

THE COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

EVALUATION REPORT:

TENDER FOR PROVISION OF MEDICAL INSURANCE COVER FOR STAFF OF THE COMESA SECRETARAIT.

TENDER NO: CS/111-12/2

CONTENTS

1. Introduction
2. Background
3. Evaluation committee
4. Preliminary and Technical Evaluation
5. Financial Proposals Evaluation
6. Recommendations
7. **INTRODUCTION**

The Common Market for Eastern and Southern Africa (COMESA) intends to procure a staff medical insurance scheme for staff of the Common Market for Eastern and Southern Africa (COMESA) Secretariat.

1. **BACK GROUND**

The 35th meeting of the Council of Ministers held in Lusaka, Zambia directed the Secretariat to maintain the status quo on the medical scheme and engage in consultations with COMESA staff and other stakeholders and re-table the issue to the Policy Organs.

The Secretariat has maintained the status quo since then by reimbursing staff medical expenses from their individual medical allowances at 80% which translates to USD 3750 per annum. It has also been consulting on the way forward given the challenges being faced by both staff and the administration in terms of managing the claims.

The Committee on Administrative and Budgetary Matters recalled that Council at its meeting held in Lusaka, Zambia in July 2018, noted challenges arising from the absence of a Medical Insurance Scheme and the risks that regular staff at the COMESA Secretariat and other staff engaged as projects staff and consulting staff face. The Challenges included the following: -

1. the existing in-house medical scheme on a cost reimbursable basis does not afford full protection to staff and their eligible dependents;
2. eligible staff are required to meet medical costs up-front prior to seeking reimbursements, thus creating both access and internal administrative challenges; and;
3. Significant risks impacting on the institution being a health, safe and secure work place, as individual project staff and or consultant staff are required to arrange their own medical scheme insurance. Their failure to arrange an adequate own medical scheme insurance has always impacted on the Secretariat, as occasionally there have been cases of significant illnesses and or death.
4. The 39th Council meeting of 25th November 2018 hence decided as follows, **“*that the Secretariat finalizes the acquisition process of outsourcing COMESA Secretariat Staff Medical Scheme Insurance and present the same to the Sub Committee on Audit and Budgetary Matters.”***

**2.1** The tender for provision ofstaff medical insurance scheme for staff of the Common Market for Eastern and Southern Africa (COMESA) Secretariat was advertised using restricted competitive tendering where the RFP was issued to the five invited firms in March 2019 and closed on 12th April 2019.

On the closing date and time, five (5) bids were received from the following firms;

1. Hollard
2. Madison Life Insurance Company
3. SES Unhealth
4. Sanlam Insurance
5. Liberty Insurance
6. **EVALUATION COMMITTEE**

An Evaluation Committee (EC) was constituted and approved by the Secretary General to evaluate the bids received. The EC consisted of the following staff:-

1. Mr. Clement Kanyama - Director, Budget and Finance/Chair
2. Mr. Baptiste Mutabazi – Director, Infrastructure and Logistics
3. Mrs. Lanka Dorby - Director, IT
4. Mr. Berhane Giday - Chief Program officer
5. Ms. Haifa Mustafa - Chief, HR Unit
6. Mrs. Joyce Mutale -Procurement Expert /Secretarait

Mr. Baptiste Mutabazi sent in apologies since he was on mission and delegated Mr. Bernard Dzawanda to represent him. Mr. Berhane Giday also delegated Mr. Kelvin Chisongo to attend on his behalf. Mrs. Lanka Dorby sent in apologies as she was attending to other commitments. Mrs. Joyce Mutale was unable to provide secretarial services and was substituted by Mr. Silver Mwesigwa.

**4.0** **EVALUATION.**

The Evaluation Committee met on 17th, 20th and 21st May 2019 to evaluate the bids received.

The Secretariat informed the committee that the Tender would be evaluated under three stages, namely;

1. **Preliminary Evaluation**: This involved checking whether the bids met the mandatory requirements to qualify for the technical evaluation as stipulated in the Request for Proposal (RFP).
2. **Technical Evaluation-** This involved checking whether the bids received met the technical requirements as stipulated in the RFP.
3. **Financial Evaluation**: The committee was informed that the passing score for a bid to be considered for Financial evaluation was 75%. This was in line with the COMESA Procurement rules and regulations of February 2014 Rule no.25

**4.1** **DISCUSSIONS**

i. Due to the volume and amount of work anticipated, the members agreed to take three days to study and analyze the technical proposals then meet again on 20th and 21st May 2019 to for actual evaluation.

**4.2** **Preliminary Evaluation**.

1. The Preliminary and technical evaluation was conducted on 20th May 2019 and concluded on the same day in the Human Resources/ Admin Board room.
2. During the Preliminary evaluation the EC observed that some bids lacked some information.

The results of the Preliminary Evaluation were as shown in table 1.

**Table 1: Preliminary evaluation results.**

| **No** | **Criteria** |  |  | | | **Bidders** | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Hollard | | Madison | Liberty | | Sanlam | SES Unhealth |  | |
| 1. | *Copy of a valid certificate of registration/incorporation.* | *Y* | | Y | Y | | Y | Y |
| 2. | *Evidence of current membership of the relevant association of insurers* | *Y* | | Y | Y | | Y | Y |
| 3. | *Copy of the current relevant trade licences from the Local Authority.* | *Y* | | Y | Y | | Y | Y |
| 4. | *Signed CVs of key management and technical*  *staff* | *N* | | Y | N | | Y | Y |
| 5. | *Evidence of major reference clients whose medical scheme the Tenderer is currently serving (at least 5 clients – attach confirmation letters).* | *N* | | Y | N | | Y | Y |
| 6. | *Certified audited financial statements for the five (5) years (attach statements for 2013, 2014, 2015, 2016 and 2017).* | *N* | | Y | N | | Y | Y |
| 7. | *Evidence of credit facilities with major health service providers for the period 2017 to date (attach reference letters from 5 major hospitals)* | *Y* | | Y | Y | | Y | Y |
| 8. | *Power of attorney in case of a joint venture.* | *Y* | | Y | Y | | Y | Y |
| 9. | *Must submit two (2) copies of the tender document (original and copy).* | *Y* | | Y | Y | | Y | Y |
| Responsiveness | | **No** | | **Yes** | **No** | | **Yes** | **Yes** |

KEY : Y- Compliant, N-Non-Compliant, Yes -Responsive, No- Non Responsive



**NOTES**

1. Only three of the five bidders qualified at this stage and were considered for technical evaluation.
2. Liberty Insurance presented some CVs that were not signed, and they did not present the minimum five letters of recommendations as required. The company presented audited books for four years instead of the required five years.
3. Hollard Company failed to meet the minimum five letters of recommendation since some of the letters submitted were addressed to another firm (Cigna) and yet there was no document to show there is a legal relationship between Hollard and Cigna. Some of the CVs submitted were not signed.

**4.3 Technical Evaluation**

The EC adopted the technical evaluation criteria after a lengthy discussion and the results were as shown in Tables 2 and 3 and 4 below.

**Table 2: Technical Evaluation criteria**

| Criteria | | % |
| --- | --- | --- |
| T1 | Adequacy of medical scheme/insurance coverage with major public health and or medical services providers in the host country (i.e. within Zambia)  ***(24 hour-availability to cover different and varied ailments)*** | 20 |
| T2 | Alignment to international character of COMESA  ***(Specific provisions to cater for staff from different nationalities)*** | 20 |
| T3 | Ease of access to medical scheme/insurance at all times  ***(Specific provisions to facilitate access within Zambia, as COMESA Host Country and within the COMESA Region)*** | 20 |
| T4 | Unique competitive offerings  ***(Due to nature of operations, staff are required to travel within the COMESA Region, as well as outside COMESA Region and staff may require emergency medical and or health services and or to be evacuated)*** | 20 |
| T5 | Financial capacity  ***(Proven strong financial position for each of the last five years)*** | 20 |
|  | Total | 100 |

**Table 3: Observations made in line with the Technical Evaluation criteria as set out in the RFP**.

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Name of the Firm** | **Strength** | **Weakness** |
| **1.** | Madison Insurance Company | The bidder has adequate medical scheme/Insurance coverage with major public health facilities in Zambia.  The bidder has a sound financial position.  The bidder demonstrated evidence of easy access within Zambia and clearly stated a good methodology and workplan with good understanding of the TORs.  The bidder covers pre-existing conditions and there are no waiting periods for the services. | The bidder did not demonstrate any evidence of alignment to international character of COMESA. No evidence of foot print in COMESA region.  The bidder only mentioned provision of competitive services in Two (2) COMESA countries i.e. Zambia and Zimbabwe |
| **2.** | Sanlam | The firm has some COMESA regional presence, covering five of the COMESA member states and indirect presence in a few others. The bidder has a very good local coverage in Zambia with major organizations and health facilities across Zambia. | The firm has had declining profitability for a couple of years, and then there was a sudden big jump of profits in 2017, which raises questions. Their proposal is very restrictive with over 66 exclusion clauses which defeats the purpose of having a medical scheme. There is no workplan and methodology in response to the TORs, their presentation is too general and lacks details.  The waiting period is too long and, in some cases, up to six months with pre-approvals before accessing services.  The bidder does not cover pre-existing medical conditions. |
| **3.** | SES UniHealth | The bidder has adequate medical scheme/Insurance coverage with major public health Zambia.  The bidder has foot print in Six (6) COMESA countries. However, the bidder did not indicate the exact cities in the mentioned countries | The bidder did not demonstrate unique Competitive services in COMESA Region.  The firm’s solvency position is unsatisfactory as reflected by:   1. negative working capital from 2013 to 2017 2. very low (poor) liquidity ratios as reflected by current and quick ratios computed for the period 2013 to 2017. 3. The firm made net losses in 2013,2015 and 2016.   The firm is a high risk. |

As per the guidelines specifically indicated in the evaluation criteria which was given to all participating firms, the minimum technical score for a firm to be considered for financial evaluation was 75/100. This procurement has been conducted using the CQBS method under the COMESA procurement rules and guidelines. The committee members scored each of the firms’ technical proposals against the criteria as indicated above. The individual scores were added and an average for each firm was computed to arrive at the final score as indicated in the table below. The detailed score sheets for each of the evaluators per firm have been attached as an Annex to this report.

**Table 3: Rankings**

|  |  |  |  |
| --- | --- | --- | --- |
| **EVALUATOR** | **SES** | **MADISON** | **SANLAM** |
| **Clement Kanyama** | 70 | 90 | 81 |
| **Haifa Mustafa** | 70 | 80 | 70 |
| **Kelvin Chisongo** | 73 | 78 | 82 |
| **Bernard Dzawanda** | 61 | 82 | 70 |
| **GRAND TOTAL** | **274/4=68.5** | **330/4=82.5** | **303/4=75.75** |
| **AVERAGE SCORE (%)** | **68.5%** | **82.5%** | **75.75%** |
| **RANK** | **3** | **1** | **2** |

**NOTE:** Only two of the bidders (Madison and Sanlam) attained the 75% technical pass score therefore were recommended to the next stage of financial evaluation. SES Unhealth failed to pass the technical evaluation and was disqualified at this stage.

**5. Financial proposals evaluation**

The financial proposals were opened on 21st May 2019 in the Administration boardroom in the presence of the representatives of both Sanlam and Madison companies. The same opening was attended by the evaluation committee members and chaired by Mr. Gordon Jeranyama who was chairing on behalf of Mr. Clement Kanyama who had travelled out of office on mission.

The financial proposals from both firms were meeting the submission requirements and members confirmed that they were properly sealed before the opening. The proposals were opened in the presence of representatives of the two firms and the EC. The proposals were as follows;

Sanlam USD2,228, 776.25

Madison USD533,439.45

The two firms and the EC members signed against the figures as confirmation.

The proposals were analysed, compared and checked to ensure that the detailed figures matched the grand totals and making sure that both bids are addressing the same concepts as per the TORs. The analysis sheet is attached as part of the annexes.

The Committee therefore recommended the two firms to go the next level of financial evaluation. As per the RFP, the technical aspect carries 80% while the financial component will weigh 20%.

**Scoring computation**

|  |  |  |
| --- | --- | --- |
|  | **MADISON (USD 533,439.45)** | **SANLAM** **(USD 2,228,776.25)** |
| Financial Score computation | **100%** | 100\*533,439.45/2,228,776.25  **=23.93%** |
| Technical Score | 82.5% | 75.75% |
| Final Score | (82.5\*80%) +(100\*20%)  =88% | (75.75\*80%) + (23.93\*20%)  = 65.38% |

**Final financial rankings**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company Name** | **Tech Score** | **Total Cost (lumpsum) USD** | **Financial score** | **Final Score** | **Rank** |
| Sanlam | 75.75% | 2,228,776.25 | **23.93%** | **65.38%** | **2** |
| Madison | 82.5% | 533,439.45 | **100%** | **88%** | **1** |

**6. RECOMMENDATIONS**

The EC made the following recommendations;

1. From the above table, **Madison Life Insurance** presented the best combined technical and financial proposal for the assignment. Based on the above rankings, the committee therefore recommends that **Madison Life Insurance** should be engaged for possible award of the contract to provide medical insurance services for COMESA staff.
2. The committee recommends that a negotiation meeting should be held with the successful firm to harmonise the terms of reference, the medical packages proposed, the ease of accessibility of services, possibility to engage other insurance companies in the COMESA Member States outside Zambia and price negotiations.
3. Management should establish a Technical Team to negotiate and later manage this contract. The composition should include Director, Human Resources and Administration as the chair, with membership from Director of Finance, Procurement Unit, HR Unit, one Insurance Expert and one staff representative. Part of the TORs of the team would be learn more about the similar schemes to incorporate more benefits for the staff.
4. The best bidder should make a full presentation of the proposed scheme/package to the proposed task team and management for harmonisation with the COMESA expectations.

1. The committee recommended that options to bring on board dependents of staff like children and spouses outside COMESA secretariat/Zambia should be explored; either by staff themselves seeking for quotations from insurance firms within their home countries as long as the premium limits are respected or by the successful bidder engaging partner insurers within the member countries.
2. The successful bidder should be engaged to incorporate travel insurance as part of the scheme package and the proposed task team will work out the modalities with the firm.
3. As a lesson learnt, such tenders which require global or regional presence of the firms should in future be advertised competitively using either regional or international bidding methods to attract other sector players with a better global outreach.

**Evaluation Committee Members**

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME** | **Title** | **Signature** | **Date** |
| Mr. Clement Kanyama | Director, Finance Division |  |  |
| Mr.Bernard Dzawanda | Senior Transport Economist |  |  |
| Ms. Haifa Mustafa | Chief Human Resources |  |  |
| Mr. Kelvin Chisongo | Insurance Expert |  |  |
| Mr.Gordon Jeranyama | Finance Officer |  |  |
| Mr. Silver Mwesigwa | Procurement Expert /Secretary |  |  |