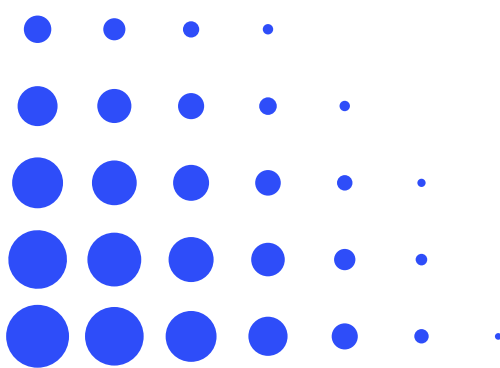
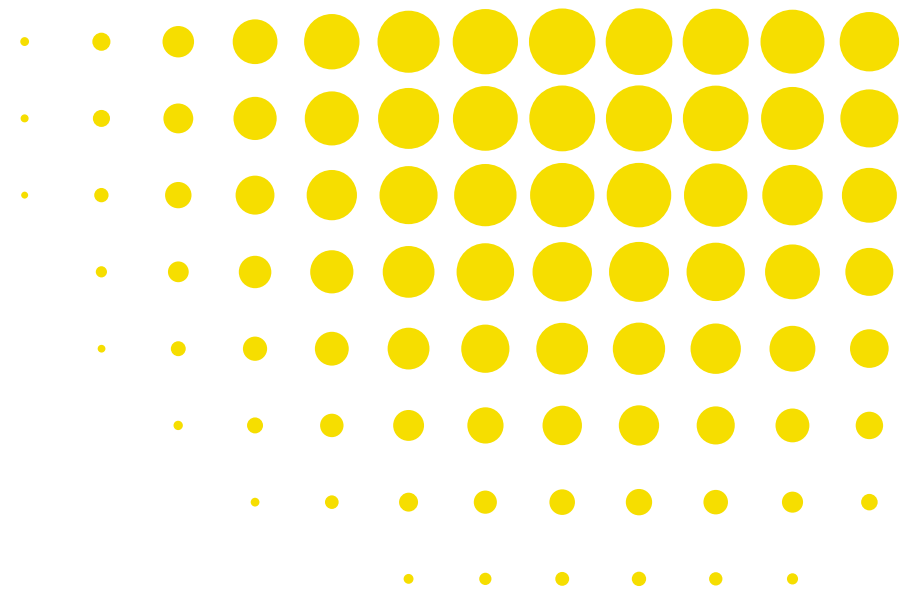




# **Role of Local Fund Agent in the programs funded by the Global Fund**

November 2024



# LFAs are a key Global Fund assurance provider



## Who are the Local Fund Agents (LFAs)?

The Global Fund competitively hires LFAs to provide independent assessment, verification, advice, and recommendations on grant design, implementation arrangements and grant performance:

- LFAs are a **key pillar of the Global Fund risk management framework** and performance-based funding model
- LFA work **informs Grant management** decisions
- **A broad range of LFA services** enable the GF to identify and address risks.
- LFA model **allows the Global Fund to adapt LFA services** to evolving requirements and request LFA services that are value-added, tailored to risk, disease burden, materiality, type of implementer, country/grant context

## LFA Guiding Principles:

Independence

Advisory

Confidentiality

Flexibility

Quality

Reliability

## What LFAs do not do:

Design the program to be funded

Participate in the implementation

Provide technical advice or capacity building to Implementers

Audit the financial statements of Implementers

Report to anyone outside the Global Fund

Represent views or make decisions on behalf of the Global Fund

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

# LFAs provide a mix of assurance and advisory services to the Global Fund

**LFAs draw linkages between programmatic, financial, procurement, supply chain and contextual information to provide insights into overall performance**

## 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
- Advise Global Fund on adequacy of the proposed budgets and work plans, health products to be procured and Performance Framework
- Advise Global Fund on operational design of the grant, incl. robustness of implementation arrangements
- Assist Global Fund in grant-making and negotiations

## During Grant Implementation

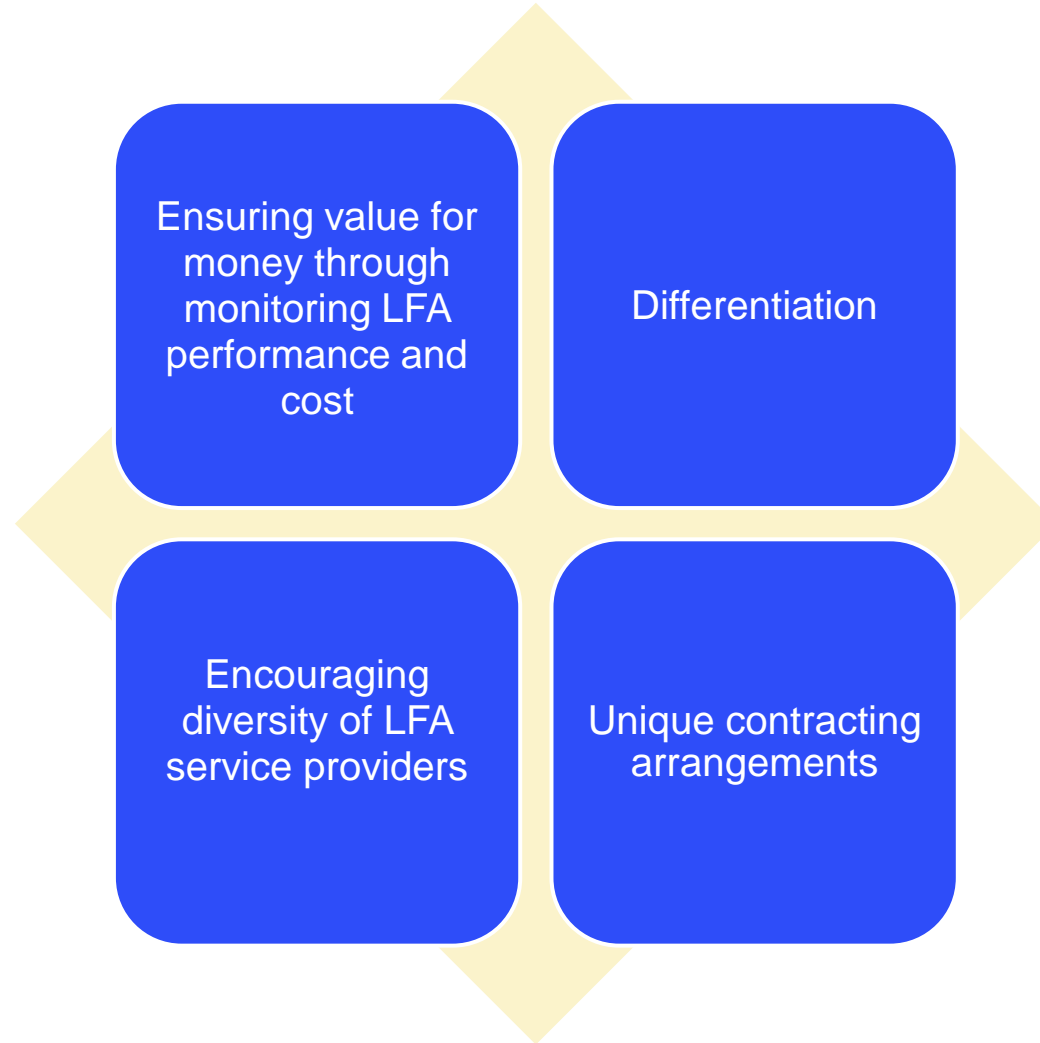
- Most of the LFA services are provided during grant implementation and the scope varies significantly from country to country and from year to year based on risk context and Global Fund needs
- Examples of LFA services:
  - Review the Principal Recipient's progress reports and disbursement requests (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 over progress of grant implementation, including identification of risks and bottlenecks

## Grant Closure

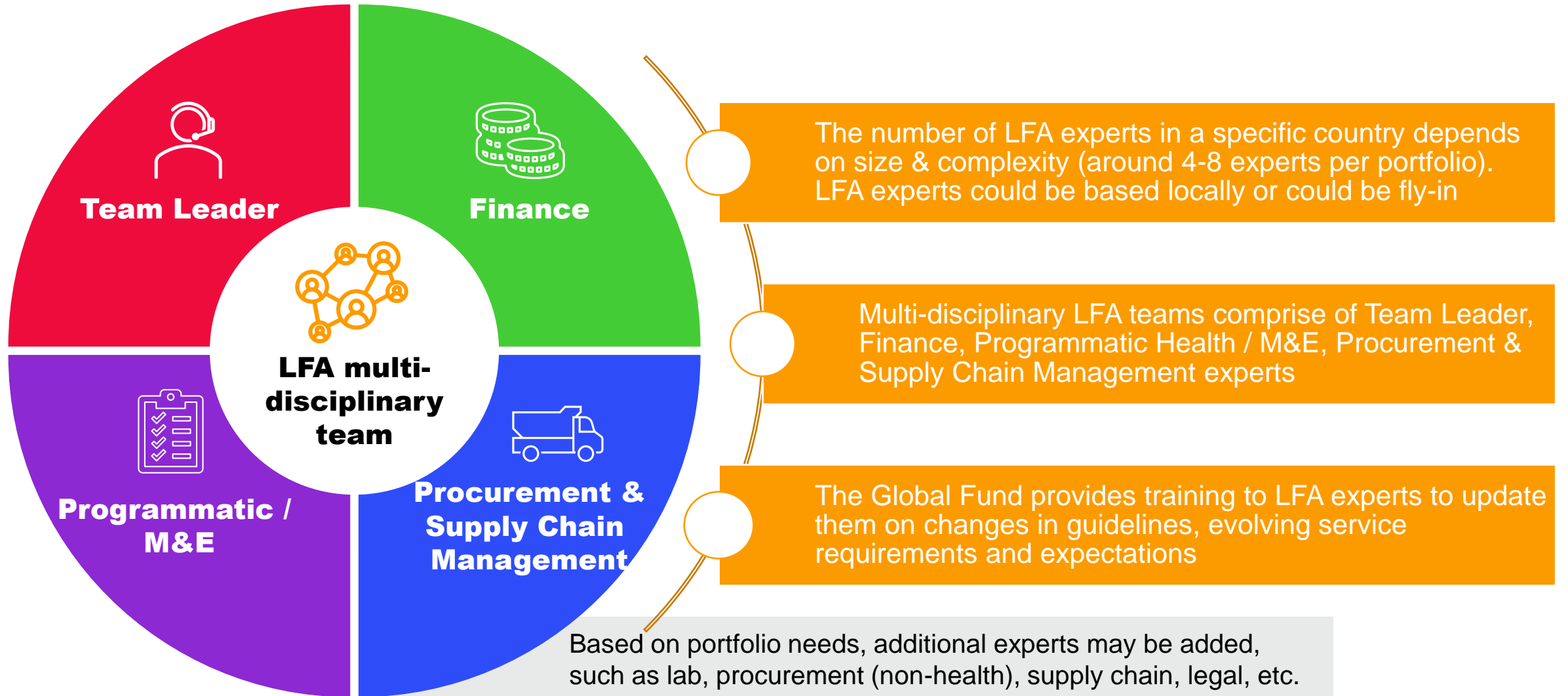
- Review activities related to grant closure
- Advise Global Fund on issues and risks related to grant closure
- Verify PR's assets, including closing cash balance
- Review PR financial closure report

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

LFAs are independent organizations selected competitively on a country-by-country basis. Usually, there is one LFA per country.



# LFA core team includes experts in all technical areas



# LFA vs. External Auditor

## Local Fund Agents

VS

## External Auditors

Provides independent **advice** and recommendations to the Global Fund at the country level at various stages of the grant life-cycle

The Global Fund

The Global Fund only. LFA reports are **confidential**

Programmatic and financial information, both historical as well as future forecasts, budgets, and targets

The Global Fund

LFA issues to Global Fund various reports of advisory nature following the specific GF requests/templates as applicable

Involved throughout the year

### Responsibilities

### Guided by

### Reports to

### Scope of work includes

### Scope is determined by

### Reports

### Work frequency

Performs an audit of the financial statements

Relevant GAAS (e.g., International Auditing Standards)

Management of the audited entity (e.g., PR/SR)

Historical financial information

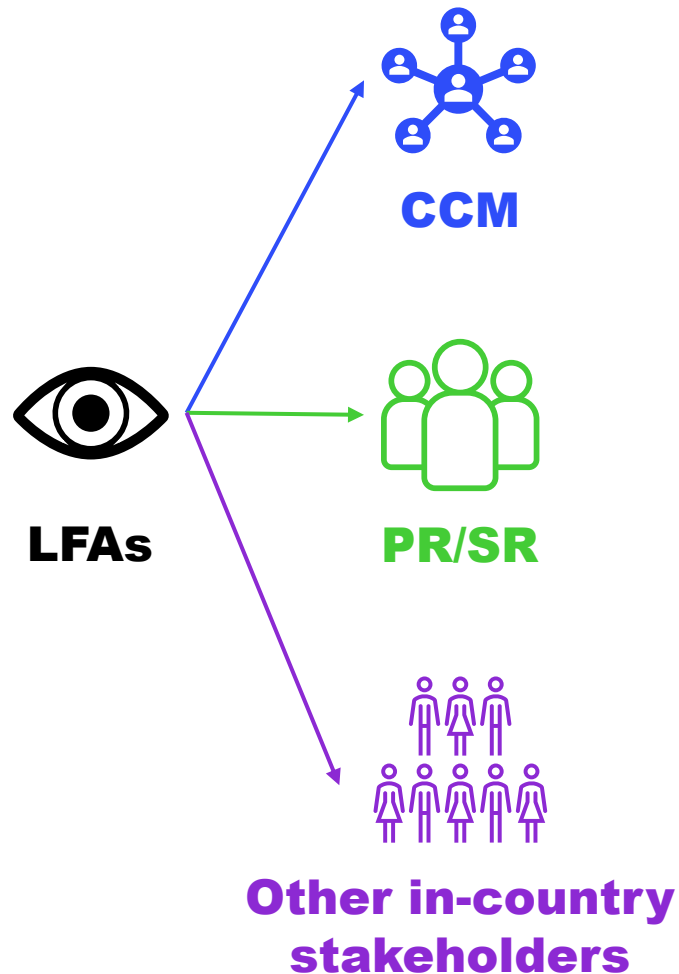
Independently by an auditor

Auditor issues standardized audit report and management letter; both addressed to the management of the audited entity

Usually involved once or twice a year when audit is conducted

# LFA Communication Protocol

**LFA Communication Protocol** is available on The Global Fund website



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

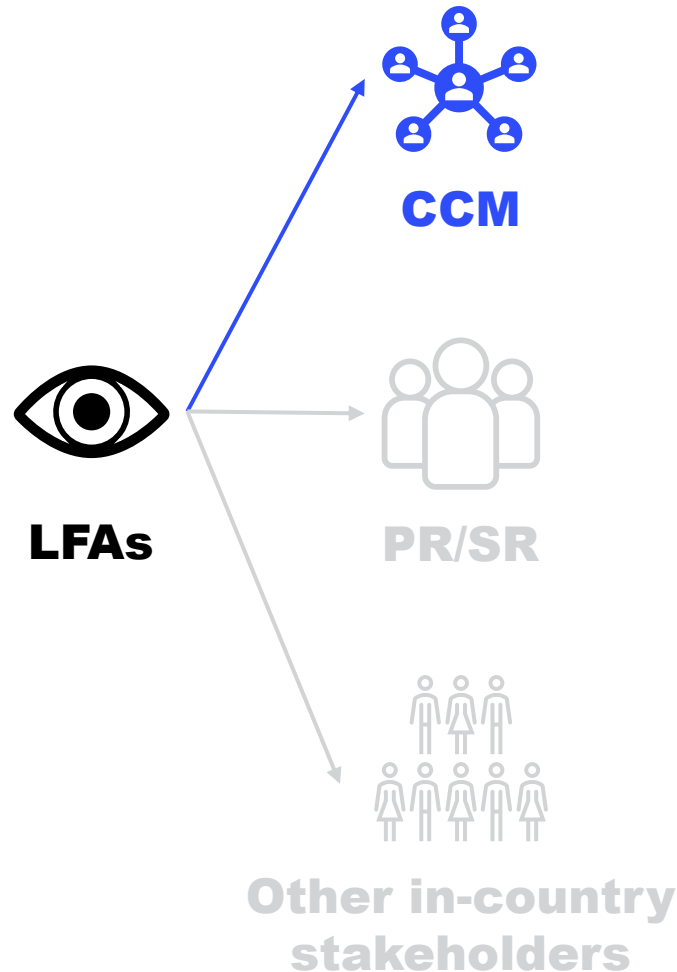


**LFA reports are confidential and for the Global Fund only.** They cannot be shared with any third parties without the prior written consent of the LFA.

**Reasons why LFA reports are confidential:**

- To protect the **independence /objectivity of LFA reporting**
- **LFA findings may be misinterpreted/incorrect conclusions be drawn**, especially in absence of full understanding of LFA role, ToR of LFA service and the specific context
- **LFA reports** contain recommendations that **may not necessarily reflect the position of the Global Fund**

# LFA communication with CCM



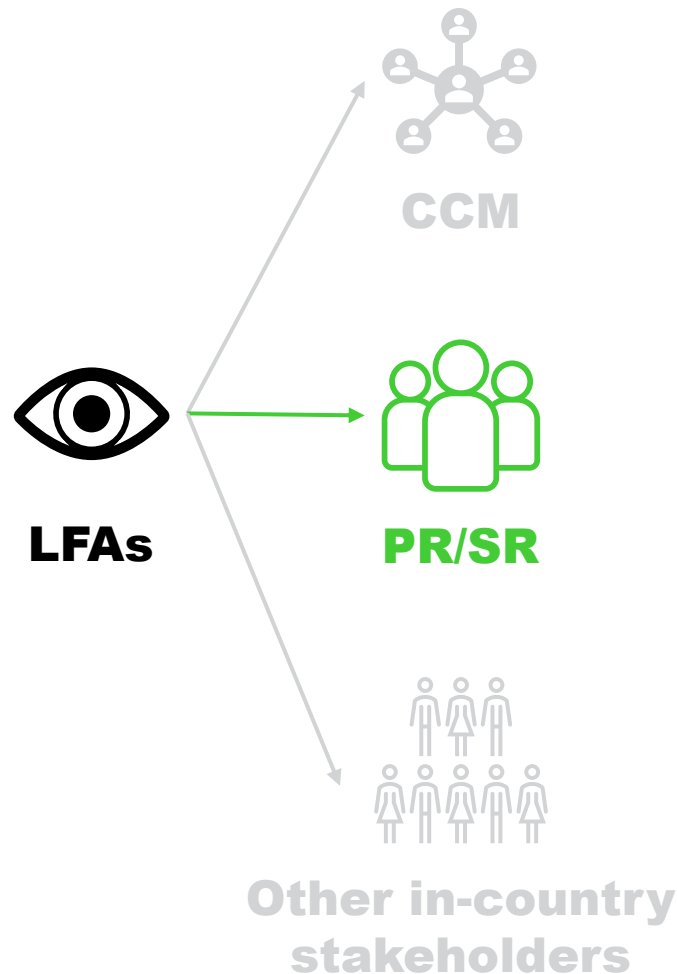
LFAs should be available to regularly attend CCM meetings.

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 Global Fund
- Following a CCM meeting, the LFA should update the Global Fund about what was discussed at the meeting
- The LFA should refer any requests made by the CCM with regard to sharing assessments and recommendations and updates on grant implementation to the PR and the Global Fund



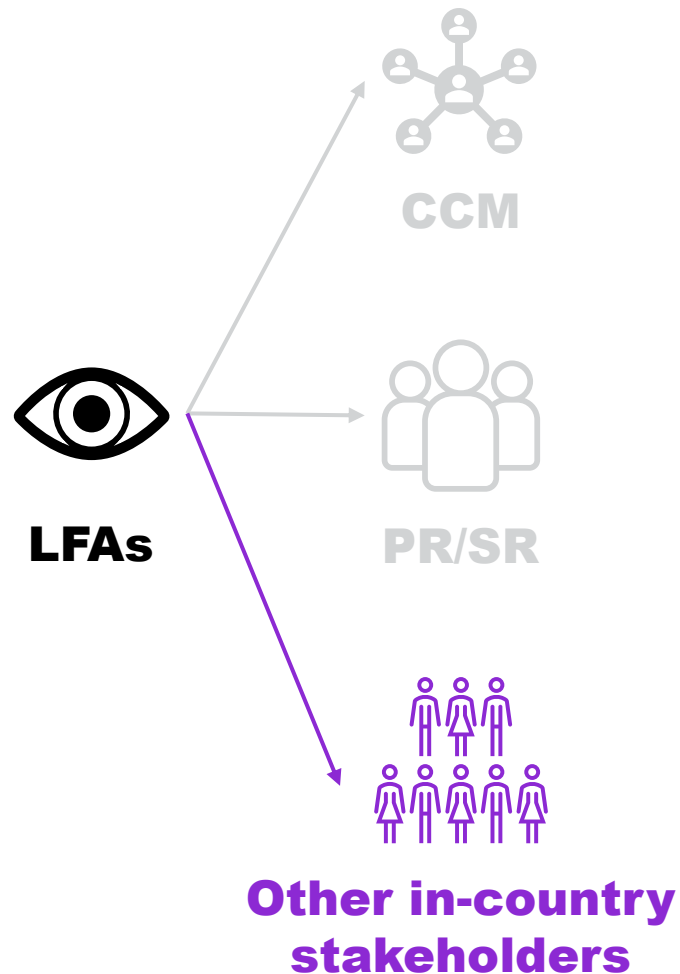
# LFA communication with PR/SR



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.

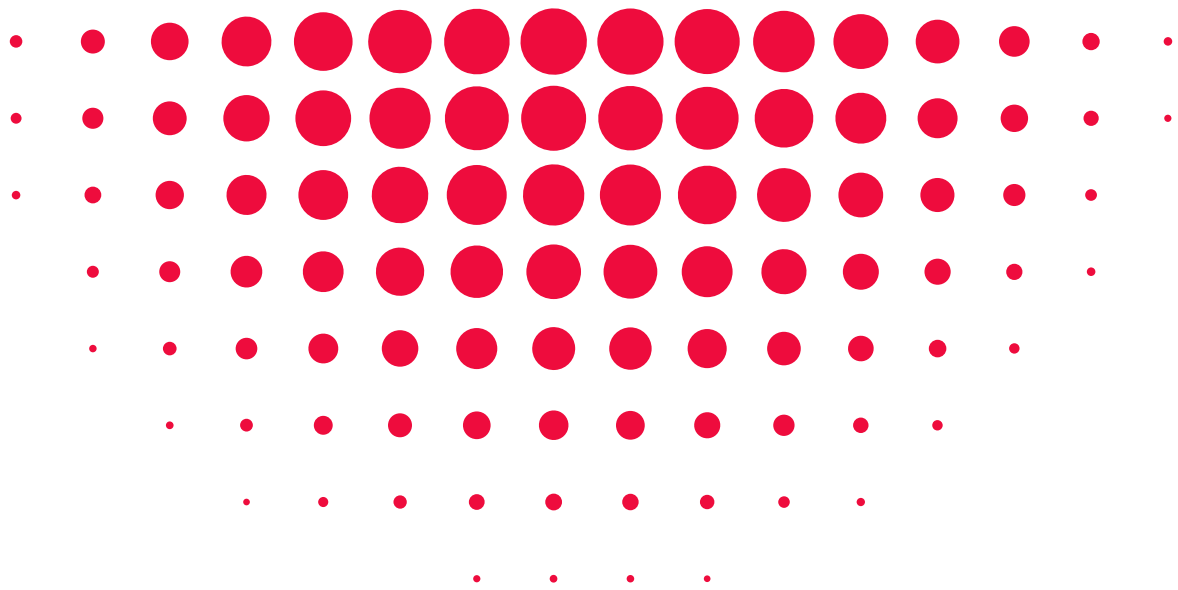
- The LFA should give the PR/SR **advance notice** of its intention to meet with program staff and/or review program records and sites unless the Global Fund has authorized the LFA to undertake a special unannounced data verification site visit and/or special investigation
- After completing key assessments and/or other reviews, the LFA may, depending on the nature of the review/assessment, undertake a verbal de-brief on key findings with the PR before sending the final report to the Global Fund.
- Unless explicitly instructed to do so by the Global Fund, 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 Global Fund using the format provided by the Global Fund.
- Based on its analysis of all available information from various sources, the Global Fund then communicates its decisions and any relevant recommendations to the PR, as well as to the LFA.

# LFA communication with other in-country stakeholders



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

- During country visits the Global Fund Country Team shall introduce the LFA to key development actors in the country, and explain their roles and functions
- The LFA should make active use of the experience and knowledge of development actors in the country through conducting interviews, accessing available evaluation and review reports, etc.
- The LFA 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
- The LFA accompany the Global Fund Country Team to meetings with the donor community during country visits, as required



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