



SECTION B - PRACTICAL ARRANGEMENTS

B1	LFA Mandate	2
B2	Teams in the Global Fund the LFA interacts with	2
	B2.1 Country Teams	2
	B2.2 Technical Hubs.....	3
	B2.3 LFA Coordination Team.....	3
	B2.4 Sourcing Team.....	4
	B2.5 Office of the Inspector General	4
B3	Guiding Principles for LFA work	4
	B3.1 Advising.....	4
	B3.2 Independence	4
	B3.3 Flexibility.....	5
	B3.4 Confidentiality.....	5
	B3.5 Quality and Reliability.....	5
B4	Reporting, Liaison and Communication	5
	B4.1 Reporting Requirements	5
	B4.2 LFA Liaison and Communication with the Global Fund	6
	B4.3 LFA Liaison and Communication outside the Global Fund	6
B5	LFA Procurement	7
B6	Invoicing	8
B7	LFA Minimum Required Expertise	8
	B7.1 Fundamentals.....	9
	B7.2 Confirmation of LFA Team Composition.....	10
	B7.3 Changes to the LFA Team	10
B8	Quality Assurance, Training and Performance	10
	B8.1 Quality Assurance.....	11
	B8.2 Training.....	11
	B8.3 Evaluation of LFA Performance	11
B9	Conflicts of Interest	12
B10	Travel Arrangements	12
B11	References	13
	Reference Documents	14

B. PRACTICAL ARRANGEMENTS

B1 LFA Mandate

The Global Fund contracts a Local Fund Agent (LFA) to undertake an objective examination and provide independent advice to the Global Fund on the following:

- implementers' capabilities to manage/implement programs funded by the Global Fund;
- implementers' compliance with the respective grant agreements; and
- risks that will impact the programs' ability to meet their objectives.

The specific services to be provided by the LFA will be tailored to each portfolio's grant and information requirements, as well as its distinctive risk profile.

At the Global Fund's request, the LFA provides independent assessment and verification services through risk-based approaches and methods at various stages of the grant lifecycle:

- Before grant signing, the LFA may be required to assess the proposed grant implementation arrangements, the implementers' capacity and compliance with applicable Global Fund minimum standards, track record and the effectiveness of internal controls and systems. This assessment may include the review of the implementer's detailed budget, work plans, and other grant related documents (see section C).
- During grant implementation, the LFA reviews the implementers' progress in achieving the performance targets and appropriate use of funds in accordance with the grant agreement. This will be achieved through verifying financial information and programmatic data and results via periodic field visits and review of source documentation. The range of LFA services that may be required to be performed during grant implementation is described in Section D.
- When a grant reaches the end of its life cycle or is terminated, the LFA may be required to review the activities relating to the closing of the grant and advise the Global Fund on issues and risks related to grant closure (for further information see section E).

The LFA services for each country are as set forth in that country's Work Plan. The LFA needs to demonstrate sufficient flexibility to adjust service delivery to the requirements of the Global Fund, and to closely consult and agree to any changes to the scope of the Work Plan with the Global Fund prior to conducting LFA services.

In performing the LFA services, the LFA is required to use the reporting tools and follow the guidelines developed by the Global Fund for LFA services contained on the Global Fund's website (<http://www.theglobalfund.org/en/lfa/documents/>).

A fundamental principle is that the client of the LFA is the Global Fund. The LFA does not report to anyone outside of the Global Fund, thereby ensuring that its analysis and recommendations remain confidential.

B2 Teams in the Global Fund the LFA interacts with

While the main focal point for LFAs is the Fund Portfolio Manager and the respective Country Team, the LFA may be involved in relationships with various teams within the Global Fund.

B2.1 Country Teams

For each Global Fund portfolio a Country Team exists, which is the LFA's primary contact within the Global Fund. The Country Team is coordinated by the Fund Portfolio Manager for that country and consists of the

Fund Portfolio Manager, assisted by Program Officers, and technical specialists (Public health/Monitoring & Evaluation, Health Product Procurement & Supply Management, Finance and Legal). The LFA is required to communicate with the Country Team members on an ongoing basis, both in connection with particular LFA activities and in order to keep them informed of developments in the country or on a grant.

Each Country Team member is responsible for due diligence in their respective area of expertise with regard to grant management processes. Decisions relating to the grants are discussed within the Country Team to enable all members to provide inputs concerning grant management and oversight relevant to their area of expertise.

The role of the LFA is to ensure that LFA services effectively fulfill the country- or grant-specific information needs and risk management requirements of the Country Team. The Country Team will identify focus areas and priorities for the LFA to meet the grant, Principal Recipient and country-specific information and risk management requirements. The LFA's accurate analysis and recommendations are critical to inform these discussions and to ensure LFA services are adequately tailored. The Country Team provides direction to the LFA, monitors the LFA's performance and establishes revisions of the country's LFA Work Plan, within the amount of the existing Purchase Order for LFA services in that country.

The Country Team, and in particular the Fund Portfolio Manager, Program Officer and Fund Portfolio Assistant will also engage with LFAs on issues related to invoicing. Fund Portfolio Managers manage the LFA budget for their respective portfolio and approve payment for LFA services as well as participate in the approval of any staff changes in LFA country teams, as needed. However, the Country Team does not contract directly with the LFA or obligate the payment of money by the Global Fund to the LFA. This is done by the Sourcing Team and the Finance Team respectively.

Global Fund portfolios at the Secretariat are grouped into **Regional Teams and Departments**. At times, LFAs will be in contact with the respective Regional Manager or Department Head.

A number of **High Impact Countries** have been identified, based on their high disease burden, and organizationally grouped together into three departments (two High Impact Africa departments and High Impact Asia). High Impact Countries tend to have more Global Fund Secretariat resources allocated and the LFA service requirements might vary compared to other countries.

B2.2 Technical Hubs

Country Team members are supported by technical hubs (notably for Monitoring & Evaluation, Health Product Procurement & Supply Management, Finance and Country Coordinating Mechanisms), which are also involved in the development of guidelines and trainings. Occasionally LFAs might be in direct contact with members of these technical hubs.

B2.3 LFA Coordination Team

The role of the Global Fund's LFA Coordination Team is to act as a liaison with the headquarters of all LFA firms across the globe. The aim is to achieve an ever-improving and consistent level of quality in LFA services globally. The team's responsibilities include:

- Engaging in strategy and policy discussions affecting LFAs and the LFA model;
- Participating in the development and dissemination of new tools relating to LFA services and ensuring that LFAs are kept informed of developments within the Global Fund;

- Interacting with the head offices of the LFAs (for those LFAs where there is no head office, directly with LFAs in the country) on horizontal issues to ensure continuous improvement and consistent quality of services across all LFAs;
- Coordinating training and orientation of LFAs;
- Supporting the Fund Portfolio Managers and Country Teams in managing their relationships with in-country LFAs (including intervening in issues of LFA performance);
- Supporting LFA budget planning and procurement processes;
- Maintaining the system of the performance evaluation of LFAs by ensuring that the quality of LFA services is monitored and feedback is provided on a regular basis through the LFA performance evaluation tool or other mechanisms;
- Coordinating key LFA experts' approval and the consideration of potential conflicts of interest involving LFA.

B2.4 Sourcing Team

The Global Fund's Sourcing Team has primary responsibility for the commercial relationships with LFAs and other contractors, notably in defining rates and re-tendering contracts. See Section B5 for information on procurement arrangements.

B2.5 Office of the Inspector General

LFAs may from time to time be called upon to interact with the Office of the Inspector General, for example:

- When LFAs assess risk and/or identify suspected wrongdoing;
- When LFAs are a subject of an audit or investigation by the Office of the Inspector General;
- When LFAs are asked to support an audit or investigation by the Office of the Inspector General;
- When LFAs are asked to help follow up on recommendations made by the Office of the Inspector General or agreed actions;
- When the OIG conducts training to raise awareness of risk in Global Fund financed programs.

LFA interactions with the Office of the Inspector General are covered in more detail in section F.

B3 Guiding Principles for LFA work

B3.1 Advising

LFAs provide verification services, advice and recommendations to the Global Fund and are not empowered to make decisions on grants. They are not the Global Fund's representative in the country and do not speak for the Global Fund.

B3.2 Independence

In performing services for the Global Fund, LFAs should at all times demonstrate their professionalism, objectivity and independence. They should therefore not participate or engage in any activity which could be construed as a conflict of interest, such as participating in the design and implementation of proposals for Global Fund financing, providing technical assistance or capacity building to grant recipients, performing or advising on procurement for the Principal Recipient or its sub-recipients or auditing a grant's financial statements. LFAs are expected to take responsibility for ensuring that they are free from conflicts of interest and to propose effective mitigating measures in cases where such conflicts cannot be reasonably avoided,

which will be evaluated by the Global Fund at its discretion. The LFA's role in avoiding and declaring potential or real Conflict of Interest situations is detailed in the LFA Conflict of Interest Guidelines¹.

B3.3 Flexibility

LFAs are expected to approach their role with flexibility. An LFA may be required to take different approaches on specific tasks, depending on the requirements and context of a grant or a country. The Global Fund relies on the professional judgment of LFAs to determine the appropriate verification and assessment methodologies and to advise the Global Fund on tailoring the LFA work to the specific grant, Principal Recipient and country context.

The scope and depth of LFA work and level of expertise required for each assignment should be discussed and agreed between the Global Fund and the LFA prior to taking place.

The Global Fund processes and needs are evolving over time. Some services mentioned or described in this Manual may also evolve, requiring a change in approach by the LFA. The services listed in the LFA Work Plan and outlined in this Manual are not exhaustive. They may be expanded or modified by the Global Fund at any time. LFAs are required to demonstrate sufficient flexibility to make adjustments to service delivery as agreed with the Global Fund.

B3.4 Confidentiality

LFAs report only to the Global Fund. These reports are confidential and are not shared with external parties, including Principal Recipients and Country Coordinating Mechanisms, without the prior consent of the LFA. Confidentiality is important to enable the LFA's independent and frank reporting to the Global Fund. However, the Global Fund will use findings from LFA reports to prepare its own communications to Principal Recipients and other stakeholders. The *Communication Protocol* provides more detailed information with regard to sharing the findings from LFA reviews with third parties. See section B4 below.

B3.5 Quality and Reliability

The Global Fund relies on the consistent, quality and timely delivery of LFA services based on which it makes its funding decisions. As such, LFAs must ensure that services provided to the Global Fund comply with defined quality standards and timeframes. Low quality and delayed LFA service can result in delays in implementation of grants and delivery of life-saving services to grant beneficiaries. LFAs are therefore subject to ongoing rigorous performance assessment as described in Section B8 below.

B4 Reporting, Liaison and Communication

LFAs are contracted by the Global Fund and report to the Global Fund. They do not report to the Principal Recipient, Country Coordinating Mechanism or other stakeholders.

B4.1 Reporting Requirements

LFAs should provide reports in the form provided by the Global Fund for the specific service, where applicable.

All reports are submitted in electronic form and, if required, in hardcopy. Generally, LFAs are required to submit their reports in English. In certain cases, for documents provided to the Country Team alone and not

¹ See also section B7 below.

for wider review within the Global Fund, the LFA may, upon prior agreement with the Fund Portfolio Manager, also submit its reports in other languages, e.g. French or Spanish.

B4.2 LFA Liaison and Communication with the Global Fund

All LFA interactions with the different teams within the Global Fund should take place according to the principles set out in the *Global Fund - LFA Communication Protocol*.

The following principles are particularly important:

- Regular frank, open and respectful communication is essential.
- The LFA is expected to deliver independent and professional advice and recommendations.
- The Global Fund is responsible for ensuring that the LFA has the latest copies of grant-related documents, including amendments to the grant agreement, Performance Letters, etc.
- LFAs will be kept informed of developments in Global Fund policies or tools, as well as developments in the grant.

B4.3 LFA Liaison and Communication outside the Global Fund

The *Communication Protocol* clarifies how and when LFAs should interact, communicate and share information with Principal Recipients, Country Coordinating Mechanisms and other stakeholders.

The Global Fund will not share or publish reports that have been prepared by LFAs for the Global Fund with any third parties (including but not limited to Principal Recipients and Country Coordinating Mechanisms), unless the Global Fund has obtained the prior written consent of the LFA to make such reports available to specified persons or the public at large, as the case may be. An exception to this principle may be made when disclosure is mandated by a dispute resolution process or by the Office of the Inspector General.

The grant agreement² obliges the Principal Recipient to cooperate with the LFA in the performance of the LFA's duties. The LFA is required to interact with the Principal Recipient on a regular basis. Early engagement with Principal Recipients on specific deliverables or issues is encouraged, in order to avert unnecessary delays in grant signature, disbursements or other critical processes. As part of its role, the LFA is also required to support the Global Fund in explaining to Principal Recipients the Global Fund policies, requirements and processes.³

To perform their functions effectively, LFAs need to communicate on a regular basis not only with Principal Recipients, but also with Country Coordinating Mechanisms and other in-country stakeholders including technical agencies (e.g. WHO, UNAIDS), bilateral agencies (e.g. USAID/PEPFAR, DFID, etc.), civil society organizations (including national and international NGOs, faith-based organizations and other civil society groups, etc.), groups of people living with HIV, tuberculosis or malaria, and representatives from the public and private sectors. This allows the LFA to access information relating to the grant, grant recipients, the health sector and other country-specific issues that may affect the grant.

Upon completion of key LFA services, such as assessments, PU/DR reviews and On-site Data Verifications (OSDV)/Rapid Service Quality Assessments (RSQA), LFAs debrief Principal Recipients sharing key LFA

² Article 8

³ Experience has shown that the concepts of 'technical assistance' and 'capacity building' can be difficult to define in practice. For the purposes of clarity, the Global Fund takes the view that the LFA cannot assist the PR or sub-recipients with issues relating to their core business of implementing the grant. However, assisting the PR and sub-recipients to understand how to work with the Global Fund (by explaining policies and procedures, for example) does not represent the technical assistance or capacity building and LFAs may find themselves called upon to do this.

findings and giving the Principal Recipient an opportunity to comment on any discrepancies or inaccuracies in the LFA's findings. The Country Coordinating Mechanism representatives are usually invited to such debriefs as observers. LFAs are also frequently requested by the Global Fund to attend Country Coordinating Mechanism meetings as observers. Such practices are intended to foster greater transparency, constructive communication of the LFA with the key stakeholders in the country and to facilitate the Country Coordinating Mechanism's access to timely grant management information which in turn supports the Country Coordinating Mechanism's ability to perform its grant oversight role. However, it should not result in unnecessary delays in the submission of the LFA's work to the Global Fund.

In order to preserve the independence and impartiality of the LFA, all interactions with these stakeholders must be conducted in accordance with the *Communication Protocol* and as directed by the Global Fund.

B5 LFA Procurement

The Global Fund usually contracts one LFA for each country⁴ where grants are being implemented. LFAs are selected through a competitive process.

A Request for Proposal (RFP) is used to select the LFA for a given country. In certain exceptional circumstances, an interim LFA may be appointed without a formal Request for Proposal, but this is usually for a short defined period of time. The final appointment is processed through a Request for Proposal.

The following circumstances, among other factors, may serve as a trigger for re-tendering an LFA for a country:

- The LFA develops an irresolvable conflict of interest that prevents it from continuing to fulfil its functions in country;
- The LFA is not able to provide the scope and quality of the services required by the Global Fund in the country concerned;
- The LFA contract (which is for a limited duration) expires.

Each LFA firm holds a Framework Contract (previously referred to as Indefinite Quantity Contract, IQC) which is signed for a defined term.

The Global Fund and the LFA enter into an agreement for LFA Services on a per-country basis, annually, by agreeing on a Work Plan for that country. The review and negotiation of each Work Plan is facilitated by an online secure platform, the *LFA Services Portal*. Each Work Plan details team structure and key personnel, the daily rates, LFA services to be performed, estimated budget and estimated direct costs.

Based on the agreed Work Plan, Purchase Orders are issued against which the LFA submits its invoices. Purchase Orders are issued prior to the performance of the services. Invoices cannot be submitted without a valid Purchase Order.

The LFA must request prior authorization for any changes to the agreed Work Plan or additional work to be carried out, in the form of a change request to the existing Work Plan. Without prior written approval, the LFA may be working at risk of non-payment until an agreement is reached with the Global Fund. As

⁴ The Global Fund also funds a number of multi-country and regional grants. In these cases, one LFA is appointed for the entire multi-country or regional grant. Reference in this sub-section to a "country" also applies to multi-country and regional grants. See Section F for further information on multi-country and regional grants.

mentioned above, the LFA is expected to cooperate and be flexible with respect to any amendment to the Work Plan proposed by the Global Fund.

B6 Invoicing

The Global Fund only pays for LFA services which have been completed and which comply with the terms of the Framework Contract and the relevant Work Plan, including, but not limited to, being requested by the Global Fund, being performed according to the agreed timeline and to the applicable standard of performance, and being properly invoiced.

The LFA submits an invoice to the Global Fund in order to request payment for LFA services. The Global Fund pays for LFA services invoiced on rates, schedules, and cost basis approved by the Global Fund and only for the following categories:

1. The amount payable for labor cost and the number of days (or part thereof) worked by personnel engaged by the LFA in the performance of the LFA services; and
2. Direct costs incurred by the LFA in the performance of the LFA services and approved by the Global Fund before being incurred.

The LFA's Framework Contract specifies what information the invoice should contain. The LFA submits each invoice in two formats: (1) electronically, through the Global Fund's secure "iSupplier Portal"; and (2) in hard copy, mailed to the following address:

The Global Fund to Fight AIDS, Tuberculosis and Malaria
Accounts Payable Department
Case Postale 530
1214 Vernier, Switzerland
Phone: +41-58-791-1700; Fax: +41-58-791-1701

The LFA is generally not required to submit evidence of performance (such as timesheets, ticket stubs, boarding cards, hotel receipts, etc.) with its invoices. However, the Global Fund may at any time require the LFA to provide supporting documentation when a particular charge or amount is questioned.

Before payment of an invoice, the Fund Portfolio Manager, supported by the Program Officer and Fund Portfolio Assistant, verifies that the services listed have been provided by the contractor, are consistent with the deliverables requested, and the costs are in line with the Purchase Order.

Received invoices will also be reviewed to check that they contain all required information, including but not limited to, supplier information, they are correctly addressed to the Global Fund to Fight AIDS, Tuberculosis and Malaria and there is a valid Purchase Order quoted.

More detailed information on the invoicing process is made available by the Global Fund to suppliers engaged to deliver LFA services.

B7 LFA Minimum Required Expertise

LFAs must ensure that their in-country teams are fully staffed to meet the Global Fund's required functional expertise. The LFA teams and the key functional experts in particular must have the capacity and resources

to effectively deliver the requested volume of LFA services in a quality, consistent, reliable and timely manner to facilitate the Global Fund's grant management decision-making.

Guidelines regarding the minimum required expertise for key LFA experts are provided in the *Procedures for the Engagement and Approval of the Local Fund Agent Experts* available at the Global Fund website.

B7.1 Fundamentals

The key LFA experts are the following:

- Team Leader
- Finance Professional
- Pharmaceutical and Supply Management (PSM) Expert for Health Products and
- Programmatic/Monitoring and Evaluation (M&E) Expert

The LFA functional experts for each country or geographical region (when covering multiple countries in one or more regions) must: (i) meet the minimum requirements as described in the *Procedures for the Engagement and Approval of the Local Fund Agent Experts* available at the Global Fund website; (ii) be accountable for the LFA deliverables and recommendations specific to their functional area and (iii) be approved by the Global Fund.

It is expected that key LFA experts **work closely together** so that the LFA is able to provide the Global Fund with holistic and comprehensive findings and recommendations. This includes the ability to link financial information to programmatic achievements e.g. by involving PSM and Programmatic/M&E experts in the review of Principal Recipient budgets, etc.

The **LFA Team Leader** is ultimately responsible and, therefore, accountable for the quality and content of all LFA reports/documents submitted to the Global Fund. The LFA Team Leader is responsible for the allocation of tasks within the LFA team, involvement of the appropriate expertise and managing the LFA team.

LFAs may engage **non-key LFA expert staff** (e.g. support staff, junior experts) with relevant expertise to assist the approved key LFA experts on specific activities that are required in providing the LFA services in a given country. The LFA and Fund Portfolio Manager/Country Team should discuss the role of any non-key LFA experts as part of their agreement on the LFA team structure. The Global Fund does not require LFAs to submit the CVs of non-key LFA experts for approval, unless this is specifically requested by the Fund Portfolio Manager/Country Team on a case-by-case basis.

Depending on the risk profile of the grant, Principal Recipients/sub-recipients and country, LFAs may propose or be requested by the Fund Portfolio Manager/Country Team to access **additional specialist expertise**, including non-health procurement, legal, complex financial management (including forensic audit), disease control program strategies, quantitative analysis, engineering (e.g. rehabilitation and renovation), as well as other specialist skills. The LFA should provide to the Fund Portfolio Manager/Country Team the up-to-date CV of such expert, proposed rate and the explanation of his/her role in the LFA team. The Fund Portfolio Manager makes the decision on the approval of such additional experts in consultation with other experts in the Global Fund as the Fund Portfolio Manager deems necessary.

If an LFA decides not to engage further with a previously approved key LFA expert, the LFA should notify the relevant Fund Portfolio Manager and the LFA Coordination Team of their decision and succession plan prior to such change.

B7.2 Confirmation of LFA Team Composition

The Fund Portfolio Manager/Country Team reviews the LFA team structure annually to ensure it adequately reflects the planned volume and complexity of the work requirements. The Global Fund will request the LFA to confirm:

- a. The key experts (Team Leader, Finance, Procurement and Supply Management, Programmatic / M&E) who will be part of LFA deliverables for the coming year;
- b. Any LFA plans to strengthen the quality of its team and deliverables e.g. through training, peer review etc.

The Fund Portfolio Manager, in consultation with the Country Team members, reviews the team arrangements based on the past performance of the LFA and the services requirements for the coming year. The Fund Portfolio Manager will either confirm the current LFA team arrangements or request the LFA to make specific changes together with a justification for the changes.

B7.3 Changes to the LFA Team

Changes to an LFA team may be caused by several factors:

- A functional expert leaves the LFA team and needs to be replaced;
- There may be a need for the LFA to increase its capacity in certain functional areas due to an increase in workload and/or complexity of the work; or
- The Global Fund requests the removal of a functional expert due to poor performance or other reasons (e.g. Conflict of Interest).

The LFA must immediately inform the Fund Portfolio Manager of any changes to the LFA team and ensure that key functional experts that have left the team are swiftly replaced.

The Global Fund's decision on approval of a key LFA expert involves the Fund Portfolio Manager, relevant Country Team members and relevant functional hubs within the Global Fund. The LFA Coordination Team acts as facilitator in the process and informs the LFA of the decision taken. The decision takes into account factors such as whether the proposed key expert meets the minimum requirements and possesses relevant experience, physical location of the expert in relation to the country where LFA services are to be provided, independence, quality of past deliverables (if applicable) and other relevant information.

For details on the process and the information which the LFA needs to submit to the Global Fund for the approval of a key LFA expert for a particular country or group of countries, when the LFA wants to use an already approved key LFA expert in another country/region, when the LFA wants to submit an application for a new role for an existing LFA team member, as well as the LFA experts approval process in case of an LFA tender, refer to the *Procedures for the Engagement and Approval of the Local Fund Agent Experts* available at the Global Fund website.

B8 Quality Assurance, Training and Performance

While the Global Fund has developed tools and checklists to assist the LFA in performing its functions, these functions are not simple, task-oriented roles requiring only that boxes be ticked. Rather, they are a means of identifying risks or issues for consideration by the Global Fund. Completion of each of the LFA services described in this Manual must be undertaken with this in mind.

In 2007⁵, the Global Fund Board outlined several principles underpinning the performance expectations of LFAs, which can be summarised as follows:

LFAs shall provide the services and act in a timely, open and reliable manner in order to be responsive to program needs. The LFAs themselves will be subject to rigorous performance assessment. There must be a balance between the requirement for knowledge of local circumstances and the need to avoid potential conflicts of interest. LFAs must be able to monitor financial management performance and program performance and link the two components. It should be noted that there will be no intention to build up new institutions or architecture in country.

B8.1 Quality Assurance

LFAs are expected to establish and maintain their own, internal quality assurance system to ensure that the tasks undertaken and products delivered to the Global Fund are of an acceptable quality. This includes implementing their own robust performance management systems to proactively strengthen their teams, including the proposal of new key LFA experts (e.g. in response to poor performance/quality) or additional key LFA experts (e.g. particularly in response to expanding workloads).

B8.2 Training

The LFA is responsible for ensuring that its staff are trained and updated in Global Fund policy and practice, including through the use of regular training activities. This may take the form of participation in Global Fund training events, as well as training activities arranged by the LFA itself.

B8.3 Evaluation of LFA Performance

LFAs must meet high performance standards with a team of experts delivering quality services to the Global Fund. The Global Fund undertakes rigorous and systematic evaluations of LFA performance, and provides regular feedback to LFAs.

The Global Fund reserves the right to request the removal of an LFA expert from the LFA team due to poor performance or other concerns (e.g. conflict of interest).

Performance evaluation is provided with the help of the Performance Evaluation Tool (PET). Country Teams evaluate and provide feedback to the LFA against pre-defined quality criteria, including the following aspects:

- **Completeness, accuracy and clarity** (were complete answers given to all questions; were correct templates used; were latest guidelines followed; was the deliverable well-written and understandable; were the calculations and information correct);
- **Analysis and consistency** (was relevant source data independently verified and analyzed; is the deliverable analytical rather than merely descriptive; does the analysis demonstrate sound judgment and informed understanding of the relevant programmatic and country context);
- **Practicality of recommendations** (are the LFA's recommendations specific, realistic and appropriate for managing the identified risks/issues);
- **Timeliness/Responsiveness/Proactivity/Communication** (was the LFA response time within the agreed timeframe; does the LFA demonstrate an understanding of its role; does the LFA follow Global Fund communication protocols; does the LFA provide timely and relevant information on developments that could impact the grant);

⁵ GF/B15/DP50

- **Revision/clarification of deliverables** (did the LFA need to perform significant revision of the deliverables due to poor quality of the original LFA products; was it necessary to seek further significant clarification/information on the LFA report due to poor quality of the LFA deliverable).

LFAs are encouraged to respond to and discuss the performance feedback provided by the Global Fund.

In-country evaluations of LFA teams may be undertaken to appraise the methodologies used to provide the LFA service, the LFAs' quality assurance systems and communication with in-country partners.

B9 Conflicts of Interest

One of the core principles for the LFA's role is the objectivity and independence of the LFA. If the LFA's independence and objectivity are compromised by a potential, real, apparent or perceived conflict of interest (collectively referred to as 'Conflict of Interest') the LFA can no longer fulfill its function.

LFAs are responsible for bringing to the Global Fund's attention any Conflicts of Interest and for proposing **realistic** and **effective** measures to mitigate them, which the Global Fund will evaluate at its discretion.

Not all Conflicts of Interest can be mitigated and LFAs are therefore requested to carefully evaluate the risk and scope of the Conflict of Interest in proposing mitigating measures.

The Global Fund has issued *LFA Conflict of Interest Guidelines*. The guidelines set out the process for dealing with Conflict of Interest situations and provide a list of questions for the LFA to answer in reporting a Conflict of Interest to the Global Fund. The LFA Framework Contract also contains comprehensive provisions regarding conflicts of interest, and defines a conflict of interest as a situation in which the LFA, an affiliate or a sub-contractor, has interests (financial, organizational, personal, reputational, or otherwise) that would or may appear to make it difficult for the LFA to fulfill its obligations in an objective, independent and professional manner, or a situation in which it is reasonable to foresee that such an interest would arise.

An LFA's failure to comply with the requirement to provide a signed Conflict of Interest Declaration when called upon to do so may constitute a breach of the contract and grounds for termination. The LFA is required to have in place appropriate procedures and controls to ensure that no employee who may have, or may foreseeably acquire, personal financial or other interests that would make it difficult for that employee to assist in the performance of LFA services in an objective, independent and professional manner, is assigned to LFA services or otherwise made privy to information related to the services provided by the LFA.

Where, after consideration within the Global Fund, a Conflict of Interest is found to exist, possible courses of action that the Global Fund, may, at its discretion, elect to take include:

- Changing LFA;
- The LFA relinquishing the work causing the conflict;
- The LFA taking measures to mitigate the conflict, as agreed with the Global Fund; or
- The Global Fund waiving the conflict (in rare circumstances, where appropriate).

B10 Travel Arrangements

For the applicable rules governing LFA travel arrangements please refer to the travel guidelines for contractors.

B11 References

It is not a practice of the Global Fund to provide a written reference or assessment of an LFA to a third party, including cases of a tender evaluation process with a third party. The barriers to doing so include the responsibility this would impose on the Global Fund, the applicability of LFA work to other contractual work and the external sharing of the LFA performance evaluation results.

This is not to be taken as any reflection upon the LFA itself; LFAs should feel free to quote this section of the Manual to explain the situation to the third party concerned.

However, LFAs can include the Global Fund as a client, giving the LFA Coordination Team Manager as a key contact. The submission may contain information about the LFA's work with the Global Fund. (Before doing so the LFA should consult with the LFA Coordination Team in advance.)

Reference Documents

Guidelines for LFAs are available on the LFA section of the Global Fund website

(<http://www.theglobalfund.org/en/lfa/documents/>), including

- LFA Communication Protocol
- Procedures for the Engagement and Approval of the Key Local Fund Agent Experts
- LFA Conflict of Interest Guidelines
- Reporting tools and guidelines for LFA services

Please also refer to relevant sections of the LFA Framework Contract (please refer to your firm's contract).

Information on the Office of the Inspector General is available on the dedicated site

<http://www.theglobalfund.org/en/oig/>