

LFA Reviews relating to CCM Funding and Performance Terms of Reference

June 2024

Title LFA Terms of Reference relating to CCM funding and performance reviews.

Introduction Country Coordinating Mechanisms (CCMs)¹ are a key player in the Global Fund architecture, including their central role in funding requests development and submission and grant oversight.

In order to meet their intended purpose and role as defined in the [Country Coordinating Mechanisms Policy](#) (CCM Policy)² and guidelines³, CCMs inevitably incur administrative costs for which the Global Fund has established a separate pool of funds in the Secretariat's budget. CCM funding covers eligible costs in accordance with the [CCM Funding Policy](#)⁴, funding agreement Standard Terms and Conditions and operational policies⁵ usually for a three-year period.

In performing their functions, CCMs are expected to meet certain standards of governance, transparency and inclusivity known as eligibility requirements so they can access the Global Fund funding. The Integrated Performance Framework (IPF)⁶ introduced as part of work on the evolving CCM model

¹ For convenience, the abbreviation CCM covers all types of country coordinating mechanisms defined in the CCM Policy (i.e., Regional Coordination Mechanisms).

² https://www.theglobalfund.org/media/7421/ccm_countrycoordinatingmechanism_policy_en.pdf

³ <http://www.theglobalfund.org/en/country-coordinating-mechanism/>

⁴ https://www.theglobalfund.org/media/6376/core_countrycoordinatingmechanismfunding_policy_en.pdf

⁵ <https://www.theglobalfund.org/en/country-coordinating-mechanism/funding/>

⁶ https://www.theglobalfund.org/media/12364/ccm_integrated-performance_framework_en.pdf

assesses CCMs' performance in the key areas against the Global Fund's principles and requirements set forth in the [CCM Policy](#).

**Scope/
Objective**

The Local Fund Agent (LFA) may be asked to perform reviews and verifications related to CCM funding.

In reviewing CCM funding, the LFA will determine whether the proposed activities and expenditures incurred by the CCM are justifiable and within the scope of above-mentioned operational policies and guidelines. The requested services may include bank account verification, verification that the funding recipient is a legal entity (in case of a new funding recipient) or a detailed verification of the costed workplan, expenditure reports or in-country cash balance.

The review and verification methodology applied by the LFA for work relating to CCM funding should be similar to that used for grant reviews. It should consider and be relative to the size of the CCM funding and portfolio impact. Furthermore, in agreement with the Global Fund, the LFA should adopt a risk-based approach focusing their review on areas of the budget that may be prone to fraud/abuse and outline in its assessment/verification reports what is considered material and the areas of risk it identified as the basis of its work.

In conducting the review related to CCM Funding, the LFA shall refer to the [CCM Policy](#)⁷ and the [CCM Funding Policy](#)⁸.

The LFA may be also requested to review various aspects of CCM performance in the areas of Operations, Positioning, Engagement and Oversight which are assessed annually through the IPF tool. These may include but are not limited to the review of the supporting documentation for performance indicators, adequacy of CCM Secretariat functioning, transparency and inclusiveness of civil society elections, CCM composition and conflict of interest management.

In doing so, the LFA shall refer to the [CCM Policy](#) and [Code of Ethical Conduct for Country Coordinating Mechanism Members](#)⁹.

The LFA shall undertake the work relating to CCM funding and performance review upon receipt of a prior written request by the Fund Portfolio Manager/Country Team¹⁰ (referred to as the "Global Fund").

The LFA must agree with the Global Fund the exact scope of work (SOW) including which documents should be reviewed and associated level of effort (LoE) before commencement of the work. The level of effort and associated

⁷ https://www.theglobalfund.org/media/7421/ccm_countrycoordinatingmechanism_policy_en.pdf

⁸ https://www.theglobalfund.org/media/6376/core_countrycoordinatingmechanismfunding_policy_en.pdf

⁹ https://www.theglobalfund.org/media/8234/core_codeofethicalconductforccmmembers_policy_en.pdf

¹⁰ CCM Hub may request a review by LFA following a prior agreement with the Fund Portfolio Manager / Country team.

budget will be integrated into the respective country's annual LFA work plan unless the source of funding is different from the LFA budget.

The Global Fund shall share with the LFA relevant CCM documents such as costed workplans, annual expenditure reports, the IPF and other relevant documents.

The LFA shall provide pertinent comments and feedback from the review and verification process in an agreed format, highlight areas of concern and make appropriate recommendations classified by topic and level of priority/risk/materiality to be considered by the Global Fund.

Tasks and Deliverables

More specifically, LFA verification of CCM funding may relate to the following:

I. Prior to signing CCM funding agreement

The aim of the LFA services during this stage is to support the Global Fund in early identification of issues for timely adjustments to ensure operational feasibility of the proposed CCM funding.

Prior to signing a CCM funding agreement, the Global Fund may ask the LFA to assess the funding recipient's legal, financial and governance systems, verify bank account information, review the funding, including the costed work plan and assist the Global Fund in CCM funding negotiations.

1. LFA verification of Funding Recipient's legal status, financial and governance management systems

The Global Fund may request the LFA to carry out the following tasks:

- a. Verify that the CCM funding recipient is a legal entity. Where the CCM is not a legal entity, the LFA shall verify that the recipient entity proposed by the CCM is a separate legal entity and already an administrator of funds; that the bank account details provided belong to the recipient entity and that the recipient entity's contact information provided in the CCM funding request is accurate. In some cases, the LFA may be asked to assess the potential risk of conflict of interest (for example where the recipient entity for CCM funding is also the recipient of Global Fund grant funds) and provide recommendations to the Global Fund as to how such conflict of interest can be mitigated or managed in order to safeguard the integrity and independence of the CCM in performing the governance function.
- b. Review the systems and controls to be used to manage the funds. The LFA will comment if the systems are adequate to administer the

proposed CCM funding, make recommendations for strengthening the systems, or recommend that another recipient entity be selected to manage the funding on behalf of the CCM. Throughout, the LFA flags operational challenges/bottlenecks/risks to the Global Fund as early as possible and proposes actionable mitigating measures.

- c. Review the readiness of the CCM funding implementation prior to the start date by reviewing the timely human resource planning, supplier contracting, logistics and other. This may include the review of staff TOR, salary levels, financial tools and systems, procedural manual and others.
- d. Review that the systems/tools and methods to be used during the implementation of the CCM funding are adequate to collect and report data related to selected indicator(s) for CCM performance as per the Integrated Performance Framework.

2. LFA verification of bank account information

When requested to conduct a bank account information verification for purposes of CCM funding, the LFA should follow the same procedures and guidance as for the verification of bank account information for a grant¹¹.

3. LFA review of costed workplan

The LFA may be requested to verify that:

- a. The CCM costed workplan does not duplicate funding provided by other donors¹².
- b. The budget is arithmetically accurate.
- c. All budget items and planned activities are eligible and within the cost categories set out in the CCM Funding Policy¹³
- d. Unit costs are realistic and consistent with local operating costs.
- e. The number of staff positions funded by the Global Fund doesn't exceed what is specified in the policies. Salary levels for CCM Secretariat staff are reasonable and in line with national salary scales. The gross salaries include the value of benefits that is commensurate to a similar level/position granted in the country (i.e. family health insurance, pension fund, income tax, transport, gratuity, etc.).
- f. Procurement of goods and services related to CCM funding, such as tendering procedures and evaluation, contracts, product/service selection, pricing follow the procedure manual.

¹¹ Available at <https://www.theglobalfund.org/en/lfa/guidelines-tools/>

¹² Duplication of CCM funding will be mostly established based on the representations rather than verification.

¹³ https://www.theglobalfund.org/media/6376/core_countrycoordinatingmechanismfunding_policy_en.pdf

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- g. All CCM members have endorsed the costed workplan.
 - h. Comment whether the budget is reasonable for the planned activities.
 - i. For budgets exceeding US\$ 300,000 for the three-year CCM funding period, verify that, in line with the CCM funding guidelines, the CCM has mobilized at a minimum 20% of the amount exceeding US\$ 300,000 from sources other than the Global Fund for the same budget period.
 - j. Verify that the CCM allocated at least 15% of the CCM Funding Agreement amount to support constituency engagement for non-governmental sector activities.
 - k. Comment whether any proposed revision to the budget is reasonable and based on the implementation realities during the initial period of the CCM funding application.
 - l. Based on its verification findings, the LFA shall make recommendations, including a total budget amount.

II. Throughout implementation of CCM funding agreement

The purpose of LFA checks throughout the implementation of CCM funding agreement is to ensure the efficient and meaningful use of CCM funds to perform CCM functions effectively.

During the implementation of a CCM funding agreement, the Global Fund may ask the LFA to review CCM performance reports, including financial reports, procurement, verify issues reported to the Global Fund such as weaknesses in CCM structure and performance, including lack of transparency, conflict of interest and poor oversight, analyze the Funding recipient's audit reports and ongoing oversight.

1. LFA review of CCM expenditure report and disbursement

When requested to review a CCM expenditure report, the LFA may conduct the following checks:

- a. Activities reported are consistent with activities indicated in the signed CCM funding agreement and the agreed costed workplan.
- b. Expenditures in the reporting period were correctly recorded and supporting evidence is adequately documented.
- c. Funds have been appropriately spent, in line with the CCM funding policy and the approved budget.
- d. Budget variances for the reporting period have been adequately explained.
- e. The CCM funding report is arithmetically accurate.
- f. The cash reconciliation is correctly calculated.

- g. The in-country cash balance of CCM funds at the end of the reporting period is accurate.
- h. The mobilized co-funding has been made available to the CCM (applicable to funding above US\$300,000 for the three-year CCM funding period).
- i. The CCM has spent at least 15% of the CCM Funding Agreement amount to support constituency engagement for non-governmental sector activities as planned in the costed workplan.
- j. If applicable, the planned costs for the remaining funding period have been reasonably estimated (based on available implementation rates and the utilization level of year one disbursed funds) as per the approved budget and work plan.
- k. The CCM disbursement request does not duplicate funding provided by other donors¹⁴.
- l. Procurement of goods and services related to CCM funding, such as tendering procedures and evaluation, contracts, product/service selection, pricing follow the procedure manual.
- m. Provide relevant additional comments and feedback from the review and verification process.
- n. Highlight areas of concern and make relevant recommendations to be considered by the Global Fund when making disbursement decisions.

2. LFA review of CCM Performance

In 2022, the Global Fund introduced the Integrated Performance Framework (IPF)¹⁵ which has since become a comprehensive annual reporting tool used to assess CCM fulfillment of eligibility requirements 3 to 6¹⁶ and performance objectives.

The Integrated Performance Framework (IPF) has been rolled out following the CCM Evolution Pilot and Special Initiative with an aim to get CCMs perform beyond the established functional threshold. As it has replaced the former Evaluation Performance Assessment (EPA), it assesses CCMs in four core areas: Operations, Oversight, Engagement and Positioning against defined performance indicators. Strongly linked to the Integrated Budget and CCM Funding disbursements, it allows an improved triangulation of information, alignment with the funding cycle and a consistent annual follow-up of performance progress or gaps.

¹⁴ Duplication of CCM funding will be mostly established on representations rather than verification.

¹⁵ Reference is made to guidance on Eligibility requirements available at <https://www.theglobalfund.org/en/country-coordinating-mechanism/eligibility/>

¹⁶ The Eligibility requirements 3-6 are outlined in Country Coordinating Mechanism Policy https://www.theglobalfund.org/media/7421/ccm_countrycoordinatingmechanism_policy_en.pdf . Other guidance on eligibility can be consulted at <https://www.theglobalfund.org/en/country-coordinating-mechanism/eligibility/>

In this respect, the LFA may be requested to conduct analysis of CCM performance or a spot check of a deliverable/activity in any of the four core areas using the IPF. In such reviews, it is essential that the LFA alerts the Global Fund to any key risks and bottlenecks and proposes actionable recommendations and mitigating measures to ensure optimal functioning and a timely and efficient implementation.

In the area of **Oversight**¹⁷, the LFA may be requested to check that the CCM has an oversight strategy and has developed a quality oversight plan, that the Oversight Committee (OC) has required expertise, includes Key and vulnerable populations / People living with the diseases, uses data and risk approach to drive oversight and meets regularly to collect strategic information and discuss implementation progress, challenges, risks, or the need for program revisions.

As it is key to the success of grant implementation, the Global Fund may request the LFA to conduct a qualitative check of the oversight plan, oversight activities and processes related to the data collection, analysis, provision of recommendations and their follow-up.

In the area of **Engagement**¹⁸, the LFA may be requested to verify that the CCM has a balanced representation of governmental and non-state stakeholders including the Key affected and most at risk groups, that CCM members representing civil society constituencies were elected by their constituencies through a robust and well-documented process and are regularly consulted. This may require LFA participation in the election as observer and review of election documentation for alignment with CCM governance documents and good governance principles. The Global Fund may additionally request the LFA to verify that the leadership selection follows good governance principles and that the non-state sector accounts for at least 40% of the CCM seats.

In the area of **Positioning**¹⁹, the LFA may be requested to assess if the CCM has a positioning/transition plan, is well integrated with the health governance of the country / region and the civil society engagement is institutionalized.

In the area of **Operations**²⁰, the LFA may be requested to verify if the CCM has mechanisms to ensure ethical decision making and upholds the highest standards of ethics and integrity, in line with the [Global Fund Policy to Combat Fraud and Corruption](#)²¹, follows procedures to prevent or mitigate conflicts of interest, evaluates performance management of CCM Secretariat staff,

¹⁷ Reference is made to guidance available at <https://www.theglobalfund.org/en/country-coordinating-mechanism/evolution/oversight/>

¹⁸ Guidance on Engagement is available at <https://www.theglobalfund.org/en/country-coordinating-mechanism/evolution/engagement/>

¹⁹ Guidance on Positioning is available at <https://www.theglobalfund.org/en/country-coordinating-mechanism/evolution/positioning/>

²⁰ Guidance on Operations is available at <https://www.theglobalfund.org/en/country-coordinating-mechanism/evolution/operations/>

²¹ https://www.theglobalfund.org/media/7063/bm38_06-policycombatfraudcorruption_report_en.pdf

ensures effective management of the CCM's resources and that it regularly reviews its structure and associated governance documents to ensure relevance.

3. CCM funding agreement closure

During the CCM funding agreement closure, the Global Fund may ask the LFA to carry out the tasks related to the following:

- a. Review the Funding recipient's financial expenditure at the end date of the Funding agreement;
- b. Verify the in-country cash-balance, after clearing commitments and liabilities;
- c. Confirm recoverable amounts due to ineligible expenditures and verified claims for reimbursements, in accordance with Global Fund policies for addressing recoveries and ineligible expenditures, have been determined;
- d. For CCMs transitioning to a different Funding recipient or outside Global Fund financing, verify that all assets purchased with the CCM funds have been accounted for and transferred to or disposed of.

Deliverables, timelines and Level of effort (LoE) Delivery schedules and the total LoE will vary depending on the specific scope of work and shall be agreed before commencement of the verification. The Global Fund must be proactively informed of any modification to agreed timelines and/or the LoE.

Reporting Lines The LFA will undertake the work relating to CCM funding and/or performance upon receipt of a prior written request by the Global Fund. The LFA will report to and share its deliverables with the Country Team who will coordinate closely with the CCM Hub at the Global Fund.

Place of Performance This assignment may be completed in country or remotely (as agreed with the Global Fund) and delivered electronically.

Annex 1 Differentiation and tailoring of LFA Verification

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The Global Fund relies on the professional judgment of the LFA to determine, in agreement with the Global Fund, appropriate verification and review methodologies and to advise the Global Fund on the tailoring of LFA work related to the verification of CCM funding and performance. It is understood however that the LFA will focus on those areas where it is expected to add most value. As so, LFA verification approach on specific tasks will be adapted to the portfolio situation, including the country context, risk profile and level of funding provided. This will have an impact on the types of services requested, the scope of work and associated Level of Effort.

The table below captures a proposed approach for LFA verification of CCM expenses for a typical CCM. In cases where CCMs demonstrate poor performance or increased financial risk, additional measures or a different approach may be agreed between the LFA and the Global Fund.

High Impact/Core country	
	Proportion of annual expenses*
Verification of 1 year of CCM funding	60%
Verification of 3 years of CCM funding	40%
Focused country	
	Proportion of annual expenses
Verification of 1 year of CCM funding	50%
Verification of 3 years of CCM funding	40%

* Annual expenses correspond to the costs outlined in the annual CCM costed workplan, including activities like 'Site visits.' When we refer to the proportion of annual expenses, we mean that the LFA will verify only a specific portion of the CCM's actual expenses. This portion is defined as a percentage of cumulative annual expenses and varies based on the type of portfolio (High/Core or Focused portfolio) and the verification period (full 3-year funding agreement or a year of CCM funding).