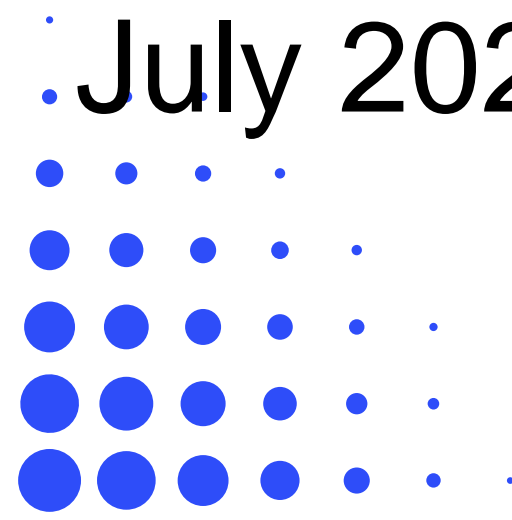
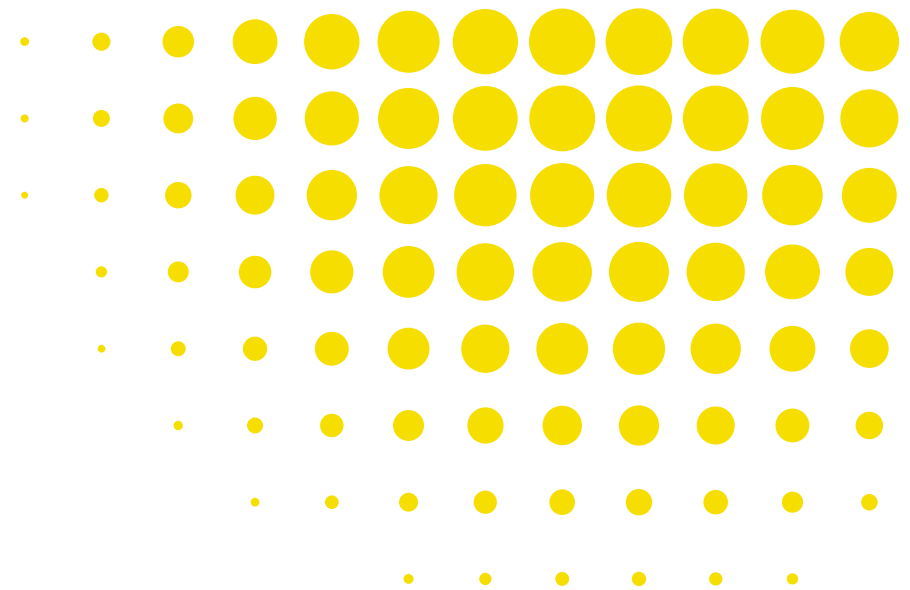




Role of Local Fund Agent in the programs funded by the Global Fund

July 2022



Local Fund Agent model/role

Guiding principles: independence, advisory, confidentiality, flexibility, quality and reliability

As the Global Fund does not have a country-level presence, it competitively hires Local Fund Agents (“LFA”) to provide independent assessment, verification, advice and recommendations to the Global Fund on implementation arrangements & grant performance

- LFAs are a key pillar of GF risk management framework and performance-based funding model
- LFAs are “eyes and ears” of the Global Fund in the countries
- Grant management decisions are often based on LFA work
- LFA does not participate in design or implementation of the program. Cannot provide technical assistance to implementers
- The LFA does not report to anyone outside of the Global Fund
- LFA is not empowered to represent the Global Fund's views or make decisions regarding grants
- Broad range of LFA services enables the Global Fund to identify and address risks
- LFA model allows the Global Fund to adapt LFA services to evolving requirements; request LFA services that are value added, tailored to risk, disease burden, materiality and country/grant context

[LFA micro-site on the GF website](#) contains various tools and guidelines issued by the Global Fund for LFAs

LFAs provide a mix of assurance and advisory services

LFAs draw linkages between programmatic, financial, procurement, supply chain and contextual information

Before Grant Signing

- Perform Implementers' capacity assessment:
 - Financial management systems,
 - Program management
 - SR capacity management,
 - Pharmaceutical and Health Product management systems
 - Monitoring and Evaluation Systems
 - Governance Systems
- Analyze proposed budgets and work plans
- Analyze HPM Tool
- Analyze Performance Framework
- Assist TGF in grant-making and negotiations

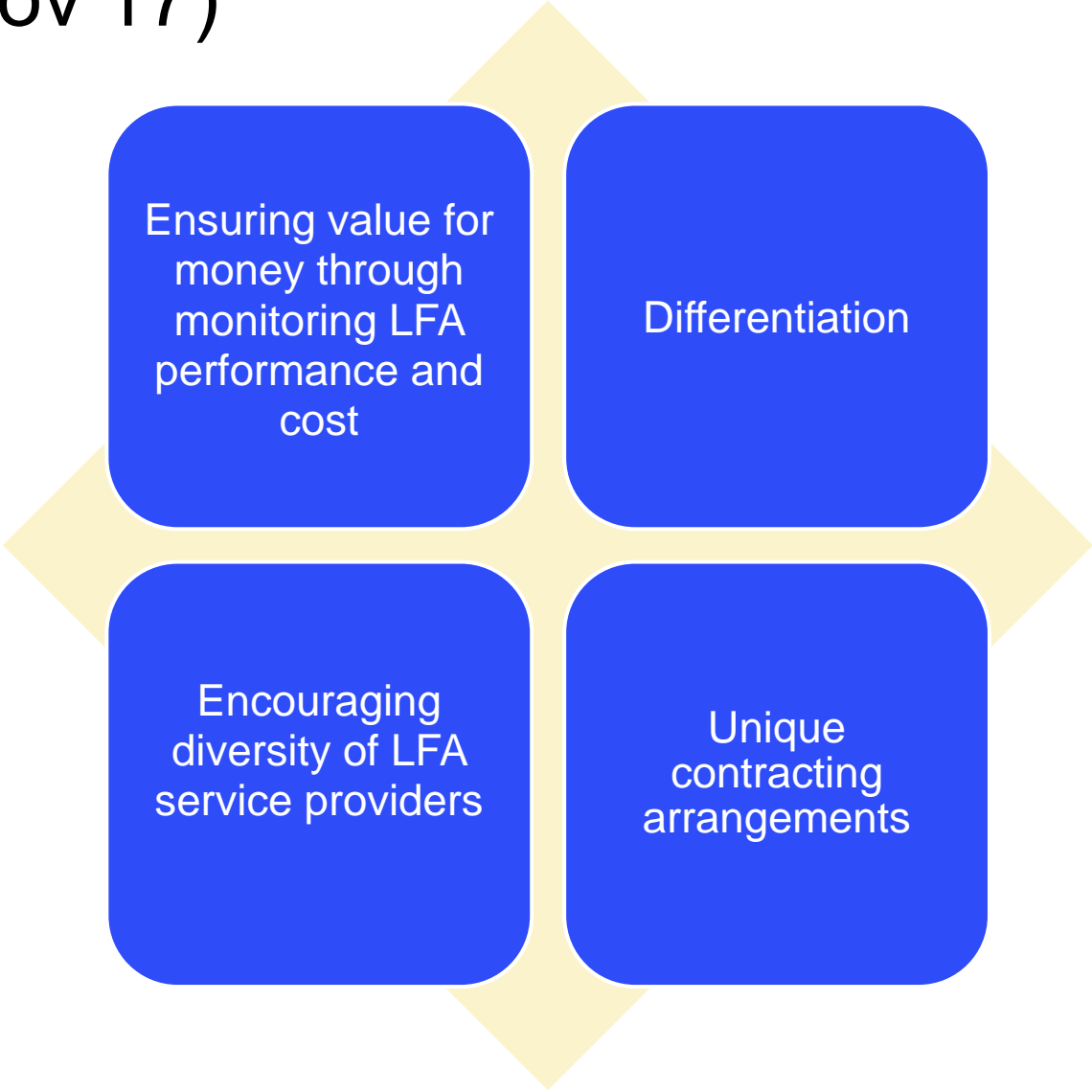
During Grant Implementation

- Most of the LFA services are provided during grant implementation and the scope varies significantly from country to country and from year to year
- Examples of LFA services:
 - Review the Principal Recipient's progress reports and disbursement requests (PU/DR)
 - Various site visits and spot checks, including financial, programmatic/M&E, and health products and health equipment procurement and supply chain
 - Review of internal controls, systems and processes
 - Risk assessment; review of implementation arrangements
 - Ongoing oversight

Grant Closure

- Review activities related to grant closure
- Advise TGF on issues and risks related to grant closure
- Verify PR's assets, including closing cash balance
- Review PR financial closure report

Board approved LFA procurement principles – GF/B38/ER01 (Nov'17)



LFA arrangements

LFA teams

- Usually one LFA organization per country (there are some exceptions)
- Usually 4-8 LFA experts work on a portfolio/country, depending on size & complexity. Multi-disciplinary teams comprise of Team Leader, Finance, Programmatic Health / M&E, Procurement & Supply Chain Management experts. Based on portfolio needs additional experts are added, e.g. Laboratory expert, Procurement (non-health), Supply Chain, Legal. Senior LFA experts are approved by GF to ensure compliance with GF minimum requirements
- The Global Fund provides trainings for LFA experts (online and periodically in person) to update them on changes in the guidelines, evolving service requirements and expectations.

Procurement of LFA services

- LFAs are independent organisations selected competitively on a country-by-country basis.
- 6-year Framework Contract signed with each provider with no financial commitment, no countries assigned and flexible termination provisions for the GF.
- For each country a costed work plan agreed annually. The GF only pays LFAs for services completed according to agreed timeline and applicable standard of performance
- The GF may tender any portfolio/country at any time. Every year the GF selects countries for Request for Information and/or re-tendering. Suboptimal performance or cost are key drivers for LFA tenders

LFA v External Auditor

Local Fund Agent	External Auditor
Provides independent <u>advice</u> and recommendations to the Global Fund at the country level at various stages of the grant life-cycle	Performs an audit of the financial statements
GF provides guidance on what LFA should do	Work is done in accordance with relevant GAAS (e.g. International Auditing Standards)
Reports only to the Global Fund. LFA reports are not available to external parties	Reports to the management of the audited entity (e.g. PR/SR)
The scope includes both programmatic and financial information, both historical as well as future forecasts, budgets and targets	The scope includes historical financial information
The scope of work is determined by the GF	The detailed scope of work and approach is determined independently by an auditor
LFA issues to the GF various reports of advisory nature following the specific GF requests/templates as applicable	Auditor issues standardised audit report and management letter both addressed to the management of the audited entity
Involved throughout the year	Usually involved once or twice a year when audit is conducted

Communication Protocol

- To effectively perform their functions, LFAs need to communicate on a regular basis with PRs, CCMs and other in-country stakeholders to access information relating to the grant, grant recipients, the health sector and other country-specific issues that may affect the grant.
- LFA reports are confidential and cannot be shared with any third parties without prior written consent of the LFA.
- [Communications Protocol for LFAs](#) is available on the Global Fund website

LFA Communication with CCM

The LFA should be available to regularly attend CCM meetings.

The following principles apply to LFAs attending CCM meetings:

- The LFA should act as an observer only, and not: (i) participate in decision-making and/or voting processes; or (ii) speak in the name of the Global Fund or purport to represent the views of the Global Fund. The LFA should refrain from saying anything that is outside the scope of its instructions from the Global Fund.
- The LFA should clarify its role and functions, as and when appropriate.
- The LFA may be invited by the CCM to participate in CCM discussions. The LFA should refrain from discussing any issues with the CCM that are outside the ambit of its role and responsibilities, and refer such issues to the FPM.
- Following a CCM meeting, the LFA should update the FPM about what was discussed at the meeting.
- The LFA should refer any requests made by the CCM with regard to sharing assessment and recommendations and updates on grant implementation to the PR and the FPM.

LFA Communication with PR/SR

To effectively work with PRs/SRs and monitor grant performance, LFAs need to maintain good working relations with the PRs/SRs, without compromising their independence on fiduciary obligations to the Global Fund.

- The LFA should give the PR/SR advance notice of its intention to meet with program staff and/or review program records and sites, unless the Global Fund has authorized the LFA to undertake a special unannounced data verification site visit and/or special investigation.
- After completing a PR/SR capacity assessment and/or PUDR review, the LFA should undertake a verbal de-brief with the PR before sending the final report to the FPM.
- Unless explicitly instructed to do so by the FPM, the LFA should not make recommendations to the PR/SR on grant related issues, nor instruct the PR to take certain grant related actions. Instead, the LFA should communicate all such recommendations to the FPM using the format provided by the Global Fund. The FPM will then communicate Global Fund decisions and any relevant recommendations to the PR, as well as to the LFA

LFA communication with other in-country stakeholders

LFAAs will need to ensure that their advice to the Global Fund takes into account relevant contextual factors and health sector developments.

- During country visits FPMs shall introduce the LFAAs to key development actors in country, and explain their role and functions
- LFAAs should make active use of the experience and knowledge of development actors in the country through conducting interviews, and accessing available evaluation and review reports etc.
- LFAAs should make use of available opportunities to meet relevant in-country stakeholders (such as through CCM meetings) to receive contextual information relating to health sector developments and identification of opportunities for capacity building
- LFAAs should accompany the FPM to meetings with the donor community during country visits, if requested by the FPM.



The Global Fund to Fight
AIDS, Tuberculosis and Malaria

+41 58 791 1700
theglobalfund.org

