

Procurement Policy

Amended and restated on 23 April 2024*

* As per Board Decision GF/B51/DP04 and replacing in its entirety the Procurement Policy originally approved in 2008.

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1. Introduction

1.1 Purpose

The Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) recognizes the importance of effective Procurement as a tool in the fight to end the three diseases. Every year, a significant part of the Global Fund’s investments are used for life-saving interventions, ensuring they are available to those who need them most. Global Fund resources are also used to procure goods and services to ensure the Secretariat can successfully execute its administrative and operational duties.

This Procurement Policy (the “Policy”) sets out principles governing how the Global Fund procures goods and services and establishes the principles for decision-making for Procurement. The Policy provides an overarching framework to ensure Procurement by the Global Fund achieves value for money, is aligned with public procurement principles and supports the organization’s strategy. Quality assurance requirements for health products are outlined in separate policies.¹

By laying out clear principles, the Policy ensures the integrity of procurement processes, and fosters transparency and accountability. The framework also supports implementation of the Global Fund’s Strategy, including market shaping approaches to drive equitable access to quality assured health products, improved sustainability through regional manufacturing and procurement, responsiveness to emerging programmatic needs and pandemic preparedness and response.

The Executive Director is responsible for establishing the operational framework for the rules, procedures and other guidance needed to implement this Policy in accordance with his authority described in Section 4.

1.2 Scope and Application

Covered Activities. The Policy applies to all Global Fund procurement processes and activities, which include those associated with:

- (i) The Procurement of health products and related services via the Pooled Procurement Mechanism (PPM);² and
- (ii) The Procurement of goods or services by the Global Fund funded by operating expenses; and
- (iii) Any other Procurement either funded by catalytic investments not incorporated into Global Fund-supported grants or, when exceptionally approved by the Board, Executive Director or other appropriate authority, funded by Grant Funds.

¹ See <https://www.theglobalfund.org/en/sourcing-management/quality-assurance/>

² As approved by the Board in April 2007 under decision point GF/B15/DP15.

The Policy also applies to the Procurement of Local Fund Agent (LFA) services. Procurement of LFA services is also governed by the Principles of the LFA Procurement Method³ and the LFA Procurement Procedures.

Covered Individuals. The Policy covers any of the following institutions and individuals when they are directly or indirectly involved in the Covered Activities, collectively referred to as “Covered Individuals”:

- (i) **Governance Level.** Global Fund governance officials, including members of the Board, alternates, focal points, members of any committee, task force, the Technical Review Panel, the Independent Evaluation Panel, or any other advisory or affiliate body of the Global Fund.
- (ii) **The Secretariat and the Office of the Inspector General.** All directors, employees, secondees, consultants and interns employed directly or indirectly by the Global Fund.

The Policy does not apply to recipients of Grant Funds who are responsible for complying with the relevant requirements related to Procurement as detailed in grant agreements.

The Covered Individuals must adhere to this Policy and any other applicable Global Fund policies, operational rules or procedures, or codes of conduct, as amended from time to time.⁴

1.3 Definitions

Capitalized terms used in this Policy have the meaning given to them below unless the context requires otherwise.

Bidder	means an entity that submits an offer (bid, quotation, or proposal) in response to a Solicitation. Generally, the term Bidder is used to refer to the entity responding to a Solicitation.
Covered Individuals	means the persons defined in Section 1.2.
Grant Funds	means the funds specified in a grant confirmation, which the Global Fund, subject to the terms and conditions set forth in a grant agreement, agrees to make available to a recipient in the form of a grant for the implementation of the relevant program.
Partner Organization	means a United Nations system organization, a public international organization, a donor Government agency, or a non-government organization with a close cooperative relationship with the Global Fund whose procurement policies are comparable to those of the Global Fund.

³ As approved by the Board in November 2017 under decision point GF/B38/EDP01.

⁴ Codes of conduct are available here: <https://www.theglobalfund.org/en/governance-policies/>

Procurement Authority	means a person who has been delegated signatory authority for procurement contracts. Only Procurement Authorities may enter into a procurement contract on behalf of the Global Fund.
Procurement	means all processes and activities related to planning and development of a procurement strategy, definition of the requirements, sourcing, Solicitation, management of offers, evaluation, review and award, contract finalization and issuance, and contract administration and management.
Prohibited Practices	means all forms of fraud, corruption and other proscribed practices as described in detail in the Global Fund Policy to Combat Fraud and Corruption . ⁵
Solicitation	means the generic term for a request to potential Suppliers to submit an offer (bid, quotation or proposal).
Supplier	means an external entity, which could include organizations, individual contractors, or service providers, supplying goods, services, or support to the Global Fund. Suppliers are usually subjected to a contractual agreement which outlines deliverables, quality standards, pricing, and terms of service.

2. Procurement Principles

The Global Fund recognizes the importance of adhering to a consistent set of principles that govern procurement processes and activities that serve to uphold, inter alia, the integrity, transparency, efficiency, and effectiveness of the procurement process. The principles ensure the delivery of quality goods and services, drive equitable access, maximize value for money, and promote sustainable partnerships.

The Global Fund's Procurement of goods and services shall adhere to the procurement principles set out in this section.

2.1 Value for Money

Procurement by the Global Fund shall achieve value for money. "Value for money" refers to the trade-off between the price, quality, and performance that provides the greatest overall benefit under the specified selection criteria. To obtain value for money, Covered Individuals must consider, among other factors, the optimum combination of the total cost of ownership of a purchase (i.e., acquisition and delivery costs, maintenance and running costs, and disposal costs) or delivery of a service, and that it is fit for purpose (i.e., quality and ability to meet the Global Fund's requirements).

This can be achieved by assessing technical, commercial, organizational, and pricing

⁵ https://www.theglobalfund.org/media/6960/core_combatfraudcorruption_policy_en.pdf

factors, weighted by their relative importance. This should be supplemented by consideration of environmental, social, sustainability and risk factors where relevant and supportive of the Global Fund's strategic objectives and appropriate due diligence.

2.2 Effective Competition

Procurement by the Global Fund should generally be based on effective competition. Effective competition is achieved when procurement opportunities are published for open competition or a sufficient number of prospective Suppliers are invited to apply; prospective Suppliers act independently; competition for the same business opportunity occurs under the same conditions; and a sufficient number of offers are received. Open competition is the Global Fund's standard method of procurement.

2.3 Fairness, Impartiality, and Integrity

Procurement by the Global Fund shall provide all internal and external stakeholders with assurance that the process is fair, impartial and that the organization's integrity has been maintained.

Impartiality in Procurement means treating all parties equally throughout the process and requires the objective evaluation of offers, adhering strictly to predetermined criteria and avoiding any actual, potential, or perceived conflict of interest. This ensures a level playing field for Bidders, preventing favoritism or discrimination. Fairness includes transparent disclosure of information and impartial evaluation of offers, ultimately promoting efficiency, effective competition, and trust in the procurement process.

2.4 Client centricity

Procurement by the Global Fund shall be client centric. This means focusing on the needs and requirements of the person or unit requesting the goods or services to ensure client satisfaction is at the core of every purchasing decision. It involves understanding the client's specific requirements, preferences, and objectives to tailor the Procurement within the boundaries set by this Policy.

2.5 Sustainable Procurement

Procurement by the Global Fund shall promote sustainability. Sustainable Procurement seeks to minimize the environmental impact of the supply chain, support fair and humane working conditions, and contribute to the long-term well-being of communities. Sustainable Procurement includes the practice of integrating requirements, specifications and criteria that are compatible with and in favor of the protection of the environment, social progress, and the support of economic development.

2.6 Best interest of the Global Fund

Procurement by the Global Fund shall support the best interest of the Global Fund. This means carrying out Procurement in a manner that best enables the organization to pursue

its mission and deliver its strategic objectives, as well as protecting the organization's assets and providing for effective stewardship of the organization's resources.

3. Procurement Ethics

3.1 Covered Individuals

The Global Fund has zero tolerance for all forms of fraud and corruption. The Covered Individuals involved in a Procurement must:

- comply with the standards of conduct of the applicable Codes of Conduct⁶ as specified in the established Ethics and Human Resources policies and procedures;
- comply with the [Global Fund Policy to Combat Fraud and Corruption](https://www.theglobalfund.org/media/6960/core_combatfraudcorruption_policy_en.pdf)⁷ and the [Policy on Conflict of Interest](https://www.theglobalfund.org/media/6016/core_ethicsandconflictofinterest_policy_en.pdf)⁸;
- preserve their independence from any source external to the Global Fund and their impartiality in discharging their functions;
- maintain confidentiality of information;
- avoid actual, potential, or perceived conflicts between their personal interests and those of the Global Fund; and disclose any actual, potential, or perceived conflicts of interest as defined by the Ethics Office; and
- comply with the requirements on giving and accepting gifts, entertainment and hospitality as set out in the [Policy on Conflict of Interest](https://www.theglobalfund.org/media/6016/core_ethicsandconflictofinterest_policy_en.pdf).⁹

Any acts or omissions by a Covered Individual that are a violation of this Policy or other applicable policy or operational rules or procedures will be dealt with under the established Ethics and Human Resources policies, as applicable. Covered Individuals may be held personally liable for non-compliance with applicable policies or operational rules or procedures.

⁶ For example, see content here, which may be updated from time to time: <https://www.theglobalfund.org/en/governance-policies/>

⁷ https://www.theglobalfund.org/media/6960/core_combatfraudcorruption_policy_en.pdf

⁸ As approved by the Board in June 2020 under decision point GF/B43/EDP04.
https://www.theglobalfund.org/media/6016/core_ethicsandconflictofinterest_policy_en.pdf

⁹ As approved by the Board in June 2020 under decision point GF/B43/EDP04.
https://www.theglobalfund.org/media/6016/core_ethicsandconflictofinterest_policy_en.pdf

3.2 Bidders and Suppliers

Suppliers to the Global Fund must provide written contractual undertakings that they will comply with the standards established in the [Code of Conduct for Suppliers](#),¹⁰ such as on human rights, labor, and the environment.

Should a Bidder or Supplier engage in a Prohibited Practice as defined in the [Global Fund Policy to Combat Fraud and Corruption](#)¹¹ (i.e., corruption, fraud, coercion, collusion or any other unethical practice) or otherwise violate the [Code of Conduct for Suppliers](#)¹² it may be sanctioned in accordance with the [Sanctions Panel Procedures Relating to the Code of Conduct for Suppliers](#).¹³

4. Procurement Authority

The Executive Director holds ultimate accountability for the prudent stewardship of organizational funds within the parameters of this Policy. This accountability encompasses aligning procurement processes and activities with the strategic goals of the Global Fund and its procurement principles, and fostering transparency and accountability throughout the procurement process.

The Executive Director is responsible for managing the day-to-day operations of the Global Fund and is delegated the authority to manage all matters related to Procurement, in accordance with the principles established in this Policy. The Executive Director may delegate the authority considered appropriate for the implementation of this Policy in writing to Global Fund personnel. This includes delegation to Procurement Authorities.

5. Collaborative Procurement

The Global Fund actively pursues opportunities to collaborate with Partner Organizations in Procurement. Such collaboration can take many different forms such as sharing technical requirements or developing common technical and performance requirements, leveraging technical expertise of Partner Organizations, joint procurement strategies with Partner Organizations to stimulate innovation and product development or strengthen the resilience of supply chains and support regional production. Collaborative procurement can also include joint Solicitations, entering into a contract relying on the results of a procurement process conducted by a Partner Organization, using existing contracts established by a Partner Organization or procuring goods or services (including procurement services) from a Partner Organization.

¹⁰ For example, available here, https://www.theglobalfund.org/media/3275/corporate_codeofconductforsuppliers_policy_en.pdf, as may be updated from time to time.

¹¹ https://www.theglobalfund.org/media/6960/core_combatfraudcorruption_policy_en.pdf

¹² For example, available here, https://www.theglobalfund.org/media/3275/corporate_codeofconductforsuppliers_policy_en.pdf, as may be updated from time to time.

¹³ https://www.theglobalfund.org/media/6015/corporate_sanctionsprocedures_policy_en.pdf

6. Procurement Oversight and Control

Procurement includes all processes and activities related to planning and development of a procurement strategy, definition of the requirements, sourcing, Solicitation, management of offers, evaluation, review and award, contract finalization and issuance, and contract administration and management. The operational details for each of these processes and activities are included in the operational framework as established by the Executive Director, with special attention to non-conflict of interest and segregation of duties to ensure the integrity of procurement processes.

All procurement contracts are subject to a mandatory review process prior to award to ensure compliance with applicable policies and operational framework as established by the Executive Director. No award may be made before such review has taken place. The operational guidance, as established by the Executive Director, shall describe the appropriate individual or body to undertake this review, which, for instance, may be the Procurement Authority or an independent review committee depending and based on established thresholds and parameters.

Only a Procurement Authority may be a signatory to a procurement contract on behalf of the Global Fund. The Procurement Authority shall ensure that (i) the Procurement complies with applicable policies and operational rules and procedures; (ii) goods and services procured are necessary for achievement of the Global Fund's objectives; (iii) sufficient funds are available for the commitment; and (iv) the terms and conditions of the funding for such Procurement, if any, are complied with.

7. Policy Oversight

The Audit and Finance Committee oversees the implementation of this Policy.

The Executive Director has the authority to establish the necessary controls and monitoring system for Procurement, which is risk-based and commensurate with the value of each applicable Procurement.