Independent observer of the Global Fund

GFA consulting group reacts to GFO’s article on fiscal agents’ work with Global Fund grants

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Editor’s Note: On 30 July 2019, in edition 361, the Global Fund Observer published an article on fiscal agents’ role in reducing financial risks in Global Fund grants (‘Fiscal agents reduce financial risks within Global Fund grants but do not build implementer capacity’), by Djesika Amendah, a senior member of Aidspan’s policy team. The article explained the role of fiscal agents, identified the successes of fiscal agents in several countries implementing Global Fund grants, and noted the limits and specific problems with fiscal agents’ role and mandate. The article also referred to the Secretariat’s view that in future the Global Fund should “retain the fiscal agent concept but improve the model”. It cited the Office of the Inspector General’s report on West and Central Africa, which recommended that the fiscal agent’s role should not include capacity building. The article referred to fiscal agents GFA Consulting Group, which currently covers 44% of the Global Fund’s fiscal agent work. A representative of GFA, Cristian Ferreri, wrote to the GFO with some objections to our coverage, which we publish below.

As stated in your article dated 30th July 2019, GFA Consulting Group holds 44% of the Fiscal Agent activities with the Global Fund (GF); and, as such, we feel that part of the criticism expressed with regard to Fiscal Agents in general could be interpreted as a criticism of the company GFA in particular. Therefore, we would like to take this opportunity to clarify and explain the challenges and efforts of GFA in the context of our Fiscal Agent duties.

Your article correctly mentioned the progress achieved in mitigating the risk of fraud and corruption in challenging countries by putting a Fiscal Agent in place, but it also describes/outlines the limitations of the Fiscal Agent.

Among the limits mentioned, the first is the lack of clear plans and milestones for Fiscal Agents' exit. We, at GFA, have developed dedicated fund monitoring tools which, amongst other tasks, monitor on a daily basis all the PR's transactions that pass over the Fiscal Agent's desk. The fund monitoring system compiles and reports on all transaction problems detected prior to compliance approval. As a result, we have a clear view of the PR's compliance performance at all levels and any related capacity issues. Based on the PR's performance and the exit milestones agreed with the GF, GFA has successfully exited from overseeing PRs in many countries and had even been completely out from other countries like Swaziland [eSwatini] and Timor-Leste. This also clearly shows that through the engagement of the Fiscal Agent, the PR's capacities had been built up and reached an acceptable/adequate level.

A second limitation of Fiscal Agents that was mentioned is that they rarely build the capacity of the PR or SR, although this is considered an essential function of a Fiscal Agent, as stated in the Global Fund financial risk guidelines. We cannot presume/comment on other Fiscal Agents' work; however, we at GFA, have developed 8 dedicated training modules in both French and English (the only two working languages of our projects), specifically designed for the GF with the sole purpose of building the capacity of the PR/SR based on an adult learning method called C3*.

The base material addresses different topics such as "budget management", "detecting wrongdoings" or "reporting through QFR (Quarterly Financial Report) and PUDR (Project Update Disbursement Request)" and is adapted to the specific situation of the country where the trainings are conducted by trained professionals. Just taking one country as an example: over the last two years 10 trainings were conducted in Nigeria alone, with an average attendance of 25 participants per training – and there are many more in the pipeline, following a capacity building plan that had been previously agreed with the Global Fund and the PRs.

Since the Fiscal Agents are embedded in the PRs' organization, sharing offices with them, there is a significant amount of day-to-day assistance and on-the-job coaching and mentoring by the Fiscal Agent staff, which is clearly evident from the improved performance of the PRs, resulting in reduced 'ineligibles' and audit findings.

Referring to Table 1 in the article, it is misleading to conclude that the mere presence of the Fiscal Agent for multiple years indicates that no progress is being made, or that a Fiscal Agent intentionally makes the PR look bad so that they can be in the business longer. In our opinion, this statement does not provide a balanced view, considering that some countries, like Chad, have newly appointed PRs, which re-starts the Fiscal Agent's efforts to build capacity. Another case is Nigeria, where new PRs have been appointed while others are now out of Fiscal Agents' oversight – again, an indication that the capacities of those PRs reached an acceptable level.

Last but not least, there is a high turnover in PRs' personnel, especially among the trained staff who leave for better opportunities, coupled with the fact that usually there are poor knowledge management systems within the PR's management structures. Consequently, it remains a constant challenge for the Fiscal Agent to keep building the capacity of the PR's staff as new personnel are hired.

* Below a link from our website provides a snapshot of our approach to Capacity Building:

https://www.gfa-group.de/newsletter/632120/GFA-Newsletter_2018-03.pdf https://www.gfa-group.de/C3/C_Unit_for_better_learning_3887485.html.

GFA Consulting Group GmbH, info@gfa-group.de

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