

# Guidelines on Sub-recipient and Supplier Integrity Due Diligence for Principal Recipients

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## 1. Defined Terms

**Guidelines:** Guidelines on Sub-recipient (“SR”) and Supplier Integrity Due Diligence for Principal Recipients<sup>1</sup> (“PR”).

**Integrity Due Diligence (“IDD”):** information-gathering and analytical activities undertaken by PRs to identify and assess Integrity Risk for SR and Supplier organizations and individuals.

**Integrity Risk:** the possibility that an individual or organization is engaged in Prohibited Practices, acts contrary to the values of the Global Fund and the relevant Code of Conduct<sup>2</sup>, or cannot be relied upon due to unmitigated conflicts of interest, as described in the [Global Fund Policy on Conflict of Interest](#).

**Prohibited Practices:** means any one or more of the following conduct as set out in the relevant Global Fund Policies or codes set out below and, for the purposes of these Guidelines, is not limited to the covered parties and/or Global Fund-financed activities defined in those documents:

- a) the “Prohibited Practices” as defined in [the Global Fund Policy to Combat Fraud and Corruption \(the “PCFC”\)](#), including without limitation, Corrupt Practices, Fraudulent Practices, Coercive Practices, Collusive Practices, Abusive Practices, Obstructive Practices, Retaliation, Money Laundering, and Financing of Terrorism;
- b) applying or seeking to apply undue influence on Global Fund decision-making processes, engaging in conduct that breaches or facilitates the breach of the [Global Fund Policy on Conflict of Interest](#); and
- c) Sexual Exploitation, Sexual Abuse and Sexual Harassment (as such terms are defined in the relevant Code of Conduct); and
- d) practices which violate the child protection principles outlined in the relevant Code of Conduct.

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<sup>1</sup> Unless defined in these Guidelines or if the context otherwise requires, all capitalized terms used in these Guidelines have the same meaning set out in the [Global Fund Grant Regulations](#) (as amended from time to time).

<sup>2</sup> For the purposes of these Guidelines, the relevant Codes of Conduct are the [Code of Conduct for Recipients](#) and [Code of Conduct for Suppliers](#).

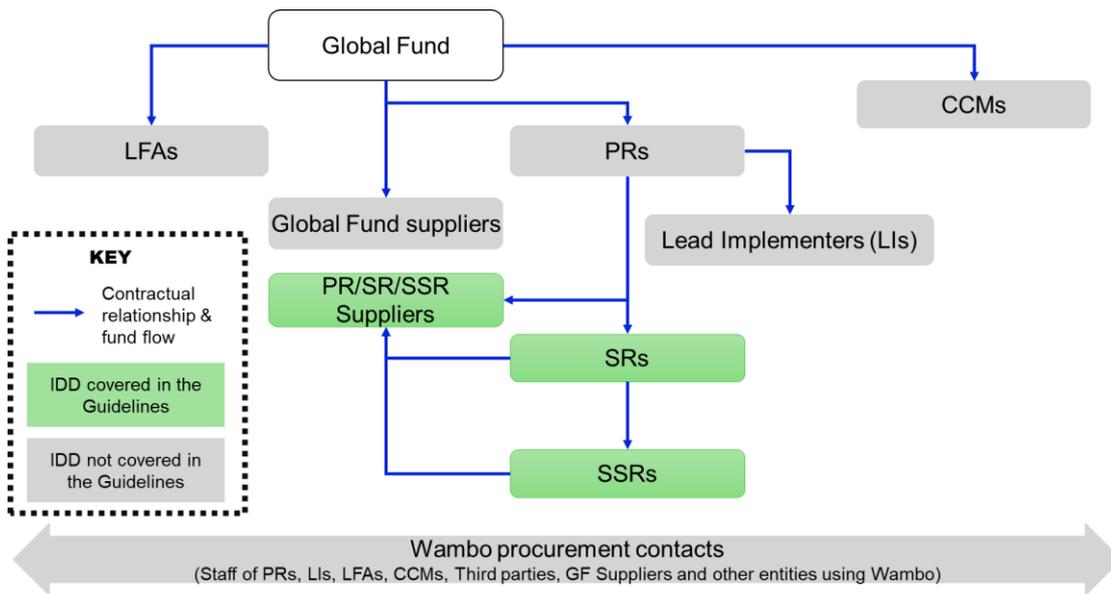
**Subject:** the individual or organization which is the subject of Integrity Due Diligence, in accordance with the PR's established IDD process and these Guidelines.

**Restrictive Measures:** sanctions, special designations, prohibitions on transacting, asset freezes and similar executive and legislative orders issued by the United Nations, the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC"), the United States State Department, and/or Switzerland, or as may be required or modified by the Global Fund in its sole discretion and communicated in writing to the PR.

## 2. Purpose of the Guidelines

1. The Global Fund is committed to maintaining the highest standards of ethics and integrity to protect the values and the mission of the organization. This is only possible if the individuals and organizations engaged by PRs to contribute to grant implementation meet the required standards of integrity outlined in the relevant Codes of Conduct, the PCFC and the Global Fund Policy on Conflict of Interest and are not subject to Restrictive Measures. A key pillar of this commitment is to ensure that PRs: (i) have a fit-for-purpose IDD process that enables them to adequately prevent, detect and respond to Prohibited Practices and/or Restrictive Measures; (ii) use that IDD process to ensure that SRs, Suppliers, their officers and staff comply with the relevant Codes of Conduct; and (iii) effectively manage and mitigate any conflicts of interest they identify, including as a result of the IDD process.
2. These Guidelines are based on the Global Fund Board-approved [Policy to Combat Fraud and Corruption](#), [Policy on Conflict of Interest](#), and the [Code of Conduct for Recipients](#) and [the Code of Conduct for Suppliers](#).
3. The provisions in these Guidelines are in addition to, and do not supersede, obviate, replace, or render redundant any requirements that are established by Global Fund policies, eligibility requirements and regulations (as may be amended from time to time), in particular the Global Fund Grant Regulations, any disclosure obligations to the Global Fund, and the relevant Grant Agreement.
4. These Guidelines are intended for PRs and define the objectives, key principles and minimum requirements of the IDD process which PRs must apply to SRs and Suppliers.
5. The diagram below provides an overview of the possible IDD landscape and illustrates what these Guidelines cover, based on the different contractual relationships and fund flows within a Global Fund grant.

**Figure 1. Overview of possible IDD landscape.**



### 3. IDD Objective, Principles, Process and Minimum Requirements

#### 3.1 IDD Objective

The purpose of IDD conducted by PRs in line with the requirements set out by the PCFC is to identify and assess the Integrity Risk concerning SRs or Suppliers, to proactively ensure that they:

- are not engaged in Prohibited Practices or subject to Restrictive Measures; and
- act in accordance with the [Code of Conduct for Recipients](#) or [the Code of Conduct for Suppliers](#) as appropriate, [the PCFC](#) and [the Global Fund Policy on Conflict of Interest](#).

#### 3.2 IDD Key principles

##### PR Ownership

PRs are responsible and accountable for designing and executing a risk-based IDD process for SRs and Suppliers. They are also accountable for ensuring, on a risk-basis, that SRs and Suppliers in turn have appropriate IDD processes in place with respect to the individuals and organizations they engage with.

##### Global Fund Verification

The Global Fund uses a risk-based approach (as defined in [section 4.4](#)) to determine which PRs require LFA verification of compliance with the minimum requirements set out in [section 3.3](#). The outcome of such LFA verification determines whether the PR is required to use specialized IDD

services, including through Global Fund pre-approved vendors. Where such use is required, the PR (including through the IDD services vendor directly) must report compliance to the Global Fund. Verification is detailed in [section 4.4](#).

### 3.3 IDD Process and Minimum Requirements

PRs conduct IDD:

- prior to commencing any substantive relationship with a Subject, such as hiring, contracting or involving the Subject in implementation; and
- as part of tendering, capacity assessments, audits, and other activities which involve information gathering about the Subject for the purposes of decision-making.

In all cases, unless otherwise specified by the Global Fund Secretariat (including in the relevant Grant Agreement), PRs must meet, as a minimum, the following requirements (the “minimum requirements”) through their IDD process:

- Check all Subjects defined below against publicly available Restrictive Measures lists:
  - SRs receiving over US\$5 million of Global Fund grant funding throughout a given grant implementation period, including the signatories of the SR agreements and key personnel;<sup>3</sup> and
  - Supplier organizations receiving over US\$5 million of Global Fund grant funding throughout a given grant implementation period, including the signatories of the Supplier agreements.

The checks against the minimum requirements must be carried out before substantive commencement of a relationship with a given Subject, such as contracting, and must be re-run for each Subject prior to the start of each grant cycle, if the Subject is continuing their engagement in the next implementation period. For further details of the key stages of the IDD process regarding the minimum requirements refer to [Section 4](#) below.

In addition to the minimum requirements, fulfilment of which will be subject to verification by the Global Fund and/or LFA, PRs must have a robust process to check the following on an ongoing basis (i.e., including during implementation):

- **Subjects are not engaged in Prohibited Practices or subject to ongoing investigations:** PRs are expected to verify, using available and appropriate means, that the Subject is not involved in Prohibited Practices, and whether there are credible allegations, existing findings, or ongoing investigations, even if not resulting in official sanction(s).
- **Subjects’ relationships and engagements are known and understood:** PRs are expected to establish, using available and appropriate means, the existing relationships and engagements a Subject has, to enable effective management of conflicts of interest.

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<sup>3</sup> Including, but not limited to: signatories, Head of the organization, the heads of the divisions significantly involved in grant-related work and Heads of Finance, Human Resources and Procurement.

- **PR's key personnel:** PRs are also expected to have robust IDD in place to assess the integrity of their own key staff<sup>4</sup>. The Global Fund reserves its right to conduct additional IDD verifications in respect of PR staff based on its own risk assessment.

## 4. Key Stages of the IDD Process

PRs need to have a comprehensive SR and Supplier IDD process in place that includes the following stages, together providing adequate assurance that Subjects are not engaged in any Prohibited Practice and enabling adequate risk management with the implementation of Global Fund-funded activities:

1. **Risk-based assessment:** PRs must target SR and Supplier IDD at those individuals and organizations whose integrity is critical to protecting the performance of the Global Fund-financed programs and the Global Fund partnership. PRs must conduct a risk assessment (refer to [section 4.1](#)) to identify the individuals and organizations that need to be subject to IDD, based on their seniority, level of responsibility, financial exposure, and exposure to contexts of heightened Integrity Risk, such as working with vulnerable populations or supplying potentially harmful goods. A lighter (or even no) due diligence can be applied to individuals or organizations which present a lower level of Integrity Risk.
2. **IDD screening:** PRs must meet the minimum requirements predetermined by the Global Fund (refer to [section 3.3](#)). In addition, each PR assesses the means available to them to conduct SR and Supplier IDD within its specific context<sup>5</sup> and selects a cost-effective IDD modality (as described in [section 4.2](#) below) that satisfies the Global Fund's expectations outlined in these Guidelines.
3. **Decision-making:** PRs must review the IDD screening results and use them to decide on the selection or continuation of the relationship with the Subject (refer to [section 4.3](#)).

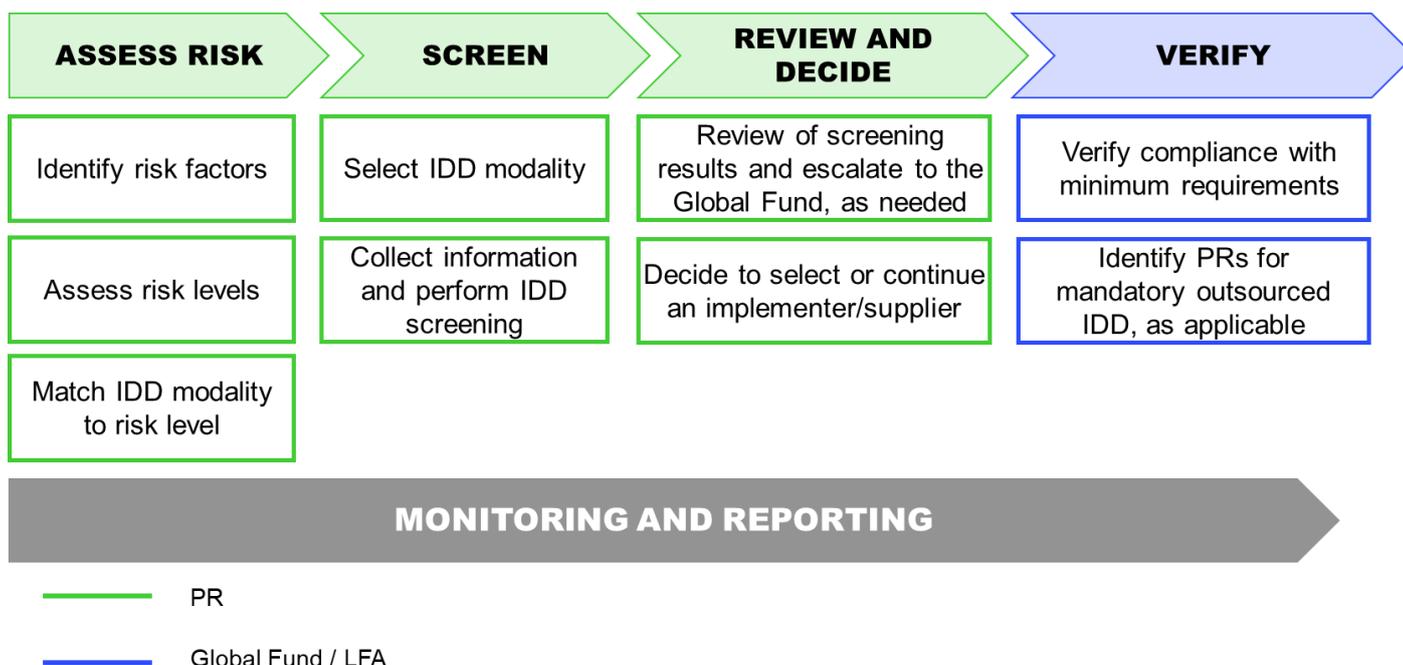
Figure 2 provides an overview of the IDD process stages.

### Figure 2. IDD process stages

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<sup>4</sup> Including, but not limited to: Head of the organization, the heads of the divisions significantly involved in grant-related work and Heads of Finance, Human Resources and Procurement.

<sup>5</sup> This considers multiple factors including, but not limited to, information access, technological systems, Integrity Risk inherent to funded activities and the size of the Global Fund investment to be safeguarded.



#### 4.1 Assess risk

PRs confirm the appropriate level of IDD required based on an assessment of the Subject’s Integrity Risk level. This risk assessment considers the Subject’s role, task, potential impact on beneficiaries and financial and reputational exposure of the Subjects. The assessment aims to establish the level of harm an integrity failure of this Subject could cause to the delivery of the Program Activities, as well as to the PR’s and the Global Fund’s reputations. The risk assessment also aims to establish whether a particular Subject is more likely to experience a failure of integrity in comparison to the general context in which the PR operates.

##### Identify risk factors

Factors that indicate elevated exposure to Integrity Risk and can be used to assign a Subject to a risk level include without limitation:

- interaction with vulnerable populations, including children and criminalized groups;
- extent of responsibility and discretion over material and financial resources;
- level of influence and power to instruct others, including through holding official roles, in particular roles that are covered by the Global Fund’s and the CCM’s Policies on Conflict of Interest;
- exposure to activities that are proscribed by Restrictive Measures, including with due consideration of relevant licenses or exemptions, and/or Prohibited Practices, including procurement, licensing, organization of transport and travel, construction, provision of assurance and data collection;
- exposure to health and safety risks; and
- known history of rights abuses and misconduct.

PRs consider other risk factors, as relevant to their context and based on their knowledge. This is a comparative assessment for the purpose of allocating PR's resources to conduct IDD where it has the most impact.

### **Assess risk levels**

The risk assessment results in individuals and organizations categorized by risk level, as well as specific risk triggers that would elevate a particular individual or organization to a higher risk level. For example, a PR may consider that SR's and/or Supplier's staff who directly interact face-to-face with vulnerable people are at a higher level of Integrity Risk.

The Subject's risk level is determined by the quantity and intensity of risk factors they are exposed to. A common approach for establishing the risk levels is based on a "low-medium-high" differentiation process. In this approach, the "medium" level is calibrated to match the average risk exposure within the organization's context. The risk levels guide decisions on the extent of IDD to be undertaken.

### **Match IDD modality to risk level**

Subjects identified as having a higher than average level of Integrity Risk undergo more thorough due diligence. This can involve hiring expert firms or carrying out on-site inspections and audits. Conversely, Subjects that are significantly less exposed to Integrity Risk factors, and/or where existing mitigations are already in place, have a lower risk level and can be subjected to narrower IDD (noting the minimum requirements that cannot be waived). This approach ensures that the available IDD resources are optimized to focus on the highest risk cases.

Once PRs have defined the Subjects' level of risk, they are required to implement and document the IDD screening that will be put in place, including determining the frequency at which these are undertaken.

## **4.2 Screen**

### **Select IDD modality**

In line with the risk assessment they conduct, PRs select a cost-effective IDD modality that is most appropriate to their context. Based on the Global Fund's risk assessment, defined PRs are required to use providers pre-approved by the Global Fund to conduct IDD and ensure compliance with the minimum requirements listed above at [section 3.3](#). Table 1 sets out the possible IDD modalities with the respective information collection and screening approaches.<sup>6</sup> Other IDD modalities that allow PRs to carry out screening can also be used.

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<sup>6</sup> Please note that the Principal Recipient and any Sub-recipient and/or Suppliers must comply with the Data Protection Principles, when collecting and processing Personal Data.

## Collect information and perform IDD screening

Based on the defined risk level and selected IDD modality, PRs gather the necessary information to perform the IDD screening of Subjects. This is done before substantive commencement of a relationship with a given Subject, such as contracting, and at least once per grant cycle thereafter for Subjects continuing to the next implementation period.

When performing the IDD screening, PRs follow all applicable laws and regulations pertaining to data privacy, protection and retention obligations and the terms of the Grant Agreement. If Restrictive Measures are amended or introduced or there is a risk of individuals being newly involved in Prohibited Practices, the PR updates its risk assessment and rescreens for Integrity Risk.

**Table 1. IDD modalities**

IDD modality	Collect information	Perform IDD screening
<p><b>a. Self-disclosure of track record and interests</b></p>	<ul style="list-style-type: none"> <li>• Issue a questionnaire or self-disclosure form as a part of the selection process</li> <li>• Collect CVs and supporting documentation such as identity documents and corporate registration certificates</li> </ul>	<ul style="list-style-type: none"> <li>• Verify the identity and official details of the Subject.</li> <li>• Establish ownership and control for organizations, and significant affiliations for individuals.</li> <li>• Assess any exposure (personal, professional, familial, etc.) to:               <ol style="list-style-type: none"> <li>i. political or governmental activities, or persons holding official roles, in particular roles that are covered by the Global Fund's and the CCM's Policies on Conflict of Interest;</li> <li>ii. Prohibited Practices, Restrictive Measures, or any claim, investigation or proceeding which, if determined adversely, could reasonably be expected to result in a material adverse effect to implement a Global Fund-funded program or perform any other obligations under the Grant Agreement;</li> <li>iii. financial interests in the work of the Global Fund or Global Fund funded programs;</li> <li>iv. adverse conditions and events, such as bankruptcy, default, liquidation, consistent history of alleged, but unproven misconduct or actors subject to Restrictive Measures.</li> </ol> </li> </ul>

IDD modality	Collect information	Perform IDD screening
		<ul style="list-style-type: none"> <li>• Verify that the self-disclosed information is aligned with what is reported in the public domain.</li> </ul>
<b>b. Open-source research</b>	<p>Review the Subject's profile across the available forms of print, online and social media information sources, including national and international databases, confirm the Subject's profile and track record, identify any allegations of involvement in misconduct and assess whether they credibly reflect on the Subject's integrity and ability to comply with Global Fund obligations.</p>	<ul style="list-style-type: none"> <li>• Verify that the self-disclosed information is aligned with what is reported in the public domain.</li> <li>• Establish whether the Subject has any reported links to significant individuals or organizations, e.g., companies, political parties, government agencies, movements, clans, etc., and whether these links could be a source of competing priorities for the Subject's work or activities relating to the Global Fund</li> <li>• Verify whether the Subject is not designated under Restrictive Measures, debarment and ineligibility lists as well as lists of known offenders</li> </ul>
<b>c. Network enquiries</b>	<ul style="list-style-type: none"> <li>• Interview relevant individuals in the PR's network.</li> <li>• Conduct enquiries with other stakeholders including civil society organizations and national authorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Verify the Subject's reputation among their peers, colleagues, supervisors, and subordinates.</li> <li>• Establish the specific aspects of Integrity Risk, which are relevant to the context and the role.</li> </ul>
<b>d. Formal enquiries</b>	<ul style="list-style-type: none"> <li>• Request formal references from current or previous places of work, or from clients and partners commenting on the Subject's integrity and reputation.</li> <li>• Request reports or summaries of any previous due diligence conducted into the Subject by other institutions or agencies, where the PR has appropriate access.</li> </ul>	<ul style="list-style-type: none"> <li>• Verify the Subject's reputation among their peers, colleagues, supervisors, and subordinates.</li> <li>• Verify whether the Subject was previously designated under Restrictive Measures, debarment and ineligibility lists as well as lists of known offenders.</li> </ul>
<b>e. Specialist due diligence</b> (the Global Fund)	<p>Retain a vendor to conduct open source or network enquiries discreetly and professionally.</p>	<ul style="list-style-type: none"> <li>• Establish whether the Subject has any reported links to significant individuals or organizations, e.g.,</li> </ul>

IDD modality	Collect information	Perform IDD screening
can decide to make this modality mandatory for specific PRs, as described in Figure 3 below)		<p>companies, political parties, government agencies, movements, clans, etc., and whether these links could be a source of conflict of interest or improper advantage for the Subject’s work or activities relating to the Global Fund</p> <ul style="list-style-type: none"> <li>• Verify whether the Subject is designated under Restrictive Measures, debarment and ineligibility lists as well as lists of known offenders.</li> <li>• Verify the Subject’s reputation among their peers, colleagues, supervisors, and subordinates.</li> <li>• Establish the Integrity Risk of Subject, such as human rights track record</li> </ul>

### 4.3 Review and decide

#### Review of screening results and escalate to the Global Fund, as needed

PRs’ review of the IDD screening results must include a process to evaluate and minimize erroneous or “false-positive” results. The outcome of the results review is used to decide on the selection or continuation of the relationship with the Subject<sup>7</sup>. PRs resolve all IDD screening results based on their own processes and risk assessments.

If the IDD screening reveals that a Subject has engaged in Prohibited Practices or is designated under Restrictive Measures, the PR must immediately inform the Global Fund Country Team<sup>8</sup> and the [Ethics team](#), detailing the screening result and actions taken to ensure compliance with the PR’s obligations under the Grant Agreement. This notification obligation is consistent with and/or additional to the PR’s broader obligations to notify the Global Fund of conduct inconsistent with the [Code of Conduct for Recipients](#) or [Suppliers](#), the PR’s notification responsibilities as set out in [the Global Fund Grant Regulations](#), and the PR’s duty to report misconduct in accordance with the [Whistle-blowing Policy and Procedures \(as may be amended from time to time\)](#).

<sup>7</sup> The PR’s decision is in its sole discretion and must be in accordance with relevant obligations under the Grant Agreement, the PR’s internal policies and procedures, relevant contractual obligations and applicable local laws and regulations.

<sup>8</sup> The CT consults with the Ethics teams and CT Legal Counsel to manage the response to the PR and any internal Global Fund notification and escalation processes, as needed.

## Decide to select or continue a SR / Supplier

In cases not relating to Prohibited Practices and/or Restrictive Measures<sup>9</sup>, the PR’s decision to select or continue a relationship with a Subject<sup>10</sup> considers the Subject’s Integrity Risk and the impact of a potential failure of integrity on:

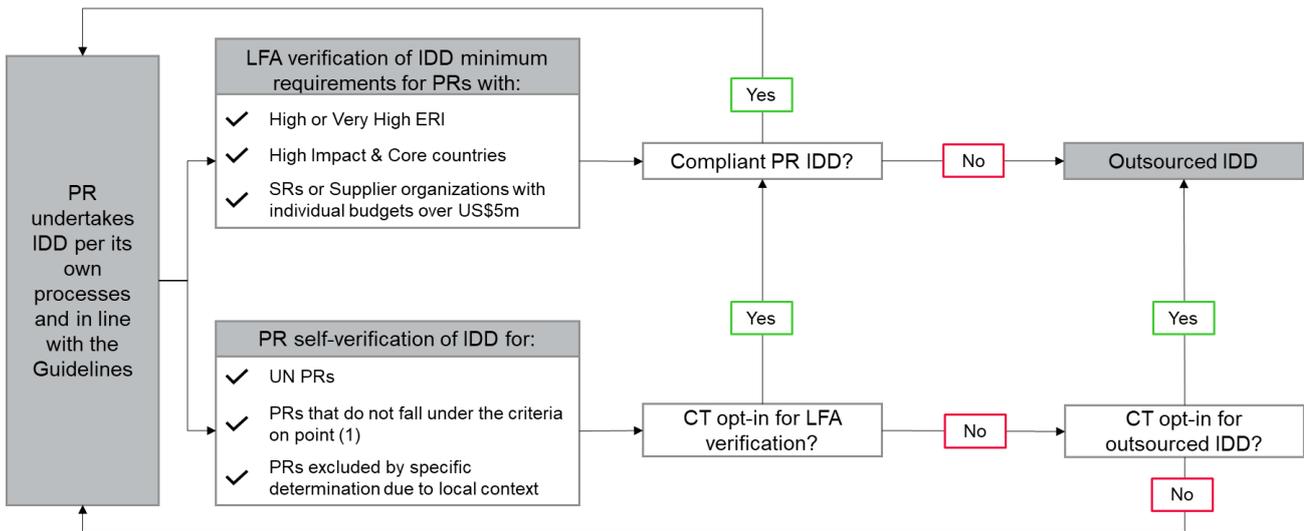
- a) the PR; and/or
- b) the implementation of the Global Fund-financed programs; and/or
- c) the reputation of the Global Fund partnership and the fight against the three diseases.

### 4.4 Verify

#### Verify compliance with minimum requirements

While all PRs are equally subject to the requirements in these Guidelines, the Global Fund applies a risk-based approach to determine which PRs require LFA verification of compliance with the minimum requirements set out in [section 3.3](#), as shown in Figure 3. LFAs complete such verification once per grant cycle. The scope and scale of such LFA verifications is agreed between the LFA and the Global Fund using the risk-based approach as per Figure 3.

**Figure 3. Risk-based approach to LFA verification and triggers for outsourced IDD.**



Specifically:

1. LFAs verify the fulfillment of **IDD minimum requirements** (as defined [above at section 3.3](#)) for PRs that satisfy all three of the below criteria:
  - a. operate in countries classified as **High or Very High External Risk Index (ERI)**; and
  - b. operate in **High-Impact and Core countries**; and
  - c. have SRs or Supplier organizations with individual **budgets over US\$5m**.

<sup>9</sup> Such as historical and resolved misconduct, allegations of misconduct that cannot be firmly substantiated, unethical behavior that does not arise to a Prohibited Practice and is legal under relevant law such as bullying, discrimination, environmental harm, hateful speech.

<sup>10</sup> The PR’s decision is in sole discretion and must be in accordance with relevant obligations under the Grant Agreement, the PR’s internal policies and procedures, relevant contractual obligations and applicable laws and regulations.

2. PRs that meet any of the below criteria provide the Global Fund with a formal statement of compliance with the minimum requirements set out at section [3.3](#) above as a part of their Code of Conduct obligations:
  - a. United Nations PRs; or
  - b. PRs that do not fall under the criteria in point (1) above; or
  - c. PRs excluded by Global Fund's specific determination due to local context.

### **Identify PRs for mandatory outsourced IDD, as applicable**

**Outsourced IDD.** The Global Fund retains a list of pre-approved IDD vendors and the usage of such vendor, or other specialized IDD vendor, is mandatory<sup>11</sup> when:

- the LFA verification determines that the PR is not compliant with the IDD minimum requirements set out in these Guidelines.

**Funding source of outsourced IDD.** Mandatory outsourced IDD services can be budgeted from grant funds, upon prior approval by the Global Fund Country Team.

In case of mandatory outsourced IDD, the pre-approved IDD vendor submits regular reporting for the Global Fund to verify the IDD activities undertaken.

## 4.5 Monitoring and reporting

The PR monitors and documents the conducted IDD screening in accordance with these Guidelines, including:

- the names of the individuals and organizations reviewed;
- the Subject's role vis-à-vis the PR;
- the sources accessed to conduct the IDD screening;
- the dates the IDD screening was conducted; and
- a summary of the screening results and actions taken.

The Global Fund monitors and reports on the following:

- Through the LFA: aggregate statistics on the number of organizations and individuals for which verification against the minimum requirements defined in these Guidelines was undertaken;
- Through the Ethics Office:
  - number of exceptions granted to the process;
  - number of quarterly reports received from the pre-approved IDD vendors that include:
    - Aggregate statistics on the number of organizations and individuals subjected to the screening process.
    - The total number of initial integrity issues identified during the screening.
    - The number of these integrity issues that were subsequently verified as false positives after thorough investigation.

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<sup>11</sup> PRs not required to use outsourced IDD services can also decide to contract Global Fund-approved IDD vendors should they choose to do so.

- The number of confirmed integrity issues, which are then communicated to the PRs for further action.

## 5. Roles and Accountabilities

### 5.1 The Subject

The Subject cooperates with all reasonable requests from the PR and/or the Global Fund to disclose relevant information in accordance with the terms of the Grant Agreement.

### 5.2 The PR

The PR designs its IDD process and conducts IDD screening in accordance with their process or outsources IDD if mandatory or by choice. The PR then reviews the IDD screening results, decides whether these results are compliant or not with these Guidelines and to enter into or continue a relationship with a SR or Supplier<sup>12</sup>, resolves IDD screening results, and escalate specific results as needed.

### 5.3 The Global Fund Secretariat

The Global Fund Secretariat defines its IDD guidance in accordance with the PCFC and other relevant documents, consults with PRs on IDD (Ethics Office), conducts risk-based verification of the PRs' compliance through LFAs and, in specific cases, requires select PRs to use specialized IDD vendors which can facilitate the execution of the PR's IDD process. The Global Fund also performs monitoring and reporting activities as defined in section 5 above. The Global Fund, through Grant Management Division, ensures the integration of SR and Supplier IDD into the grant life cycle through relevant operational policies, as applicable.

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<sup>12</sup> The PR's decision is in sole discretion and must be in accordance with relevant obligations under the Grant Agreement, the PR's internal policies and procedures, relevant contractual obligations and applicable laws and regulations.