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Civil Society PRs Raise Concerns Related to Grant Implementation

Principal recipients from civil society have expressed concern that despite the Global Fund's explicit policy on Indirect Cost Recovery (ICR), PRs continue to experience significant challenges. During its annual meeting in Cape Town from 8–12 November, the Civil Society Principal Recipients Network (CSPRN) said that these challenges are due to a lack of understanding among local fund agents (LFAs) and fund portfolio managers (FPMs) of the concept of ICR and the application of the policy.

The ICR policy, adopted in April 2011, covers percentage-based headquarters overhead charges for international NGOs serving as principal recipients (PRs) and sub-recipients (SRs). (See [GFO article](#) on this topic.)

The CSPRN is a network of 46 non-government PRs of Global Fund grants. It was formed in November 2008 to provide a forum for PRs to share best practices and lessons learned from implementing Global Fund grants. Thirty-eight members attended the Cape Town meeting.

The network drafted various recommendations which it presented on an interim basis to the Global Fund officials at the meeting. The final version of the recommendations is being worked on with no date given for their completion. This article is based on the draft recommendations.

Regarding the ICR policy, the network said that according to the LFA Manual, LFAs are not supposed to require PRs to provide detailed breakdowns of ICR, but they continue to do so.

In addition, the network said, national NGOs should not have been left out of the ICR policy.

The network also expressed concern about the Global Fund's Community Systems Strengthening (CSS) Framework. It said that it appreciates the Global Fund's initiative to develop the framework, but that it has

not led to an increase in CSS activities in proposals to the Fund. CSS, the network noted, is a long-term, continuous process, yet proposals often focus on short-term activities that can be quantified and reported. This design approach undermines the CSS, the network said.

The CSPRN said that the review of the PRs' progress reports carried out by LFAs on behalf of the Global Fund is not effective because the LFAs do not have a sufficient understanding of programme activities, technical disease issues, target populations and country context. This is exacerbated by the high turnover of staff within LFAs, with new employees continually having to learn these issues.

The network recommended that PRs be consulted when the performance of LFAs is reviewed. Further, the network recommended that the Global Fund ensure an effective orientation process for LFA staff to enable them get good understanding of grant implementation. The network said that PRs, CCM and other key stakeholders should be part of this process. It also said that those selected for LFA role should have a good understanding of public health and should have programme experience.

The network complained that PRs continue to receive requests from LFA and OIG auditors for copies of internal audit reports. This, the network said, is counter to the principles of the internal audit function and in violation of some national internal audit guidelines. The network recommended that the Global Fund acknowledge that PR internal audit reports are confidential internal documents meant for senior leadership only. The network recommended that the Fund accept reports based on the findings of an internal audit without asking for the internal audit report itself.

The network also expressed concern that civil society PRs are sometimes dependent on the performance of the government PRs. If the governments PRs do not deliver, this affects the civil society PRs' implementation and ultimately their rating and disbursements.

The network recommended the following in this regard:

- In the new funding model, CCMs should ensure that dual-track financing is used.
- Civil society PRs should not be made responsible for government functions.
- CCMs should establish a mechanism for cooperation between government and civil society PRs (in addition to what is in the grant agreements).
- Inter-dependent performance targets (i.e., targets involving different PRs) should not be used.
- The Global Fund should have the flexibility and a mechanism to adjust performance targets during the period of grant implementation.

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