

Frequently Asked Questions on Local Fund Agents

April 2020

1. What is a Local Fund Agent?

Local Fund Agents are firms or entities, usually based in countries implementing Global Fund grants, which provide a range of oversight services to the Global Fund.

The Global Fund is located in Geneva, Switzerland. It does not have a presence in countries where grants are being implemented. Instead, it relies on Local Fund Agents to oversee, verify implementers' reports on the progress of grants and make recommendations to the Global Fund for future funding.

2. How are Local Funds Agents selected?

Local Fund Agents are usually selected through a competitive selection process. Usually a tender is conducted to select the Local Fund Agent for a given country. In certain exceptional circumstances, an interim Local Fund Agent may be appointed without a formal tender, but this is usually for a short, defined period of time.

The following circumstances, among other factors, may serve as a trigger for re-tendering a Local Fund Agent for a country:

- The Local Fund Agent is not able to provide the scope and quality of the services required by the Global Fund in the country concerned;
- The Global Fund wants to check whether the Local Fund Agent fee remains competitive in the market;
- The Local Fund Agent develops an irresolvable conflict of interest that prevents it from continuing to fulfil its functions in country.

The Global Fund signs framework contracts with Local Fund Agent firms for an initial period of up to six years with a possibility of automatic extension. The Local Fund Agent Framework Contracts contain the terms and conditions governing the work as well as the requirement to comply with all Local Fund Agent guidance and procedures as displayed on the [Local Fund Agent section of the Global Fund website](#), including as described in the [Local Fund Agent Manual](#), and provide the legal umbrella under which the country-specific annual Local Fund Agent work plans and purchase orders are issued. The terms and conditions contained in the framework contracts are generic and do not change significantly over time. The framework contracts do not contain any cost information or obligations, including financial, for the Global Fund to engage Local Fund Agents in any country. The framework contracts do not assign countries or portfolios upon signing.

Country/portfolio-specific Local Fund Agent work plans, which define the list of services, experts and costs, are negotiated on a yearly basis with each Local Fund Agent service provider.

3. Once a Local Fund Agent has been selected, can it ever be changed?

Yes. Under the terms of the Local Fund Agent Framework Contract, the Global Fund can terminate the engagement of a Local Fund Agent for a specific portfolio at any time for performance or other reasons, thereby making the portfolio available for an alternate provider. In such cases, a new competition for the role of Local Fund Agent is held.

4. What does a Local Fund Agent do?

The Global Fund contracts a Local Fund Agent 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.

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

- Before grant signing, the Local Fund Agent may be required to assess the proposed grant implementation arrangements, the implementers' capacity and track record and the effectiveness of internal controls and systems. This assessment may include the review of the implementer's detailed budget and work plan, and other grant-related documents.
- During grant implementation, the Local Fund Agent reviews the implementers' progress in achieving the performance targets and reviews 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.
- When a grant reaches the end of its life cycle or is terminated, the Local Fund Agent may be required to review the activities relating to the closing of the grant, review financial closure report and advise the Global Fund on issues and risks related to grant closure.

5. What does a Local Fund Agent not do?

The Local Fund Agent is an independent assurance provider for the Global Fund. This means that it is limited in what it can do with respect to the grants it oversees. For example, Local Fund Agents:

- Shall not participate in the design of a grant program;
- Shall not participate in implementation of a program, or assist the Principal Recipient or sub-recipients to implement a program;

- Shall not provide technical assistance / capacity building to a Principal Recipient or sub-recipient;
- Shall not make decisions concerning a grant;
- Shall not audit financial statements of the program implementers for which it is the Local Fund Agent.

Principal Recipients, sub-recipients or Country Coordinating Mechanisms that believe that a grant could benefit from technical assistance or capacity building are welcome to contact the Fund Portfolio Manager for guidance on possible sources for this assistance.

6. Does a Local Fund Agent provide technical assistance or capacity building?

No. The Local Fund Agent is an independent assurance provider for the Global Fund. The Local Fund Agent cannot assist the Principal Recipient or sub-recipients in implementing the grants or provide technical assistance or capacity building. Principal Recipients, sub-recipients or Country Coordinating Mechanisms who believe that a grant could benefit from technical assistance or capacity building should contact the Fund Portfolio Manager for guidance on possible sources for this assistance.

7. Who does the Local Fund Agent work for?

The Local Fund Agent is contracted by and works for the Global Fund. The Local Fund Agent does not work for the Country Coordinating Mechanism or the Principal Recipient or sub-recipients.

All of the Local Fund Agent's reports are submitted to the Global Fund and are confidential unless the Global Fund makes them public in accordance with the LFA Communication Protocol.

The Global Fund will only share Local Fund Agent reports with the written consent of the Local Fund Agent concerned. The Local Fund Agent does not represent the views of the Global Fund and is not empowered to make decisions concerning the grant or speak on behalf of the Global Fund. However, the Local Fund Agent does act for the Global Fund in verifying information, requesting clarifications on certain aspects of the grant and providing recommendations to the Global Fund, which assist the Global Fund in making decisions concerning the grant.

8. How does a Local Fund Agent interact with a Country Coordinating Mechanism?

The Local Fund Agent may be asked to interact with a Country Coordinating Mechanism, for example, by attending Country Coordinating Mechanism meetings as an observer. This is encouraged because it means that the Local Fund Agent observes the discussions concerning the grant and its performance at the country level. However, the Local Fund Agent cannot provide advice or guidance to Country Coordinating Mechanisms on anything to do with the grant. The Local Fund Agent also does not represent the Global Fund in discussions with the Country Coordinating Mechanism. Please refer to the [LFA Communication Protocol](#).

9. How does the Local Fund Agent interact with other stakeholders at the country level?

The Local Fund Agent engages with in-country stakeholders to obtain contextual and grant-related information. For more details, please refer to the [LFA Communication Protocol](#).

10. How does a Local Fund Agent interact with the Global Fund?

Usually, the Global Fund appoints one Local Fund Agent per country. This Local Fund Agent is responsible for oversight of all the Global Fund grants in that country. The Local Fund Agent provides services at the request of the Global Fund, usually through the relevant Fund Portfolio Manager and the Country Team.

11. How does a Local Fund Agent interact with a Principal Recipient?

The Local Fund Agent interacts closely with the Principal Recipient and often also with sub-recipients. The Local Fund Agent may need to have frequent meetings with the Principal Recipient, visit sites to verify performance and be in close contact to perform verifications at the Global Fund's request. It must be stressed, however, that the Local Fund Agent's contractual relationship is with the Global Fund. The Local Fund Agent cannot assist the Principal Recipient with grant implementation or make decisions concerning the grant. The Local Fund Agent provides recommendations to the Global Fund. The Principal Recipient should revert to the Fund Portfolio Manager for guidance on issues arising in the grant. Please refer to the [LFA Communication Protocol](#).

12. Are Local Fund Agents based in the country where the grant is being implemented?

In most countries, the Local Fund Agent is locally based. This is the ideal situation, as it gives the Global Fund access to local knowledge and insight into local conditions. However, it has not always been possible to have Local Fund Agent based in the country. In a few cases, a Local Fund Agent has been appointed in a nearby country and flies in to visit the grant implementers regularly. It is also possible to have a mixed structure when part of the Local Fund Agent team is locally based with some experts working on a fly-in basis.

13. What skills/core competencies does a Local Fund Agent need?

Local Fund Agents must ensure that their teams are fully staffed to meet the required functional expertise in the areas of Team Leader, Finance, Procurement and Supply Management and Programmatic/Monitoring and Evaluation. The Local Fund Agent teams composed of these key functional experts must have the capacity and resources to effectively deliver the requested volume of Local Fund Agent services in a quality, consistent, reliable and timely manner to meet

the Global Fund's information and risk management requirements for quality grant management decision-making.

Local Fund Agents should have or be able to access the following skills and core competencies:

- Financial expertise, including the ability to review and analyze budgets, financial statements (including income and expenditure statements and cash reconciliation statements) and audit reports;
- Programmatic and monitoring and evaluation expertise, including an ability to interpret performance results, their implications in the country context, an understanding of health and/or development aspects, an understanding of public health and related monitoring and evaluation systems;
- The ability to monitor and link financial management performance and program performance;
- Knowledge of issues relating to the procurement and supply management of health products, including regulatory issues related to national drug registration requirements, drug importation and applicable quality assurance standards and protocols.

In addition, depending on particular needs in-country or activities on the grant, the Local Fund Agents may need to be able to access additional specialist expertise from time to time, 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.