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of the Global Fund

What is a Local Fund Agent?

Local Fund Agents (LFAs) are the Global Fund's 'eyes and ears' in countries where projects are implemented. The Fund's web site says that the role of the LFA is "to help in assessing arrangements for implementation, and endorse requests for disbursements."

As reported in Issue 2 of the GFO Newsletter, the Fund has thus far chosen four organizations to play the role of LFA: UNOPS (UN Office for Project Services), Crown Agents (a company partly owned by the UK government), and PriceWaterhouseCoopers and KPMG (two global auditing and consulting firms). At the October Board meeting, the Secretariat proposed that the Fund's administrative budget for 2003 be \$40 million, with half of this assigned to paying the LFAs. The Board did not agree, and provisionally reduced the total budget to \$30 million. (This budget will be further discussed at the January Board meeting.) The Board also questioned whether it was always necessary to have Western-owned companies play the LFA role. The Secretariat said that it "would explore and evaluate possibilities to contract with local organizations for the LFA role, while cautioning that the cost of coordinating numerous LFAs may outweigh the economic benefits of contracting those local LFAs."

Further information on the role of LFAs is provided in the following excerpt from an unpublished paper presented to the Board at the October meeting:

"The responsibilities of the LFA cover the entire life-cycle of the proposals:

- Before the signing of Global Fund grant agreements:
- Evaluate readiness for implementation of the proposed Principal Recipient(s) (PR(s)) by assessing the capability and capacity of their systems for financial and programmatic management, as well as arrangements for procurement and monitoring and evaluation.
- Recommend capacity building needs of the PR(s) to the Global Fund.

- Review the proposal and agree on a detailed Plan of Action and Budget to be used as reference for monitoring progress.
- Support the preparation of the grant agreement between the Global Fund and the PR(s) and participate in grant negotiations.
- During program implementation:
 - Oversee achievement of financial and programmatic milestones.
 - Periodically report on progress and make recommendations on disbursements and other actions to the Global Fund, including remedial actions when needed.
- After two years:
 - Analyze progress and make recommendations for future funding as an input to the Global Fund's decision.
 - Undertake such other services as may be agreed upon, e.g., provide logistical services to Global Fund staff visiting country locations.”

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