most importantly, these meetings provided an opportunity to resolve who within the district would assume the role of district contract manager to ensure a level of consistent oversight that was missing from the previous round of RT35 contracts.

The Roadshow Destinations



Remaining Opportunities for Improvement

- Payment concerns arose during the initial RT35 contracts and remained a challenge in the new round. Payment processes are autonomously controlled by provinces. While the SLAs specified payment would be made within 30 days, some districts and provinces reported that they had processes that would take longer than the allotted time. There is an opportunity to customise this element of the SLAs in the future.
- Some provinces raised concerns about the exclusion of their unique traditional and cultural specifications in the Special Conditions of Contract.
- While the overall response to the toolkit was positive, some district contract managers found the scale overwhelming and requested job aids and routine in-person refresher trainings. While MMC SUSTAIN recommended ongoing quarterly stakeholder meetings between the NDoH, National Treasury and the partners, they have proven difficult to coordinate.
- There are outstanding concerns about whether districts have the capacity and resources to meet all of the management expectations.



Lessons Learned

1. Collaboration is critical

The sustainability of the VMMC programme rests, in part, on the active engagement of provincial and district DoH officials with the programme. To address the challenges that arose from the disengagement of some provincial and district officials during the inaugural RT35 contracts, it was important to understand the reason for their disconnection and to foster opportunities for increased linkages.

2. Engage with service providers early in the process and clearly define obligations

Familiarising service providers with key DoH officials and other partners, as well as with the documents that would guide the partnership, helped to quickly integrate them into existing structures and inspire their commitment to the programme.

Though expectations, particularly the steps required to maintain the quality and safety of the VMMC programme, were already explicitly detailed in the programme documents, it was important to spell out in the corresponding RT35 documents exactly what obligations partners and sub-contractors have to ensure those expectations are met.

3. Centralise responsibility

It was also important to make sure that there was a specific person at the district level tasked with oversight of the RT35 partners and their performance. In addition to ensuring that quality and safety guidelines were adhered to, it also gave partners a focal person to approach when they sought clarifications or ran into challenges.

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