
Electronic Report to the Board

GF/B43/ER04

11 June 2020

Amended and Restated Policy on Conflict of Interest

Board Decision

Purpose of the paper: As part of the Ethics Officer's review of the Global Fund's ethics and integrity policies and codes of conduct, this paper presents the Ethics and Governance Committee's recommendation to the Board to approve the amended and restated Policy on Conflict of Interest.

- GF/B43/EDP04: Amended and Restated Policy on Conflict of Interest

I. Decision

Based on the information below, the following electronic decision point is recommended to the Board.

Decision Point: GF/B43/EDP04: Amended and Restated Policy on Conflict of Interest

- 1. Based on the recommendation of the Ethics and Governance Committee (GF/EGC12/EDP02), the Board approves the amended and restated Policy on Conflict of Interest, as set forth in Annex 1 to GF/B43/ER04;**
- 2. Accordingly, the Board acknowledges that this decision point and the amended and restated Policy on Conflict of Interest shall supersede the decision point GF/B27/DP05, the previous Policy on Ethics and Conflicts of Interest for Global Fund Institutions as set forth in Annex 1 to GF/B27/07 and the previous Declaration of Interest Form set forth in Annex 2 to GF/B27/07.**

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 4.

Executive Summary

Context

In accordance with its Charter, the Ethics and Governance Committee (EGC), has the authority to advise and make recommendations to the Board on the modification of the Policy on Ethics and Conflicts of Interest for Global Fund Institutions.

Following a comprehensive consultation process and the EGC's recommendation (GF/EGC12/EDP02), this paper seeks the Board's approval of the Policy on Conflict of Interest, as set forth in Annex 1 (Policy) which presents an in-depth redesign of the Policy as a whole. Given the wide-ranging changes, a version with tracked changes was not included. Instead, the changes to the Policy are described in this paper. The Policy incorporates the input received at the 11th EGC Meeting on 14-15 October 2019, through the consultations with Board Constituencies, Board Committee Leadership and Advisory Body Leadership held in December 2019 and January 2020, and the additional input received from constituencies and EGC members as discussed at the 12th EGC Meeting. Board approval of the Policy is sought to respond to the 2019 OIG Audit Report Managing Ethics and Integrity at the Global Fund, and to further align the Policy with good practices.

Questions this paper addresses

- A. It provides details about the objectives of the revisions and the associated benefits.
- B. It provides details about who was consulted on the Policy on Conflict of Interest and the outcomes of the consultation process.
- C. It provides an overview of the Policy's implementation plan.

Conclusions

- Provided the Board approves the amended and restated Policy on Conflict of Interest, the Policy will be implemented and enforced under the oversight of the EGC with the support of the Ethics Officer in accordance with their Terms of Reference.

Input Sought

- Decision Point: GF/B43/EDP04 **Amended and Restated Policy on Conflict of Interest.**

Input Received

- Comprehensive input was received from across the Secretariat through a Policy Forum, further bilateral meetings with Departments and Divisions and the Policy Committee hosted at the Management Executive Committee (MEC).

The EGC, Board Constituencies, Board Committee Leadership, TRP and TERG Leadership provided substantive input before the draft Policy was resubmitted to the EGC for recommendation for Board approval. The EGC unanimously voted to recommend the Policy for Board approval (GF/EGC12/EDP02)

Report

What is the need or opportunity?

1. This initiative responds to the Board's request to further integrate ethics and integrity standards within the Global Fund's operations¹. It also responds to the 2019 Audit Report Managing Ethics and Integrity at the Global Fund², specifically to Agreed Management Action #4 on completing the review of Codes of Conduct and Policies within the Ethics and Integrity Framework by 30 June 2020, and further align the Policy with emerging good practices in the area of ethics and integrity.
2. Following a thorough consultation process, and the EGC recommendation, this paper seeks the Board's approval of the amended and restated Policy on Conflict of Interest, along with a summary of its implementation plan.

What do we propose to do and why?

Objectives of the recommended Policy on Conflict of Interest

3. The recommended Policy on Conflict of Interest is included in Annex 1. The recommended changes to the Policy include the following (defined terms in this paper have the meanings ascribed to them in the Policy):
 - i. Taking into account that Governance Officials and Employees of the Global Fund are required to provide an update to their disclosure of private interests when matters change, removing the absolute requirement to submit annual updates on disclosures of private interests and allowing the Ethics Office to request a periodic update for specific functions when circumstances warrant;
 - ii. Extending the scope of the Policy to defined Counterparties and Implementers while tailoring the principles applying to them based on their status as independent external entities and enforceability considerations;
 - iii. Including a prohibition from giving or accepting all gifts for Governance Officials or members of the Secretariat, except those of nominal value that are an expression of appreciation or courtesy in relation with the conduct of Covered Activities. However, the Policy provides for sufficient flexibility to allow Global Fund departments and divisions subject to higher risks to prohibit all gifts if they wish to do so;
 - iv. Removing the Declaration of Interest form to allow for greater agility and flexibility for the Global Fund to harmonize standards and devise context-dependent, risk-based implementation and mitigation measures and empower the Ethics Officer to define related disclosure requirements;

¹ See GF/B33/DP10: Ethics and Integrity: Second Stage Policy Proposals (April 2015), accessible at : <https://www.theglobalfund.org/board-decisions/b33-dp10/>

² Available at: <https://www.theglobalfund.org/en/oig/updates/2019-09-18-managing-ethics-and-integrity-at-the-global-fund/>

- v. Adding a number of specific principles on avoiding (e.g. prohibiting preferential treatment, undue influence, etc.) and managing conflicts of interest (e.g. transparency of reporting of private interests, register of private interests, duty to seek advice and mitigation in relation to certain activities) to tailor mitigation measures to different types of Covered Parties;
- vi. Further define the accountabilities belonging to each actor under the Policy, including the Ethics Office's role in monitoring the effectiveness of existing systems, controls and procedures for mitigating conflict of interest risks across Global Fund operations;
- vii. Bringing housekeeping changes to reflect recent governance, policy and administrative evolutions within the Global Fund; and
- viii. Aligning the structure of the Policy with that of the Policy to Combat Fraud and Corruption.

Who was consulted?

4. The Ethics Office first revised the Policy and consulted with the Secretariat and the Office of the Inspector General. The first draft was then presented at a Policy Forum organized by the Strategy and Policy Hub to gather input across the Secretariat, and further bilateral meetings were held following the Forum to ensure the feedback was appropriately integrated. The updated Policy was submitted to the Policy Committee hosted at the MEC and the EGC for their review and input at their 11th Ethics and Governance Meeting on 14-15 October 2019, before extensive consultations were launched with Board Constituencies, Board Committee Leadership and TRP / TERG Leadership. Along with a revised version of the Policy, Constituencies, Committee Leadership, and TRP / TERG Leadership were provided with summaries of the main changes proposed to the Policy, and their input was requested either in writing or through bilateral calls with the Ethics Office.

What changes have occurred as a result of the consultation?

5. The input received in December 2019 and January 2020 was largely supportive. The changes proposed through the consultation process strengthened the language of the Policy and increased the preciseness of some of the standards. Changes made to the Policy as a result of the consultation process, are summarized as follows:
 - i. The wording of the principles was changed to better reflect how the policy will be applied, noting that 'requirements' ("must", "shall", etc.) need privity between the Global Fund and the party we are applying the requirement to;
 - ii. The scope of some of the principles was changed to better reflect the inherent risk for certain categories of officials;
 - iii. Greater clarity was provided with respect to the requirement not to accept or give gifts other than those of nominal value;
 - iv. The accountabilities were further specified to facilitate the implementation of the policy; and
 - v. Editorial changes were made for greater alignment with other policies and protocols.

6. This document includes additional inputs provided by Constituencies and EGC members ahead of EGC12, and as discussed at EGC12. This includes increasing the preciseness of some of the definitions and standards as follows:
 - i. To recognize that private interests may also be aligned rather than conflicted, the definition of Conflict of Interest (section 4.1.) was updated to reflect that conflicts of interest occur when a person's private interests interfere with the performance or integrity of his or her Global Fund duties.
 - ii. The preciseness of the language of section 5.7 was increased to reflect that Governance Officials and Global Fund employees shall not allow themselves to be *improperly* influenced by plans for, or offers of, employment. This clarifies that the purpose of this section is not to prohibit them from seeking employment but to manage conflicts of interest in that process.

What are the risks and proposed mitigations?

Managing expectations on the enforcement of Global Fund integrity requirements to external stakeholders.

7. Risk: An extended application of Global Fund conflict of interest requirements to Counterparties and Implementers may reinforce Global Fund's stance against unethical behavior, but it may raise monitoring, implementation and sanctioning challenges.
8. Mitigation: The Global Fund will apply a risk-based approach to assessment of current and potential Implementers and Counterparties' procedures and processes to prevent, manage and mitigate Actual, Potential and Perceived conflicts of interest. These procedures and processes may be adapted to the size of their organization and the nature of their activities, consistent with the requirements in this Policy. Conflict of interest requirements applying to Counterparties and Implementers have been designed based on this reality. The Ethics Office has engaged bilaterally with some of the Constituencies to provide greater clarity as to how the Policy would apply to them.

Imposing an increased workload on departments / divisions and the Ethics Office without corresponding additional resources

9. Risk: The monitoring, evaluation and enforcement of additional integrity standards arising from the Policy on Conflict of Interest may unreasonably increase the workload of Global Fund departments and divisions, which may affect program effectiveness.
10. Mitigation: The revisions to the Policy mainly reflect practices already applied by the Ethics Office as well as other departments and divisions, and as such include few additional substantive monitoring or enforcement requirements. Raising awareness about changes to the Policy will be conducted through the existing Ethics Office communications and training resources for Governance Officials, Secretariat and the roll out of the CCM Code of Conduct. In addition, it is expected that replacing the current inflexible requirements to use the Declaration of Interest form, to collect declarations from Board Meeting Delegates

and to collect Declarations of Interests on an annual basis, with context-dependent, risk-based implementation and mitigation measures allows for a more effective use of existing resources, including a greater focus on communications, training and monitoring.

What options did we consider?

What are the options?

Option 1: Status Quo

11. The current Policy on Ethics and Conflicts of Interest for Global Fund Institutions includes standards that are inconsistent with its implementation procedures and does not provide sufficient flexibility to devise and implement risk-based, context-dependent conflict of interest mitigation measures. In addition, the Policy has not been updated since 2012 and therefore, does not reflect recent trends and good practices. Therefore, status quo is not considered a viable option.

Option 2: Limiting updates to the current Policy on Ethics and Conflicts of Interest for Global Fund Institutions to housekeeping changes and fixing inconsistencies

12. Consideration has been given to limit changes to the current Policy on Ethics and Conflicts of Interest for Global Fund Institutions to addressing inconsistencies with the different procedures that are part of the conflict of interest management framework. However, this option may run short of stakeholder expectations for a modern, flexible and agile conflict of interest management framework and good practice.

Option 3 (option chosen): Proceeding with a more in-depth redesign of the Policy to cover all relevant stakeholders as well as provide increased capacity and more flexibility to devise appropriate conflict of interest mitigation measures

13. Option 3 is the chosen option as it brings the Policy further in line with the standards of other leading international organizations (e.g. the United Nations and the World Bank) and governments. Option 3 allows the Global Fund to engage different Covered Parties based on need, while retaining mandatory requirements already applicable to Covered Parties. Proposed revisions would provide greater capacity to the Global Fund to detect Actual, Potential and Perceived conflicts of interest, and leave greater discretion to the Global Fund to apply compliance measures based on risks associated with specific functions, programs and activities.

What assessment criteria did we apply?

14. Revisions to the Policy were drawn from good practices as implemented in other international organizations and governments. Revisions to the Policy were also drawn from the 2019 Audit Report on Managing Ethics and Integrity at the Global Fund.

What do we need to do next to progress?

What is required to progress the proposal?

15. Now that the EGC has had the opportunity to provide its input on the Policy and that Secretariat and Constituency consultations are completed with no outstanding issues to be resolved, the EGC recommends that the Board approve the Policy on Conflict of Interest set forth in Annex 1.

What would be the impact of delaying or rejecting the decision to progress?

16. Delaying the input on the Policy on Conflict of Interest would be a lost opportunity to increase policy efficiency and effectiveness and minimize the Global Fund integrity risk by further embedding the Ethics and Integrity Framework into Global Fund governance and operations, as recommended by the 2019 OIG Audit Report Managing Ethics and Integrity at the Global Fund.

17. It would also prevent the Ethics Officer from meeting the Agreed Management Action #4 on completing the review of Codes of Conduct and Policies part of the Ethics and Integrity Framework before 30 June 2020.

How will we implement the Policy?

18. A risk-based, proportionate Implementation Plan is set forth in Annex 2.

Recommendation

The Board is requested to approve the Decision Point presented on page 2.

Annexes

The following items can be found in Annex:

- Annex 1: Policy on Conflict of Interest
- Annex 2: Implementation Plan
- Annex 3: Summary of previous Committee Input
- Annex 4: Relevant Past Board Decisions
- Annex 5: Links to Relevant Past Documents & Reference Materials

Annex 1 – Policy document for approval

The Global Fund Policy on Conflict of Interest

1. Background and Purpose

- 1.1. The Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) was created to attract, manage and disburse additional resources through an innovative public-private partnership to make a sustainable and significant contribution to the reduction of infections, illness and death caused by HIV/AIDS, tuberculosis and malaria in countries in need. To achieve these goals, the Global Fund recognizes the need to involve many interested stakeholders, including implementers, donors, private sector, civil society and partners.
- 1.2. To maximize the benefits that can be achieved in addressing the three diseases, it is important that the Global Fund operate in an ethical, collaborative, and transparent manner, particularly given the diversity of interests and perspectives represented by multiple stakeholders.
- 1.3. The purpose of the Global Fund Policy on Conflict of Interest (“Policy”) is to ensure fairness and a high standard of conduct and performance in the Global Fund’s decision-making processes to protect the reputation and integrity of the Global Fund and its interests, and to ensure broad public trust and confidence in the Global Fund’s ability to properly manage its activities, by providing guidance and requirements in identifying and managing actual, potential or perceived conflicts of interest.

2. Scope of Application

- 2.1. **Covered Parties.** This Policy applies to the following institutions and individuals, collectively referred to as “Covered Parties”:
 - Governance Officials: Global Fund Governance Officials, including members of the Board, alternates, focal points, members of any committee, task force, the Technical Review Panel (TRP), the Technical Evaluation Reference Group (TERG), or any other advisory or affiliate body of the Global Fund;
 - The Secretariat and Office of the Inspector General (“OIG”): All employees, secondees, and interns employed directly or indirectly by the Global Fund (together with Governance Officials, “Global Fund Covered Parties”);
 - Implementers: Institutions and individuals who, directly or indirectly, (i) receive Global Fund financing through grants or (ii) are involved in the implementation or oversight of Global Fund grant programs (including members and employees of Country Coordinating Mechanisms); and the directors, officers, employees, affiliates and agents of the foregoing;
 - Counterparties: Contractual counterparties to the Global Fund or to Implementers, on a commercial basis or otherwise (including, without limitation, vendors, consultants whether individuals or entities, Local Fund Agents (LFAs), and other providers of goods and/or services) and the directors, officers, employees, affiliates, agents, contractors and subcontractors of the foregoing.
- 2.2. **Covered Activities.** Covered Activities shall mean, in respect of each category of Covered Parties:

- Governance level: activities performed in an individual's capacity as a member of the Board, alternates, focal points, members of any committee, task force, the TRP, the TERG, or any other advisory or affiliate body which advises or reports to the Board;
- The Secretariat and OIG: activities performed in an individual's capacity as an employee, secondee or intern, as may be applicable, of the Global Fund;
- Implementers: activities by a recipient of Global Fund grant funds pursuant to a grant agreement with the Global Fund and undertaken as part of the negotiation and the implementation of a Global Fund grant program;
- Counterparties: activities by a private party pursuant to an agreement with the Global Fund for the provision of goods or services to, or financed by, the Global Fund, on a commercial basis or otherwise.

3. Principles

- 3.1. **Transparency of interests to build trust in decision-making.** The Global Fund promotes evidence-based and transparent decision-making across the organization in relation to Covered Activities. The transparency of Private Interests of parties covered by this policy (i.e. Covered Parties) contributes to building trust in decision-making in relation to the Global Fund, as well as its programs and activities.
- 3.2. **Disclosure.** In some cases, actual, potential or perceived conflicts of interest may be inevitable, but such conflicts of interest are not inherently problematic if they are appropriately mitigated. It is paramount that Covered Parties fully disclose their Private Interests, as well as actual, potential or perceived conflicts of interest, as defined in this Policy, to ensure conflict of interest risks are appropriately mitigated.
- 3.3. **Proactive, risk-based prevention and mitigation.** Effective management of conflicts of interest requires not only response to actual conflicts of interest. A perceived conflict of interest may be as harmful to the reputation of the Global Fund as an actual conflict of interest, especially if it occurs in a highly visible role e.g. Board, Committee and Advisory Body Leadership, and senior managers of the Secretariat or Implementers. A risk-based approach is required to proactively address situations where Covered Parties are in a position to further their own Private Interests or those of their Associated Persons or Institutions (i.e. potential conflicts of interest), as well as perceptions from the public that Covered Parties may be in such a position (perceived conflicts of interest). Prevention and mitigation efforts will be prioritized based on exposure to risk and their potential consequences for the Global Fund to ensure management of conflict of interest with due care.
- 3.4. **Accountability.** It is important that Covered Parties ensure that their decisions related to Covered Activities are unaffected by bias or irrelevant considerations, such as considerations in relation to Private Interests. They should demonstrate that they have taken all reasonable steps to observe relevant standards and good practices of impartiality, procedural fairness and transparency applicable to their roles and functions in relation with Covered Activities.
- 3.5. **Consultation and advice.** It is not possible to list all situations that may constitute a conflict of interest. Effective mitigation implies consultation among all relevant actors, and the Global Fund Secretariat will consider how to best encourage such consultation as appropriate.

- 3.6. **Managing Conflicts of Interest at the Board level.** The representative nature of the Global Fund Board and its standing committees may result in inherent conflicts of interest when they must consider matters having a direct impact on governments or organizations represented by constituencies in the Global Fund’s governance system. These institutional conflicts of interest are managed with the highest degree of integrity to safeguard against perceptions of undue advantage for governments, or organizations represented by constituencies participating in Global Fund decision-making.
- 3.7. **Implementers and Counterparties.** The Global Fund will apply a risk-based approach to assessment of current and potential Implementers and Counterparties’ procedures and processes to prevent, manage and mitigate actual, potential and perceived conflicts of interest. These procedures and processes may be adapted to the size of their organization and the nature of their activities, consistent with the requirements in this Policy. The Global Fund may apply mitigation measures on the basis of such assessments (including without limitation the measures listed in section 5.14, termination or non-engagement).

4. Definitions

Conflict of Interest definition

- 4.1. For the purposes of this Policy, Covered Parties have a conflict of interest when by act or omission, a Covered Party’s Private Interests, or those of an associated person or associated institution, interfere with the performance of his or her official power, role, duty or function with respect to a Covered Activity, or with the integrity, independence and impartiality required of this person’s role or position.
- 4.2. A conflict of interest may be actual, potential or perceived, defined as follows:
- **Actual conflict of interest.** A conflict of interest that occurs when a Covered Party faces a *real and existing* conflict of interest.
 - **Potential conflict of interest.** A conflict of interest that occurs when a Covered Party is or could be in a situation that may result in a conflict of interest.
 - **Perceived conflict of interest.** A conflict of interest that occurs when a Covered Party is or could be in a situation that may appear, according to a reasonable neutral third-party observer, to be a conflict of interest, even if it is not an actual or potential conflict of interest.

Other definitions

- **Associated Person.** Associated Persons are spouses, domestic partners, fathers, mothers, sons, daughters, brothers, sisters, grandparents, grandchildren or other familial relationships of an individual Covered Party or of representatives of Covered Parties (such as of Implementers and Suppliers), as well as friends, business partners or individuals sharing an affiliation to an organization with a Covered Party (e.g. political party, association, religious community, etc.).
- **Associated Institution.** Associated Institutions are:
 - Any organizations, corporations, associations or governments in which a Covered Party or a Family Member has served during the last 2 years or is currently serving as an agent, officer, director, trustee, partner or employee, that receives or is an

- applicant for funding from the Global Fund or with which the Global Fund has an agreement, contract, grant or relationship; or
 - Any person, organization, corporation, association, government or similar institution with whom a Covered Party or Associated Person is negotiating or has an arrangement concerning prospective employment.
- **Conflict of Interest Screen.** Procedures designed to create an administrative barrier to sharing information with specific officials when the sharing of such information may give rise to actual, potential or perceived conflicts of interest. Screens may involve redesigning roles and functions of officials potentially subject to actual, potential and perceived conflicts of interest to ensure they do not access specific information and do not participate in specific decision-making processes.
- **Family Members.** Family members of individual Covered Parties and Covered Parties' Representatives include a spouse, domestic partner, father, mother, son, daughter, brother, sister, grandparents, grandchildren or other familial relationships that could create an actual, potential or perceived conflict of interest.
- **Gift.** Gifts include any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, honorarium, or other item having monetary value. These include services as well as gifts of training, transportation, local travel, lodgings and meals, whether provided in-kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.
- **Outside Activities.** Outside Activities include any activity falling outside the scope of Covered Activities as defined by this Policy.
- **Private Interest.** A Private Interest includes a financial or non-financial interest of a Covered Party, a Family Member or an Associated Institution, which could improperly influence the performance of Covered Parties' roles and functions in relation with Covered Activities. In general and without limitation, a Covered Party has a financial interest when the decision at stake may materially affect what they earn, owe or own. In general and without limitation, a non-financial interest includes any affiliation, non-financial advantage and personal or professional relationship. However, a Private Interest does not include an interest in a decision or matter that:
 - Is of general application (e.g. general health benefits in one's country); or
 - Affects a Covered Individual, Associated Person or Associated Institution as one of a broad class of individuals or entities (e.g. person advocating for the preservation of the environment or gender equality).

5. Avoidance of Conflicts of Interest

Substantive standards

- 5.1. **Avoiding conflicts of interest.** Covered Parties avoid situations that could give rise, or could be seen as giving rise, to a conflict of interest with respect to Covered Activities. When such situations occur, Global Fund Covered Parties consult with relevant bodies as defined in section 6 of this Policy.
- 5.2. **Preferential treatment.** Covered Parties do not give preferential or unfair treatment to any person or organization in the exercise of their roles and functions in relation with Covered Activities. Giving preferential or unfair treatment contravenes or distorts relevant impartial administrative processes underlying programs financed by the Global Fund.

- 5.3. **Insider information.** Covered Parties do not use the information they obtain in their roles and functions with respect to Covered Activities, if that information is not already available to the public, to further, or seek to further, their own Private Interests or those of Associated Persons or Associated Institutions, or to improperly further, or to seek to improperly further, another person's Private Interests.
- 5.4. **Undue influence.** Covered Parties do not use their roles and functions to seek to influence a decision of another person to further their own Private Interests or those of Associated Persons or Institutions, or to improperly further another person's Private Interests.
- 5.5. **Improper advantage:** Governance Officials and Global Fund employees do not act in a way which would result in taking improper advantage of their Global Fund roles and functions. This includes actions taken after leaving their Global Fund positions (e.g. they shall not represent or act on behalf of another entity with respect to specific transactions or negotiations where they had acted on behalf of the Global Fund).
- 5.6. **Outside activities.** Outside Activities may give rise to an actual, potential or perceived conflict of interest in relation to Covered Activities. The Global Fund may apply mitigation measures to Covered Parties with respect to Outside Activities of Covered Parties or their Associated Persons that are deemed problematic.
- 5.7. **Offers of employment.** Governance Officials and Global Fund employees do not allow themselves to be improperly influenced in the exercise of an official power, duty or function that would result in an actual, potential or perceived conflict of interest with respect to Covered Activities by plans for, or offers of, employment.
- 5.8. **Employment of Family Members.** Governance Officials, Global Fund employees and Implementers do not, in the performance of applicable Covered Activities, direct or influence entrance into a contract or compensated / uncompensated employment relationship with their Family Members or be in a position to influence a Family Member's terms, conditions or performance management.
- 5.9. **Employment by Global Fund.** In general, Governance Officials are not eligible for employment by the Global Fund Secretariat or the OIG within a two-year cooling-off period, unless the Ethics and Governance Committee, under the advice of the Ethics Officer, decides otherwise. Constituency Focal Points, TRP Members and TRP Serving Members other than TRP Leadership are exempt from this requirement pending a conflict of interest review and clearance by the relevant authority for the specific role they have applied for.
- 5.10. **Acceptance of private donations.** The Global Fund must not accept private donations that could give rise to a conflict of interest unless the risk can be mitigated appropriately.

Gifts, entertainment and hospitality requirements

- 5.11. **Restrictions on soliciting or accepting Gifts.** Covered Parties do not solicit or accept gifts (as defined by this policy) in relation to the performance of Covered Activities themselves or through Associated Persons and Associated Institutions.
- 5.12. **Restrictions on giving gifts.** Covered Parties do not give gifts in relation to the performance of Covered Activities themselves or through Associated Persons or Associated Institutions.

5.13. **Exceptions in relation to gifts.**

- Covered Parties may give and accept gifts of nominal value that are an expression of appreciation or courtesy and that might be given in the course of the performance of Covered Activities.
- Governance Officials and Global Fund employees may accept unsolicited gifts on behalf of the Global Fund when refusal to do so would not be in the interest of the Global Fund. Gifts accepted on behalf of the Global Fund will be notified to the Ethics Office who will advise on the disposal of such gifts.
- Covered Parties may accept invitations that are necessary for the exercise of Covered Activities, such as meals, diplomatic receptions and transportation, provided these are not lavish or frequent. However, Covered Parties are expected to exercise judgement and to refrain from accepting invitations that are or could be perceived as inconsistent with their obligations under this policy and other applicable standards (e.g. codes of conduct).
- Global Fund employees may participate in activities that are part of their roles and functions in relation to Covered Activities, that have been authorized by the Global Fund and in which the organizing entity covers the accommodation, travel and subsistence allowance in line with that payable by the Global Fund.

Managing conflict of interest

5.14. **Disclosing private interests and activities.** Before taking up their function, Governance Officials and Global Fund employees must declare their interests and activities as defined by the Ethics Office. These disclosures will be maintained in appropriate registers by the Ethics Office, and must be made available for inspection to the Ethics and Governance Committee, the Board, the OIG and to any other body mandated by the Global Fund to carry out an audit or an investigation, in compliance with Global Fund policies, rules and procedures relating to confidentiality, data privacy and information security.

5.15. **Notifying material changes.** If there is a material change in any matter in respect of which Governance Officials and Global Fund employees are required to disclose an interest or seek an authorization under sections 5.14 or 5.20 of this Policy, that person shall disclose the change to the relevant authority as defined in section 6 of this Policy as soon as possible after the change occurred to keep their disclosure obligations current. The Global Fund will devise and implement clear risk-based procedures adapted to specific teams or categories of officials.

5.16. **Periodic updates.** Governance Officials, and Global Fund employees may be asked to update disclosure statements periodically, and the Ethics Office shall make corresponding changes to relevant registers. Such updates are meant to reflect changes in their personal situation, or in the nature of their work (e.g. change in functions, new item to be considered on a committee's agenda, etc.).

5.17. **Mandatory disclosure.** Employees of the Secretariat, of the OIG and Governance Officials have a duty to disclose actual, potential and perceived conflicts of interest in the exercise of their roles and functions in relation with applicable Covered Activities. They must refrain from exercising their roles and functions directly in relation to such actual, potential and perceived conflicts of interest until a decision on its existence and any mitigating actions is made in accordance with this Policy. All Covered Parties are encouraged to consult with

their respective ethics resources for guidance if questions arise in relation to actual, potential or perceived conflicts of interest.

- 5.18. **Duty to Report.** Covered Parties have a duty to report suspicion or knowledge of actual, potential or perceived conflicts of interest in relation to Covered Activities. Covered Parties may report to the Ethics Office or another relevant authority as outlined in section 6 of this Policy or through the means provided by the [Whistleblowing Policy and Procedures for the Global Fund to Fight AIDS, Tuberculosis and Malaria](#).
- 5.19. **Summary of interests and activities.** Subject to approval by the appropriate body, the Global Fund may make confidential summaries of Private Interests available to the Board and the Ethics and Governance Committee. Such summaries would be subject to prior confirmation of accuracy by, and consent of, relevant Governance Officials. The summaries will contain a description of a Governance Official's Private Interests without a financial value attached to these interests.
- 5.20. **Authorization by relevant authorities.** Governance Officials and Global Fund employees must, to the extent applicable, seek authorization by relevant authorities, as defined in section 6 of this Policy, upon becoming aware that undertaking the following actions would result in an actual, potential or perceived conflict of interest:
- Applying for employment in the Secretariat or the OIG after the end of an appointment as a Governance Official within a two-year period;
 - Engaging in outside activities that could give rise to an actual, potential or perceived conflict of interest;
 - Accepting honors and distinctions from an external party;
 - Being a party to a contract with the Global Fund, Implementers or Counterparties that could give rise to an actual, potential or perceived conflict of interest;
 - Having an interest in a partnership or non-publicly-traded corporation that is a party to a contract with the Global Fund, Implementers or Counterparties.
- 5.21. **Mitigation measures.** Based on its assessment of declarations and disclosures of interests, the Ethics Office or other relevant authorities may determine for relevant Covered Parties any appropriate measure to mitigate actual, potential or perceived conflicts of interest, including the following:
- Transparent disclosure of the interest;
 - Conflict of interest screens or other administrative measures;
 - Participation in discussions or decisions under certain conditions (e.g. only providing technical information or fulfilling administrative responsibilities).
 - Divestment of interests;
 - Prohibition from engaging in certain activities;
 - Recusal from decision-making and administrative processes; and
 - Representation by an Alternate Board Member when a decision on programs relates to the country of a Board Member or another Alternate Board Member.
- 5.22. **Awareness-raising and guidance.** The Secretariat and the Ethics Office will raise the awareness of Covered Parties and provide training about this policy as required and provide guidance and support to facilitate compliance with requirements, to the extent applicable, by Covered Parties. Awareness-raising activities will be conducted as defined by the Ethics Office, and may include public campaigns, workshops, technical training, posters and other activities. This policy will be made available on the Global Fund website.

6. Global Fund Accountabilities for Overseeing and Implementing the Policy

- 6.1. **The Board.** The Board has ultimate ownership of this Policy, arising from the greater responsibility of the Board and its Committees to embody the highest standards of integrity.
- 6.2. **Ethics and Governance Committee or equivalent committee charged with this matter.** The Charter of the EGC confers oversight authority with respect to the Ethics and Integrity (E&I) Framework. Accordingly, the Ethics Officer shall report to the Ethics and Governance on the implementation of this Policy, as part of regular updates under the E&I Framework. The Ethics and Governance Committee will be responsible for determining sanctions for breaches of this Policy by Governance Officials, and it may consult the Ethics Office in determining such sanctions.
- 6.3. **Executive Director.** The Executive Director is primarily responsible for the implementation of this Policy within the Global Fund Secretariat pursuant to the authority delegated under Article 10.1 of the Global Fund Bylaws.
- 6.4. **Inspector General.** The Inspector General has the responsibility to provide independent and objective assurance over the design and effectiveness of controls or processes in place to ensure ethical behavior in the Global Fund's operations and the activities it finances, including providing periodic reviews of this Policy and its implementation. For the avoidance of the doubt, nothing in this Policy is intended to limit the mandate or scope of work of the OIG under its Board-approved Charter.
- 6.5. **Ethics Officer.** The Board delegates the primary duties and powers in relation to the implementation of this policy over Governance Officials to the Ethics Office. However, When the Ethics Office determines that conflict of interest issues affecting Governance Officials are of a complex or highly visible nature, including those relating to Board/Committee and Advisory Body Leadership, he or she will refer the matter to the EGC, which will then decide on the matter. The decision will be communicated to the concerned individual and any other Global Fund official(s) whose involvement is necessary to implement the decision. The Ethics Officer is responsible for granting an authorization to Governance Officials according to section 5.20 of this Policy.
- 6.6. It is also the primary duty of the Ethics Officer to exercise a 2nd line oversight role over the effectiveness of existing systems, controls and procedures mitigating conflict of interest risks across the Global Fund Secretariat and for TRP and TERG Members, and to provide related advice to the Executive Director. This includes systems, controls and procedures to manage conflicts of interest affecting the Secretariat, the OIG, CCMs, advisory bodies such as TRP and TERG, as well as Suppliers and Implementers.
- 6.7. **Covered Parties.** Compliance with this Policy is the responsibility of each Covered Party. The Secretariat, in its relations with Covered Parties, will apply a risk-based approach to ensure compliance with this policy.

7. Reviews

- 7.1. The Ethics Office will, monitor the effectiveness of existing systems, controls and procedures for the implementation of this Policy, and provide assurance of compliance with this Policy, including the design and implementation of relevant protocols and procedures,

in accordance with a risk-based approach. The results of such assessments will be included in reports from the Ethics Office to the Board and the EGC. Global Fund divisions and departments may also undertake self-assessments of their compliance and implementation of the Policy.

- 7.2. As part of this report, the Ethics Office will inform the Ethics and Governance Committee about his or her administration and implementation of this policy and may make recommendations for changes to this policy as appropriate. Changes may be made to this policy to reflect evolving norms and practices among international financing institutions, changes to Global Fund policies or procedures or as and when the Global Fund deems necessary and appropriate to affirm its commitment towards this policy.

Annex 2 – Implementation Plan

The Global Fund will evolve its conflict of interest management through a risk-based, prioritized approach. In general, this will involve reallocation of existing resources towards higher impact mitigations, within the overall Ethics Office work plan and budget. The planned activities per main groups of Covered Party are described below:

Governance Officials:

- i. Tailored training will be provided to Governance Officials under the Ethics Office's ongoing communications and training program. These include a combination of onboarding sessions and face-to-face training, along with case studies and publication of a QandA document covering specific examples.
- ii. Codifying current conflict of interest management praxis for the Board and Board Committees, which includes roll-out of the online disclosures system and tailoring disclosure requirements consistent with the risk of the role.
- iii. Update and continuous improvement of existing conflict of interest management procedures for TRP and TERG to ensure policy requirements are effectively and efficiently implemented.
- iv. The Ethics Office will continue to be available for advising and discussing matters related to the Policy.

Secretariat:

- v. Incorporating conflict of interest management into ethics session in regular staff onboarding.
- vi. Awareness-raising through the current ongoing communications and training program.
- vii. Continued application of the online disclosures system and tailoring disclosure requirements consistent with the risk of the role. This includes regular communications to remind staff of the need to disclose as and when circumstances change.

Operations:

- viii. *CCMs*: Requirements for CCMs to implement sound conflict of interest management are already contained in the Country Coordinating Mechanism Policy Including Principles and Requirements, as approved by the Global Fund Board on 10 May 2018. The Ethics Office will raise awareness and deliver training through the ongoing roll-out of the CCM Code of Conduct, aligned to CCM Evolution.
- ix. *Counterparties and Implementers*: The Policy relies on Implementer and Counterparty compliance systems to manage their conflicts of interest. As part of the Integrity Due Diligence (IDD) Framework, risk-based IDD and assessments may be conducted on potential and current Counterparties and Implementers to assess their ethics and compliance systems, including those to manage conflict of interest. It does not impose new reporting obligations on Counterparties or Implementers.

Annex 3 – Summary of Committee Input

1. At its 11th meeting, the Ethics and Governance Committee noted the proposed updates to the Conflict of Interest Policy and Code of Conduct for Governance Officials and commended the

inclusion of both personal and institutional conflicts of interest, as well as the enforceability components reflected in the draft texts. At its 12th meeting, the Ethics and Governance Committee discussed changes to the conflict of interest definition and edits to increase the preciseness of some of the standards as follows:

- x. To recognize that private interests may also be aligned rather than conflicted, the definition of Conflict of Interest (section 4.1.) was updated to reflect that conflicts of interest occur when a person's private interests interfere with the performance or integrity of his or her Global Fund duties.
- xi. The preciseness of the language of section 5.7 was increased to reflect that Governance Officials and Global Fund employees shall not allow themselves to be improperly influenced by plans for, or offers of, employment. This clarifies that the purpose of this section is not to prohibit them from seeking employment but to manage conflicts of interest in that process.

Annex 4 – Relevant Past Board and Committee Decisions

Relevant past Decision Point	Summary and Impact
GF/EGC12/EDP02 – Amended and Restated Policy on Conflict of Interest	The Ethics and Governance Committee recommended that the Board approve the amended and restated Code of Conduct for Governance Officials.
GF/B29/EDP02 – Revision to the Declaration of Conflict of Interest Form for Addressing Conflicts of Interest (August 2013)³	The Board approved changes to the Declaration of Conflict of Interest Form to increase the accessibility of the form, improve awareness by Global Fund officials of the nature of conflicts of interest, and enhance the process for disclosing conflicts of interest.
GF/B27/DP05 – Revision to the Policy on Ethics and Conflict of Interest for Global Fund Institutions (September 2012)⁴	The Board approved the revised Policy on Ethics and Conflict of Interest for Global Fund Institutions and the revised Declaration of Interest Form as updated to reflect the Board's adoption of Governance Reform at its Twenty-Fifth Meeting.
GF/B18/DP10 – Amendments to the Policy on Ethics and Conflicts of Interest for Global Fund Institutions (November 2008)⁵	The Board approved changes to strengthen the definitions of “conflict of interest” and of “personally and substantially”.
GF/B15/DP53 – Policy on Ethics and Conflict of Interest for Global Fund Institutions (April 2007)⁶	The Board approved a change that prohibits employees or associated persons to carry out uncompensated work within or outside the Global Fund premises.

³ The Board Decision may be accessed at: <https://www.theglobalfund.org/board-decisions/b29-edp02/>

⁴ The Board Decision may be accessed at: <https://www.theglobalfund.org/board-decisions/b27-dp05/>

⁵ The Board Decision may be accessed at: <https://www.theglobalfund.org/board-decisions/b18-dp10/>

⁶ The Board Decision may be accessed at: <https://www.theglobalfund.org/board-decisions/b15-dp53/>

Annex 5 – Relevant Past Documents & Reference Materials

1. GF/B27/07 – [Audit and Ethics Committee Decisions and Recommendations to the Board](#) (Revision to Ethics and Conflict of Interest Policy and Declaration of Interest Form)
 2. GF/B29/ER1 – [Updated Declaration of Interest for Disclosure by Global Fund Officials of Financial Interests](#)
- GF/B18/8 – [Report of the Ethics Committee](#) (Conflict of interest definition)

