

Message from the Global Fund Secretariat on the Sub-recipient Selection Process

In 2025, the Global Fund Secretariat requested the Office of the Inspector General (OIG) to conduct an advisory review to inform how the Secretariat can strengthen sub-recipient (SR) selection processes in advance of Grant Cycle 8 (GC8).

The Secretariat thanks the OIG for their efforts and appreciates the collaborative approach taken with the Secretariat through the course of this advisory review, which included gaining valuable insights from in-country stakeholders across Country Coordinating Mechanisms (CCMs), Principal Recipients (PRs) and Local Fund Agents (LFAs). The outcomes of this advisory have identified several key areas where the design and application of the SR selection processes can be strengthened, and the Secretariat is well advanced in the implementation of these improvements to align with GC8 preparations.

The OIG advisory report identified the need to clearly articulate the role of all key stakeholders in order to safeguard the PR-led SR selection process. This is notably important in the context of the CCMs' role, as the advisory highlighted a number of examples where CCMs were, to varying degrees, more heavily engaged in SR selection. The OIG observed that this engagement poses a risk of compromising transparency and fairness in decision-making, diluting lines of accountability and/or undermining compliance and reporting standards. While the OIG and Global Fund Secretariat recognize that differing country contexts may warrant certain adaptations in how SR selection is conducted, it is fundamental that controls be in place to safeguard against unnecessary deviation from Global Fund implementer roles and responsibilities. In response to this advisory observation, the Global Fund has updated its operational guidance for funding requests and grant-making as a primary source of guidance in SR selection. In addition, this update also establishes a clear delineation in the roles and responsibilities of all stakeholders in the SR selection process and, in particular, clarifies that any CCM engagement in selecting SRs is only in exceptional circumstances and is subject to the explicit approval of the Global Fund Secretariat. In doing so, we uphold the principles of SR selection as a PR-owned and -led process that is open, transparent and complies with Global Fund grant regulations and applicable laws and regulations.

Along with establishing a concrete delineation of relevant stakeholder roles and responsibilities, reaffirming adherence to Global Fund policies on conflicts of interest will also perform a key role in addressing areas of concern identified in the advisory on how actual, potential and/or perceived conflict of interest is managed in the SR selection process. By the nature of the Global Fund country ownership model, there are instances where – due to the composition of a PR or a CCM – there are employees or member representatives who have an affiliation to SR organizations. While the OIG report acknowledges that the necessary Global Fund mechanisms are in place, the Secretariat will re-enforce its engagement with relevant country stakeholders prior to and during GC8 preparations, in parallel to revising both its code of conduct for recipients and the conflict of interest policy through the course of 2026. This will provide further clarity regarding stakeholder obligations and methods of enforcement and will include country stakeholder training and guidance to promote understanding and compliance.

The OIG advisory recognized that there are opportunities to do more to further empower both existing and new or less experienced PRs in the SR selection process. In response, the Secretariat is advancing its efforts to further socialize best practice principles and ensure clarity regarding Global Fund expectations of SR selection practices. In addition, while we are mindful that PRs

follow their own internal procurement processes that are adapted to their national policies, we are making available practical toolkits and templates that are tailored for the SR selection process, which provide PRs with additional support as needed. Given the key role that SRs perform, our aim is to provide PRs with the necessary additional guidance they need to ensure that SRs selected are those which are best positioned to enable the PR to achieve the grant objectives.

While the OIG advisory acknowledged that existing Global Fund guidelines require PRs to maintain adequate control systems for SR assessment, monitoring and reporting, the report did identify opportunities to further advance how the Global Fund conducts oversight of the PRs' ability to select SRs in higher-risk contexts, and ensure PRs have the necessary structures to enforce SR compliance with Global Fund standards. In response, we will leverage existing Secretariat risk assessment and monitoring tools and systematically integrate SR selection, management and implementation monitoring into the revised operational risk management approach. The PR capacity assessment, conducted for new PRs or those expanding their scope, remains a key risk mitigation measure to ensure PR capacity and strengthen oversight in higher-risk environments. With the necessary technical specialists already in place, Country Teams will be guided in establishing country-specific mitigation measures to manage governance risks.

SRs of Global Fund grants perform a critical role in the implementation of grant activities in the fight against AIDS, tuberculosis and malaria. They extend the implementation of grants to the community level, strengthen local health systems and ensure the delivery of specialized services on the ground. The Secretariat welcomes the outcomes of the OIG advisory report, which have provided valuable insights and opportunities that the Secretariat is initiating with the necessary urgency to support the timely, transparent and effective selection of SRs for GC8.