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GLOBAL FUND TO REVIEW WORK OF LOCAL FUND AGENTS

The Global Fund is about to commission a major study of the effectiveness of Local Fund Agents (LFAs), prior to issuing new LFA contracts next year.

The role of the LFA is to serve as the Fund's "eyes and ears" within each country. This involves three main tasks: evaluating the financial management and administrative capacity of each Principal Recipient (PR); monitoring the PR's expenditure; and monitoring the PR's achievement of programmatic results. (See Fiduciary Arrangements for Grant Recipients, accessible at www.theglobalfund.org/en/about/policies_guidelines.)

In a "360-degree Stakeholder Assessment" conducted earlier this year, the aspect of the Fund's operations that received the lowest rating was the work performed by LFAs. This low opinion was widely echoed at the Fund's Partnership Forum in July; participants complained that while LFAs were experienced in accounting and other financial matters, they were usually not experts in evaluating health-related programmes.

For each grant, the Fund appoints one of the following six organizations to serve as LFA:

- PricewaterhouseCoopers: LFA for 226 grants
- KPMG: LFA for 103 grants
- UNOPS: LFA for 26 grants
- Swiss Tropical Institute: LFA for 22 grants
- Emerging Markets Group: LFA for 18 grants
- Crown Agents: LFA for 6 grants

These companies signed contracts with the Global Fund that were due to expire after three years, in

November 2006. The contracts were then extended for a fourth year. In the course of 2007, new contracts will be competitively awarded to these and/or other companies.

Prior to the awarding of new contracts, the Fund will commission a study with three objectives: to assess to what extent the LFA system has performed as was originally intended; to determine the efficiency and effectiveness of the services that have been delivered by the LFAs; and to recommend improvements to the LFA system. The study will include conducting interviews with CCMs and PRs in a wide range of countries, and developing case studies of LFA activities in five countries.

The Fund is inviting commercial and non-commercial organizations to bid on conducting this study. Bids must be submitted by 12 October 2006, and the study must be completed by March 2007. Details are available at www.theglobalfund.org/en/business_opportunities.

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