



PUBLIC FINANCE MANAGEMENT

FUND MANAGEMENT SERVICES
PUBLIC FINANCE POLICY AND REFORM
PUBLIC PROCUREMENT MANAGEMENT
REGIONAL COHESION AND STRUCTURAL FUNDS SUPPORT
MCC FUND MANAGEMENT SERVICES
FISCAL AGENT SERVICES FOR THE GLOBAL FUND TO
FIGHT AIDS, TUBERCULOSIS AND MALARIA



FUND MANAGEMENT SERVICES FISCAL AND PROCUREMENT MANAGER FOR EXTERNAL AID FUNDS



© istockphoto | Jakub Jirsak

CHALLENGES

Whether provided as loans or grants, financial assistance plays an important role in development cooperation. As the funds provided are usually taxpayers' money or third parties donations, accountability, transparency and operational efficiency in the financial management of the funds are crucial.

Grants are direct financial contributions awarded as donations to national entities that are engaged in external aid activities. The national entities are responsible for managing and using the funds and for reporting on their use. Grants provide reimbursement of eligible costs incurred by the national entities that are deemed necessary for carrying out the agreed activities. Thus, donors want to ensure that grant recipients comply with the donors' conditions regarding financial management.

However, the capacity of national entities is often not sufficient to ensure transparent, diligent and sound fund management. In such cases the donor appoints an external Fiscal and/or Procurement Agent, who acts on behalf of the national entity with own signatory rights or supports the latter's capacity building towards sound management of external funds.

GFA CONCEPT AND SERVICES

GFA has gained extensive experience as Fiscal and Procurement Agent in particular for the Millennium Challenge Corporation (MCC), the Global Fund to Fight Aids, Tuberculosis and Malaria, KfW and also the German Federal Ministry of Food and Agriculture with regards to its international agricultural industry promotion program.

As part of its work GFA provides a broad range of financial management and procurement services to ensure that all related activities comply with both the requirements of the grant agreement between the donor and the grant recipient, and the national regulations. We guarantee that effective controls are in place regarding the use of grant monies, that funds are protected from fraud and corruption, and that ineligible expenditures are avoided. Moreover, we make sure that all payments are justified and represent value for money, and that automated reporting is accurate and timely.

In cases where the existing capacity of a national entity is not sufficient, GFA assists by providing oversight of the entity's financial and procurement management. At the same time, our team enhances the national entity's capacity through detailed risk analysis, assessment and improvement of guidelines or manuals, procedures and policies, as well as training and coaching of staff members.



© Fotolia | Lsantili

PUBLIC FINANCE POLICY AND REFORMS



© Fotolia | Wojciech Gajda

CHALLENGES

Since the Paris Declaration on Aid Effectiveness was signed in 2005, Public Revenue and Public Expenditure Management have rapidly moved into prominence in the development assistance arena. The new focus on the use of country systems in aid implementation and the increased use of budget support as an aid delivery tool have highlighted the importance of functioning PFM systems. Improvements of these systems not only allow for enhancements in transparency and an increase in the financial scope of public institutions, but can also facilitate the greater participation of civil society in the appropriation of public funds.

Instead of defining PFM, the breadth of this field in development cooperation can best be illustrated by the diversity of projects supposed to evaluate and strengthen PFM systems. Public finance diagnostics is often used as a first step towards PFM reforms, e.g. through a Public Expenditure Financial Accountability (PEFA) assessment. Planning and budgeting of governments can be addressed through the update of treasury and financial rules or the introduction of multi-annual planning instruments such as Medium Term Expenditure Frameworks (MTEFs).

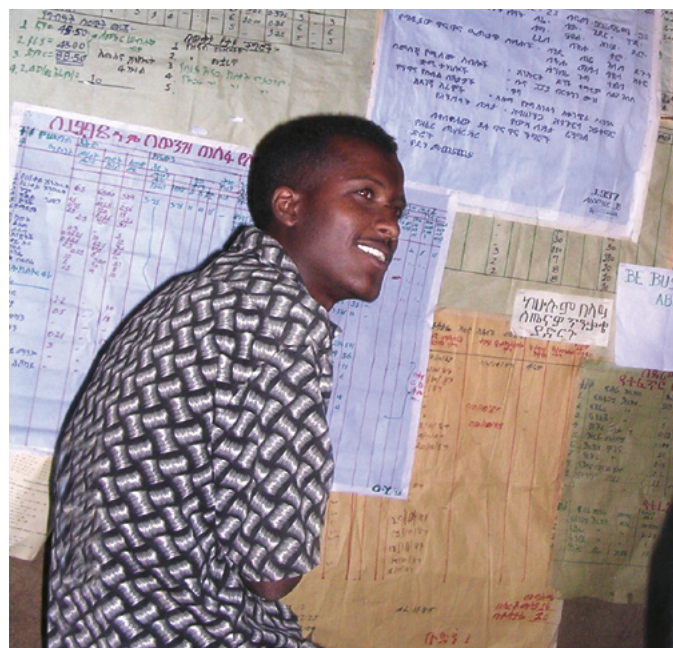
Developing new tax schemes on national and regional levels as well as capacity building within existing tax administrations are common approaches to strengthen the revenue side of a budget.

Moreover, the flow and quality of information can be enhanced through the design and installation of new accounting software or through the develop-

ment of integrated information systems for ministries of finance or accounting units within line ministries. PFM projects support control, prioritization, accountability and efficiency in the management of public resources and the delivery of services, which are critical to the achievement of national development strategies and international objectives such as the Millennium Development Goals.

GFA CONCEPT AND SERVICES

Over the past ten years, GFA Consulting Group has advised national, regional and local governments on the application of sound PFM principles around the world. Thereby, we have worked together with a wide range of key institutions in public resource management such as ministries of finance, accounting and budgeting units of line ministries or local tax authorities. From our experience and insights into how public institutions conduct their financial dealings we are well positioned to support government and donor agencies in applying PFM diagnostic instruments and in developing and implementing projects that strengthen public revenue, expenditure and administrative systems. Moreover, GFA expert teams support the decentralization of public finances by the appropriate adoption of structures and procedures applied from the central government level to local and regional levels. Developing and implementing technology solutions for public services such as tailor-made accounting software is another service GFA offers to clients worldwide.



© GFA Consulting Group

PUBLIC PROCUREMENT MANAGEMENT



© Fotolia | WavebreakMediaMicro

CHALLENGES

Due to the Paris Declaration, the effectiveness and transparency of aid fund management is a priority for donors and beneficiaries.

In many cases, partner governments lack the necessary capacity to guarantee accountable and transparent fund management, including effective procurement processes. As a result, they are exposed to corruption or to favoritism in the award of contract and experience difficulties in meeting the 'best value for money' principle: procuring goods, works and services at the right time, of the right quality, at the most cost-effective price, and in the most economical quantities.

Therefore, development agencies call upon procurement agents, procurement advisory and institutional strengthening service providers capable of delivering necessary assistance. Such services safeguard a reliable procurement process adapted to the applicable rules and procedures. This trend is further driven by an increasing attention paid to ensure reliable procedures for investments, and for the execution and control of expenditures in public institutions.

GFA CONCEPT AND SERVICES

As Procurement Agent, GFA establishes a procurement plan according to the needs previously defined and reviewed. Consequently, GFA staff is appointed to develop the procurement strategy, launch and manage the bidding process, provide regular technical assistance in response to queries and manage the implementation of procurement contracts.

GFA ensures the quality of these processes by means of Infor SunSystems Procurement, a customized software solution by GFA B.I.S. to monitor, manage



and report on the purchases made by the Procurement Agent. At the project level, GFA supports public institutions to efficiently monitor their investments by means of Triple-I, a data management system developed by GFA B.I.S.

In addition, GFA has been appointed by international donors to provide advisory and control services to secure the reliability and transparency of the procurement process. GFA's main tasks as procurement advisor include assistance in performing effective checks and balances of procurement-related transactions, price verification against market values and control over the quantity and quality of goods, works and services procured.



© GFA Consulting Group

REGIONAL COHESION AND STRUCTURAL FUNDS SUPPORT

CHALLENGES

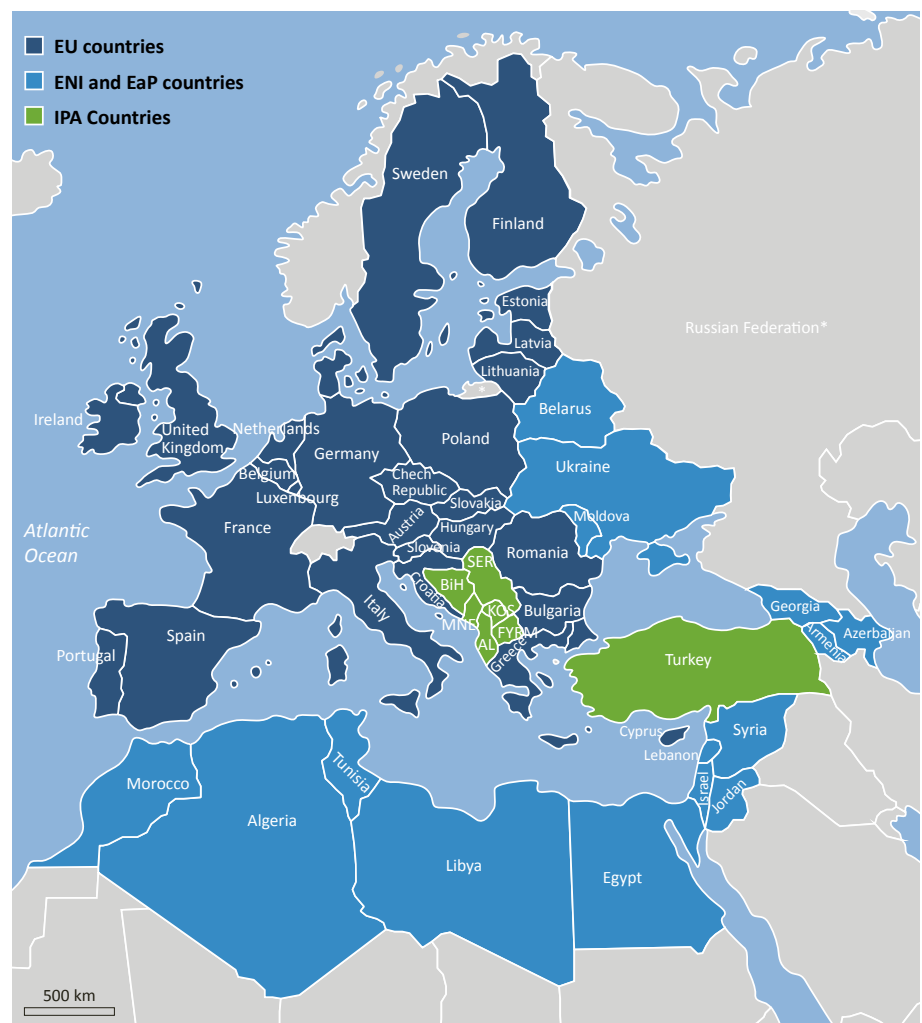
The European Union is developing an increasingly close relationship with its neighboring countries, including gradual economic integration and deepening political cooperation. In order to achieve this integration, the European Commission implements numerous technical assistance programs to align the policies, institutional structures and financing mechanisms of third countries with those of the EU. Specifically, through the Instrument for Pre-Accession Assistance (IPA) and the European Neighbourhood Instrument (ENI), the EU strives to reduce regional disparities within and between countries by providing support for effective and efficient funding of structurally weak regions, including territorial cooperation between border regions. The primary aim is to support job creation, business competitiveness, economic growth and sustainable development through targeted investments, which are delivered through specific financial instruments such as grant schemes, loan models and budget support.

GFA CONCEPT AND SERVICES

GFA's concepts and experts support national, regional and local stakeholders in enhancing their capacity to implement EU best practices and funding models for a better transition to applicable EU cohesion policies. Having the EU as one of our main clients, GFA has implemented numerous EU projects in IPA and ENI countries as well as in Brussels in recent years, and provides a wide professional network related to cohesion policy and structural funds management. GFA employs a number of permanent staff with specific professional experience in INTERREG and cross-border cooperation projects. We provide solutions to the question of how and to what extent financial resources should be allocated to regions and sectors. To this end, we identify the main reasons for sub-optimal market and investment situations and make sure that these resources are used where they make a significant difference. An important recent concept in this regard is the development of methodologically sound sector strategies that define realistic, quantifiable targets in line with cohesion policy objectives and are properly inter-

linked so that synergies can be created while conflicting efforts are avoided. The elaboration of sophisticated monitoring and evaluation tools also plays an important role in measuring the impact of investments. These are based on reliable indicators, and provide for optimal data flow between the involved national, regional and local institutions.

In grant scheme approaches, GFA supports stakeholders throughout the entire project cycle, ranging from programming and procurement to contract management, beneficiary training, implementation monitoring and final evaluation.



MCC FUND MANAGEMENT SERVICES



© GFA Consulting Group

CHALLENGES

As a response to the Millennium Development Goals and the Paris Declaration on Aid Effectiveness, donor agencies are attaching greater political value to the principles of ownership, alignment, and harmonization. Enhancing accountability and transparency is of paramount importance because nowadays, development funding is carefully scrutinized by tax payers, beneficiaries, and other stakeholders. In many cases, a partner government's administration does not possess the required capacity to safeguard proper and transparent fund management. Consequently, funding agencies require the financial and procurement management of their projects to be overseen by independent agents who provide fiduciary assurance against waste, fraud, or abuse of donor funds. While the basis of such control is universal, reporting structures and specific processes are customized for each funding agency.

Fiscal agents must accomplish two tasks. They diligently oversee, discharge, and perform all services necessary to obtain optimum value for the funds expended, while ensuring that all financial transactions are conducted in strict compliance with all relevant contracts, principles, rules and procedures. In addition, fiscal agents must provide the aid recipient with the data required for proper contract management, programming, and budgeting.

GFA CONCEPTS AND SERVICES

For over 25 years, the GFA Consulting Group has been offering fund and procurement management services for major donor and funding agencies, as well as for government organizations. Experts at the GFA Consulting Group and GFA B.I.S. have developed, customized and implemented a comprehensive financial management system for the specific needs of funds management.

That system comprises accounting and reporting and standard internal control functions that can be quickly and efficiently adapted to the particular needs of a donor agency or partner country.

Since 2006, GFA has been operating as a fiscal and procurement agent for Millennium Challenge Account (MCA) countries funded by the US Government's Millennium Challenge Corporation (MCC). MCC provides assistance by entering into a compact with those countries that fulfill certain criteria regarding economic freedom, investing in its people, and good governance. The volume per compact has reached up to 700 million US Dollars for a five year period.

GFA has focused on customizing software solutions for accounting, budgeting and reporting, as well as on standard internal operating procedures that are in compliance with MCC's reporting and oversight requirements. Yet, the software is flexible enough to accommodate financial reporting for partner country clients as well. GFA implements an accounting system based on either IFRS or other internationally recognized accounting standards. It defines the processes and procedures, sets up an internal control system, elaborates a flexible and tailor-made reporting system with an easy-to-use analysis tool, and creates a management information system.

GFA has been the fiscal agent of record for over 50 % of MCC funds provided to partner countries, and in 15 MCA countries that use private-sector fiscal agents. Total MCC funds managed amount to 6.4 billion US Dollars. In a consortium with Charles Kendall & Partners Ltd (CKP), GFA also has been assigned procurement agent services in four MCA countries. GFA's automated accounting, budget and reporting system, and its internal processes and control system have met the requirements of MCC's rigorous audit requirements in all of the countries.



© GFA Consulting Group

FISCAL AGENT SERVICES FOR THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA



© Sahara Nature | stock.adobe

CHALLENGES

The Global Fund to Fight AIDS, Tuberculosis and Malaria is the major multi-donor financier of programs to fight these three diseases and generally strengthen health service systems. Since its creation in 2002, approved funding of 33 billion US dollars was disbursed for around 1,000 programs in more than 150 countries. In September 2012, The Global Fund entrusted GFA Consulting Group with an indefinite quantity contract regarding financial advisory services. The assistance covers fiscal and procurement agent tasks, financial verification and oversight, internal audit services and the set-up of internal control systems, management assessments and capacity building.

GFA CONCEPT AND SERVICES

GFA has 25 years of experience in fiscal and procurement management services for major funding agencies such as the Millennium Challenge Corporation, World Bank, KfW Development Bank or The Global Fund. This is complemented by innovative and client-oriented solutions based on cross-sectoral expertise inherent in GFA's technical and regional departments. Moreover, GFA experts excel in both roles of aid management: providing advice and capacity building, and supervising and controlling third party funds. Since 2008, GFA has also provided worldwide Data Quality Audits to The Global Fund, assessing the performance of national monitoring systems. In cooperation with Grant Thornton, GFA has been contracted as Local Fund Agent in five countries in Africa and Latin America. In 2016, GFA was awarded an indefinite quantity contract for the Global Fund's Programmatic Quality Assurance and Improvement Approach.

GFA's financial management services for The Global Fund projects in 13 countries are tailored specifically to the respective diseases, implementing countries, institutional capacity, and sector and project objectives. The services comprise financial oversight, accounting, reporting and standard internal control functions adapted to the needs of the funds' Principal and Sub-Recipients in a particular country. Fiscal agent services are required to assist the principal or sub-recipients in capacity building related to financial and procurement management functions. GFA teams mitigate the risk of fraud or misuse of grant funds, minimize complaints, and increase the efficiency of fund management in compliance with Global Fund standards.

Fiscal agent services handle all financial transactions on behalf of the implementing entity, e.g. payments compliant with agreed procedures or safeguarding and implementing control mechanisms together with the recipient. Given the specific risk context in which Global Fund grants are implemented, further scrutiny of financial and accounting documents may be required. In addition, existing procedures and systems may need updating in compliance with Global Fund requirements. Capacity building assistance and training on accounting and financial management is a key responsibility.

Experts of GFA Consulting Group and GFA B.I.S. have developed, customized and implemented a comprehensive financial management system for the specific needs of The Global Fund. The fund accounting tool developed by GFA B.I.S. is an excel file based on an SQL database and is used in all Fiscal Agent projects to ensure data integrity of Principal Recipients' automated accounting. In some of its projects, GFA is expanding the financial services to procurement management reflecting the growing trend to combine financial and procurement management.



© coriiffra | stock.adobe



PUBLIC FINANCE MANAGEMENT

Title: © Yuri Arcurs peopleimages.com | istockphoto

Cristian Ferreri
Department Director
E-mail: cristian.ferreri@gfa-group.de

PUBLIC PROCUREMENT MANAGEMENT

Cristian Ferreri and Milan Polak
E-mail: cristian.ferreri@gfa-group.de
milan.polak@gfa-group.de

PUBLIC FINANCE POLICY AND REFORM

Cristian Ferreri and Nathalie Bouchez
E-mail: cristian.ferreri@gfa-group.de
nathalie.bouchez@gfa-group.de

FUND MANAGEMENT SERVICES

MCC FUND MANAGEMENT SERVICES

FISCAL AGENT SERVICES FOR THE GLOBAL FUND

Anke Afflerbach and Christophe Thielemans
E-mail: anke.afflerbach@gfa-group.de
christophe.thielemans@gfa-group.de



www.gfa-group.de/projects



GFA CONSULTING GROUP GMBH

Eulenkrugstraße 82
22359 Hamburg
Germany

Phone: +49 40 60306-100
E-mail: info@gfa-group.de
www.gfa-group.de