



Advisory Report

Advisory Review of the Sub-Recipient (SR) Selection Process

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Acronyms

ASP	Additional Safeguards Policy	LFA	Local Fund Agent
BCCM	Bangladesh Country Coordinating Mechanism	LSCTP	Living support to client / target population
CAT	Capacity Assessment Tool	MOH	Ministry of Health
CBO	Community-Based Organization	MOU	Memorandum of Understanding
CCM	Country Coordinating Mechanism	NGO	Non-Governmental Organization
CLO	Community-Led Organization	NHP	Non-Health Equipment
CMP	Communication Material and Publications	NMEP	National Malaria Elimination Programme
COE	Challenging Operating Environment	NTP	National Tuberculosis Program
COI	Conflict of Interest	OIG	Office of the Inspector General
CSO	Civil Society Organization	OPN	Operational Policy Note
CT	Country Team	PMU	Project Management Unit
EGMC	Executive Grant Management Committee	PR	Principal Recipient
EOI	Expression of Interest	PSM	Procurement and Supply-Chain Management Costs
EPS	External Professional Services	RFP	Request for Proposals
FCDO	Foreign, Commonwealth & Development Office	RSSH	Resilient and Sustainable Systems for Health
FDC	Fundação para o Desenvolvimento da Comunidade	SO	Supply Operations Department
GC	Grant Cycle	SOP	Standard Operating Procedure
GF	Global Fund	SR	Sub-recipient
GMD	Grant Management Division	TA	Technical Assistance
HI	High Impact	TEC	Technical Evaluation Committee
HPE	Health Products Equipment	TFEP	Technical and Financial Evaluation Panel
HPNP	Health Products – Non-Pharmaceuticals	TNCM	Technical National Coordinating Mechanism
HPPP	Health Products – Pharmaceutical Products	TOR	Terms of Reference
HR	Human Resources	TRC	Technical Review Council
INF	Infrastructure	TRC	Travel-related costs
INGO	International Non-Governmental Organization	TRP	Technical Review Panel
IRM	Integrated Risk Management	UNDP	United Nations Development Programme
KCM	Kenya Coordinating Mechanism	WHO	World Health Organization
KP	Key Populations		

Executive summary

This advisory review examines the sub-recipient selection process within the Global Fund's partnership model, with a particular focus on the challenges and opportunities that have emerged in recent grant cycles, and the implications for Grant Cycle 8 (GC8). Sub-recipients¹ are integral to the implementation of Global Fund-supported programs, entrusted with managing significant portions of grant resources. Through their engagement, sub-recipients extend program reach to communities, facilitate access to essential services, and contribute to the long-term sustainability of grant outcomes.

The review was conducted by the Office of the Inspector General (OIG) at the request of the Secretariat, drawing on documentation analysis and stakeholder consultations, as well as deeper reviews of sub-recipient selection processes in seven country portfolios.² The principal objective of this review is to inform Secretariat decisions on measures to strengthen Principal Recipient-led sub-recipient selection processes in advance of GC8. The assessment considers the design and application of the selection process, identifies associated risks and pain points, and summarizes lessons learned and best practices. The scope of the review covers documentation, activities, tools, guidelines, roles and responsibilities, and control measures relevant to sub-recipient selection, in alignment with Global Fund relevant key policy documentation.

Observations

The review observes that guidance on **sub-recipient selection is fragmented across numerous policies, operational notes, handbooks, and manuals**. This fragmentation has contributed to inconsistent interpretation and application of requirements, particularly regarding the roles of the parties involved. While Principal Recipients are ultimately responsible for selecting the sub-recipients, the involvement of Country Coordinating Mechanisms (CCM), Local Fund Agents (LFA), and Country Teams is not always clearly defined, leading to potential gaps and accountability risks.

In particular, **the participation of CCM members in the sub-recipient selection process can reduce the accountability of the Principal Recipient**, who is responsible for ensuring a transparent and competitive process. When CCM members influence or participate in decisions, it weakens the Principal Recipient's ability to maintain process impartiality in line with their own procedures, and their ability to manage sub-recipients during implementation. This dynamic introduces a potential risk of conflict of interest, because the governance structure of CCMs often includes

organizations that are existing or prospective sub-recipients of grant funds. Such overlap results in members that may have both oversight responsibilities and a vested interest in funding decisions, making impartiality and compliance harder to safeguard. The advisory highlights the need for clearer delineation of CCM accountabilities, emphasizing that Principal Recipients should retain full responsibility for the selection of the sub-recipients, while CCMs should refrain from direct involvement in the selection process, unless supported by explicit Secretariat approval.

The review also highlights the risks of inadequate oversight and assurance mechanisms over the sub-recipient selection process. These have, in some instances, allowed conflicts of interest and non-transparent practices to go undetected.³ While some portfolios have implemented mitigating measures, such as independent reviews and enhanced monitoring, these practices are not consistently applied across all contexts.

Delays in sub-recipient selection have been a recurring challenge, with significant **implications for grant implementation**. In GC6, more than a quarter of grants had not finalized sub-recipient contracting by the end of the first quarter, resulting in delayed commencement of activities. These delays are attributable to a range of factors that extend beyond sub-recipient selection. The anticipated reduction in timelines for GC8 is expected to intensify these risks, placing additional pressure on already strained Principal Recipients.

Currently, there is limited guidance for Principal Recipients to ensure the selection of the most appropriate sub-recipients for Global Fund grants. While Principal Recipients are encouraged to select civil society or community-based organizations (CSOs / CBOs), provided they have appropriate capacity, the absence of standardized tools and criteria for shortlisting and evaluating sub-recipient capacity increases the risk of sub-optimal selection outcomes. **This situation highlights the need for more best practice guidance to Principal Recipients**, without prejudice to local law requirements, to ensure that sub-recipients are well-positioned to deliver on grant objectives.

¹ Sub-recipient is the entity which receives Grant Funds directly or indirectly from the Principal Recipient and implements defined grant activities under the oversight of the Principal Recipients.

² Bangladesh, Kenya, Mozambique, Namibia, South Africa, Tanzania, Zimbabwe.

³ Based on an analysis of previous OIG audits, investigations and complaints.

Recommendations

In response to these observations, the review recommends streamlining guidance on sub-recipient selection, thereby reducing fragmentation and facilitating more consistent application of requirements and guidelines. It is recommended that the roles and responsibilities of all stakeholders involved in the selection process be clearly delineated, with an emphasis on Principal Recipient ownership and CCM involvement, only in exceptional circumstances, subject to explicit approval by the Secretariat. Strengthening procurement and capacity assessment practices, including the development of standardized tools and integration into existing risk assessment practices, is also identified as a priority. The review further advises that Country Teams proactively assess risks and recommend appropriate oversight and assurance interventions tailored to the context and risk profiles of portfolios.

In addition, the review emphasizes the importance of encouraging and enabling earlier selection processes – even if, due to legal requirements, contracting can only happen once grants are signed. Principal Recipients should be enabled to initiate sub-recipient selection as early as possible during the funding request or grant-making stages, aligning to the Global Fund grant cycle guidance, supported by early dissemination of guidelines and development of implementation arrangements. Regions, portfolios, grants or Principal Recipients with historical issues with sub-recipient selection should be prioritized for targeted Secretariat oversight.

The review further recommends the establishment of clear metrics to monitor implementation readiness and identify potential risks of disruption. Given the centrality of grant impact to the Global Fund's mission, the adoption of such metrics would enable more effective management oversight, and facilitate prioritization and decision-making across portfolios. Enhanced visibility into readiness and risk status could support timely interventions, and strengthen overall program delivery.

In conclusion, the Principal Recipient-led sub-recipient selection process remains a critical determinant of program success within the Global Fund's grant partnership. Addressing the identified challenges and implementing the recommended measures could help ensure the timely, transparent, and effective selection of sub-recipients in GC8.

1. Context, objectives, and methodology

1.1 Context

Sub-recipients are a critical component of the Global Fund partnership model. For each Program, the Principal Recipient may provide Grant Funds, directly or indirectly, to one or more sub-recipients to carry out Program Activities. In the context of Grant Cycle (GC) 6, 33% of total Grant Fund budgets were attributed to direct sub-recipient implementation.⁴ Compared to Principal Recipients, sub-recipients are primarily responsible for the implementation of community-level and service delivery activities, such as Living Support to Client / Target Population. Notably, more than half of the sub-recipients identified in GC6 Grant Fund budgets were government entities.⁵

The selection of sub-recipients is a core responsibility of the Principal Recipients, who follow their own organizational procurement selection and contracting processes.⁶ To date, the Global Fund Secretariat has not routinely guided or overseen the sub-recipient selection process. As per the relevant key policy documentation, Principal Recipients remain reliable and accountable for the acts and omissions of the sub-recipients, who are expected to adhere to the terms and conditions of the relevant Global Fund Grant Agreement under which Global Fund resources are disbursed or financed.

Despite existing Global Fund relevant key policy documentation,⁷ recurring challenges have been observed and reported to the Secretariat in past grant cycles during the sub-recipient selection process. These include misapplication of the Global Fund key policy documentation, delays and inefficiencies, and sub-optimal selection outcomes.

Considering the unprecedented context of GC8, the Secretariat enlisted the support of the Office of the Inspector General (OIG) to conduct an advisory review of sub-recipient selection, to inform potential measures that could strengthen this Principal Recipient-led process. This advisory review was conducted between July and October 2025.

We provide the financing, but we rely on local expertise for the implementation.

The Global Fund⁸

1.2 Objectives and scope

Objectives

The principal objective of this advisory review is to inform Secretariat decisions on measures to strengthen the sub-recipient selection process ahead of GC8, by:

1. Reviewing the design and application of the process and identifying associated risks or pain points.
2. Summarizing lessons learned and best practices.
3. Describing potential suggestions to enhance the process going forward, addressing key risks and pain points identified.

Scope inclusion and exclusion

This review covered the different documentation, activities, tools and guidelines, roles and responsibilities, and assurance mechanisms during the selection process of sub-recipients. These were considered in light of the established Global Fund requirements, principles, and guidance.

The following areas were, however, excluded from the assessment:

- Providing assurance over the current Global Fund grant implementation arrangements.
- Providing assurance over whether current sub-recipients are the most suitable.
- Reviewing the Principal Recipient grant implementation management or monitoring process over sub-recipients, as the focus of this review is on the selection process.

⁴ GOS Extract from June 2025, total detailed budgeted amounts for GC6. The Advisory Team conducted a manual mapping to distinguish between Principal Recipients and sub-recipients. These numbers are estimates.

⁵ See **Annex 4**, from the document entitled "Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process" for more details on the use of sub-recipients in Global Fund grants.

⁶ For countries managed under the Additional Safeguards Policy (ASP), the Global Fund Secretariat has the option to be more directly involved in the selection of implementers in order to mitigate risks and ensure accountable use of grant funds (see [OPN on Additional Safeguard Policy](#)).

⁷ See **Annex 2** from the document entitled "Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process" for a consolidated list of existing Global Fund guidance on sub-recipient selection.

⁸ [The Global Fund Website, Implementing Partners](#) (Accessed October 2025).

1. Context, objectives, and methodology

1.3 Methodology

Advisory reviews are conducted at the request of and in collaboration with the Secretariat. OIG advisories offer objective assessments of the Global Fund approach and operating model to identify potential opportunities for improvement towards a defined objective. The recommendations offered are intended to support the Secretariat's decision-making processes.⁹

The review was conducted through an analysis of existing documentation and data, complemented by stakeholder consultations (see **Figure 1**). Expertise from

the Secretariat was leveraged to deepen understanding of established reference guidelines and to provide contextual insights into the sub-recipient selection process. Country-level actors were also engaged to offer local perspectives and to illustrate challenges, lessons learned, and best practices related to sub-recipient selection.

To enable a focused assessment, seven portfolios were selected for in-depth review as agreed with the Head of Grant Management Division (GMD) and Heads of Departments. These portfolios were Bangladesh, Kenya, Mozambique, Namibia, South Africa, Tanzania, and Zimbabwe.

FIGURE 1
Overview of documentation reviews and stakeholder consultations conducted as part of this advisory review

Review of documents and data

- ✓ Global Fund guidelines and principles
- ✓ OIG audits and investigations
- ✓ Other relevant documents (e.g., detailed budgets, capacity assessments)

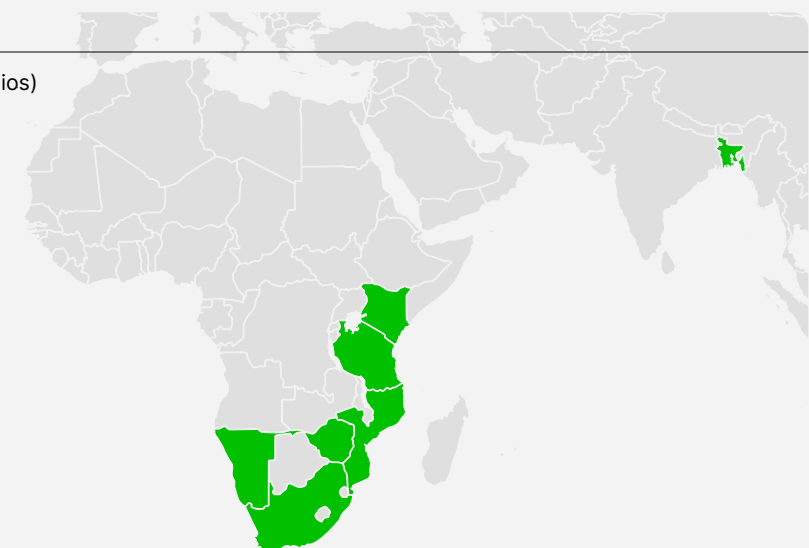
Secretariat staff consulted

- ✓ Implementation and Challenging Operating Environment (GMD)
- ✓ Heads of Departments (GMD)
- ✓ Operational Efficiency (GMD)
- ✓ CCM Hub (GMD)
- ✓ LFA Team (GMD)
- ✓ Health Product Management (GMD)
- ✓ Ethics & Risk Department
- ✓ Grant Financial Management (F&A)
- ✓ Indirect Sourcing (SO)
- ✓ Legal & Governance (LG)

Country-level experience

- ✓ Country Teams (7 portfolios)

- ✓ Bangladesh
- ✓ Kenya
- ✓ Mozambique
- ✓ Namibia
- ✓ South Africa
- ✓ Tanzania
- ✓ Zimbabwe



- ✓ Country Teams' Council¹
- ✓ Principal Recipients from selected deep dives (6 PRs from 3 portfolios²)
- ✓ Principal Recipients Forum³
 - Anglophone (6 PRs⁴)
 - Francophone (5 PRs⁵)
- ✓ UNDP HQ
- ✓ Local Fund Agents (2 portfolios⁶)

Notes:

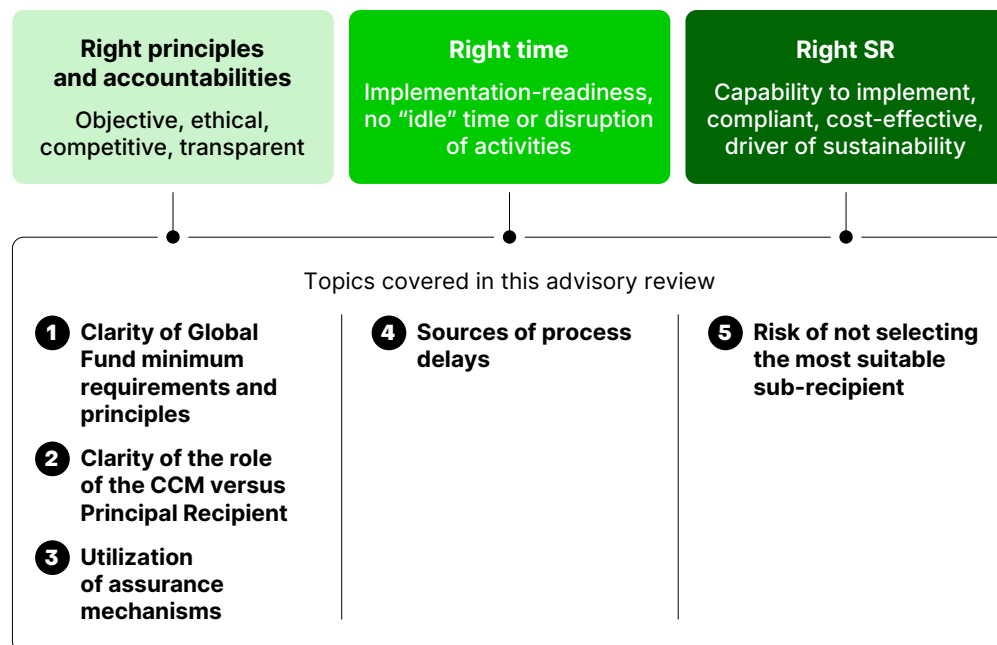
1. The Country Teams' Council is an internal coordination and feedback forum within the Global Fund Secretariat. It brings together specialists and managers from different functional areas who support Country Teams (CTs) in managing grant portfolios.
2. Bangladesh (BRAC, ICDDBR, SC), Kenya (AMREF & KRCS), Mozambique (World Vision International).
3. The Principal Recipient Forums are structured platforms created by the Global Fund Secretariat to strengthen collaboration and two-way communication with Principal Recipients (PRs).
4. Lesotho, Mozambique, Nigeria, Philippines, SEA Grant, Ukraine.
5. CIV, Djibouti, Guinea, Haiti, Morocco.
6. Bangladesh, Tanzania.

⁹ See **Annex 1** from the document entitled "Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process" for a summary of the OIG advisory approach.

2. Key observations and recommendations

Strengthening Principal Recipient-led sub-recipient processes: selecting the right sub-recipient, at the right time, and using the right principles and accountabilities

The Global Fund's impact is deeply rooted in the effectiveness of its implementers, including sub-recipients, whose selection is pivotal to ensuring the successful implementation of funded activities. With over 300 new sub-recipients engaged under GC7 and more than 30% of GC6 detailed budgets allocated to sub-recipients,¹⁰ the selection process must be not only timely and outcome-driven, but also firmly aligned with the Global Fund's principles of transparency, accountability, integrity,¹¹ and country ownership.¹² This advisory seeks to strengthen the sub-recipient selection process with the intent to achieve the objective of **selecting the right sub-recipient, at the right time, and through the right principles and accountabilities**. This objective was developed to frame the work of the advisory and validated by the advisory Sponsor.



The observations presented in the following sections address five key topics with opportunities for improvement; these include clarifying reference documents, outlining options for focused assurance mechanisms, and further defining the roles and responsibilities of stakeholders involved in the selection process. Additionally, the advisory suggests measures to limit delays and impact on implementation readiness, and recommends broader guidance and use of existing assurance options for Principal Recipients to mitigate the risk of not selecting the most appropriate sub-recipients.

The OIG has considered the following assumptions to establish its recommendations:

- **Principal Recipients are responsible for selecting sub-recipients** and are ultimately accountable to the Global Fund. Accordingly, the recommendations developed do not seek to remove or diminish the accountability of Principal Recipients in managing the sub-recipient selection process.
- **The formulation of recommendations considers three often competing considerations:** risk appetite, cost implications, and country ownership. Current recommendations propose certain trade-offs, but it is the Secretariat's prerogative to determine the appropriate balance it wishes to pursue.
- **Given the exceptional circumstances surrounding GC8**, including resource limitations, compressed timelines, heightened external risks, and a volatile operating environment, the recommendations have been developed assessing impact against feasibility. This approach is intended to support the Secretariat in prioritizing actions effectively under constrained conditions.

¹⁰ GOS Extract from June 2025, total detailed budgeted amounts for GC6. The Advisory Team conducted a manual mapping to distinguish between Principal Recipients and sub-recipients. These numbers are estimates.

¹¹ Code of Conduct for Recipients of Global Fund Resources (Amended February 2021).

¹² The Global Fund to Fight AIDS, Tuberculosis and Malaria - The Framework Document (2001).

2. Key observations and recommendations

2.1 Clarity of Global Fund relevant key policy documentation

Clarifying relevant key policy documentation could help align country stakeholders with Global Fund expectations

Global Fund guidelines for sub-recipient selection are described in at least ten documents:¹³ policies, operational policy notes (OPNs), handbooks, manuals, etc. (refer to **Annex 2** from the document entitled “Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process” for a consolidated list of existing Global Fund guidance on sub-recipient selection). While the high number of reference documents that provide guidance over the Principal Recipient-owned process of selecting sub-recipients reflects how the Global Fund operates (i.e., each document has a specific intent, such as covering a section of the GLC process for a specific audience), it also highlights the fragmentation of information (i.e., no single source of complete and comprehensive guidelines for the sub-recipient selection process).

Global Fund relevant key policy documentation on sub-recipient selection emphasizes accountability, transparency, and performance. While following their own procurement policies, Principal Recipients must ensure all recipients comply with the terms of the Grant Agreement, formalize written agreements with sub-recipients mirroring their own obligations, and remain fully accountable for sub-recipients’ actions and use of funds.

Contracts for goods and services shall be awarded on a transparent and, subject only to established exemptions included in written procurement policies and practices provided to the Global Fund, on a competitive basis.¹⁴ Principal Recipients are responsible for conducting risk-based due diligence and capacity assessments of sub-recipients, though Country Teams can also undertake capacity assessment for sub-recipients, as they determine necessary. Competitive re-selection of well-performing sub-recipients is not required for each implementation period. In addition,

Principal Recipients should restrict the number of sub-recipients to that which is reasonable to achieve maximum impact of the program and prudent management of grant funds.

Per current relevant key policy documentation, the Global Fund reserves the right to approve the selection outcomes, and in some cases, the CCM may also be involved in the nomination of sub-recipients. Under the Additional Safeguards Policy (ASP),¹⁵ the Global Fund retains authority to make final decisions on sub-recipient and implementer selection.

In addition, the review revealed opportunities to strengthen or clarify the Global Fund sub-recipient selection policy documentation. Sources of confusion include for example the use of ambiguous language characterized by non-committal terms (e.g., “in some cases”, “can”, such as “*In some cases, the CCM also nominates and finalizes together with the PR the sub-recipients*”).

Moreover, while the current relevant key policy documentation emphasizes the responsibilities of Principal Recipients - given they own the sub-recipient selection process, they provide limited clarity on the roles (or lack of) of other parties—such as the Country Coordinating Mechanism (CCM), Local Fund Agent (LFA), and Country Team.

¹³ [Grant Regulations](#) (Version 2, Published 2023).

[Coordinating Country Mechanism Policy](#) (Published May 2018).

[OPN Country Risk Management](#) (Approved November 2023 by Executive Grant Management Committee).

[OPN Design and Review Funding Requests](#) (Published January 2023, Updated November 2024, Approved by Executive Grant Management Committee).

[OPN Make, Approve and Sign Grants](#) (Approved March 2023, Updated November 2024, Approved by Executive Grant Management Committee).

[OPN Additional Safeguards Policy](#) (Published May 2019).

[OPN Challenging Operating Environments](#) (Published January 2017, Approved by the Executive Grant Management Committee).

[Code of Conduct for Recipients of Global Fund Resources](#) (Amended February 2021).

[Principal Recipient Handbook for Grant Making 2023-2025](#) (Published August 2023).

[Guidelines on sub-recipient and supplier integrity due diligence for principal recipients](#) (Published March 2024, Updated May 2024).

[Operational Policy Manual](#) (Published September 2025).

¹⁴ [Grant Regulations](#) (Version 2, Published 2023).

¹⁵ [OPN Additional Safeguards Policy](#) (Published May 2019).

At least 10 documents (policies, OPNs, handbooks, guidelines, and manuals), each with a distinct focus and role, contain principles and requirements related to sub-recipient selection.

2. Key observations and recommendations

2.1 Clarity of Global Fund relevant key policy documentation

In addition, while Global Fund procurement requirements for health products are robust and highly structured, Global Fund procurement guidelines for services and non-health products are comparatively less comprehensive. By design, it is largely guided by Principal Recipient internal policies and in-country practices. There is an opportunity to strengthen Global Fund relevant key policy documentation, or clarify expectations around sub-recipient selection practices, based on literature and expert reviews (see **Figure 2**, page 10).¹⁶ In such Global Fund-developed procurement best practices, guidance on the use of service contracts versus sub-recipient contracting for procuring specific services (i.e., as suppliers) could be integrated to provide a more efficient operational alternative.



Each Principal Recipient follows their own procurement policies. They align to their head office requirements, but not necessarily to Global Fund expectations nor to national policies or practices.

Global Fund External Assurance Provider¹⁷

Finally, the Global Fund Secretariat's Principal Recipient Capacity Assessment Tool (CAT) is a useful tool to assess Principal Recipient capacity and processes in selecting sub-recipients. However, some key Grant Regulation requirements—such as ensuring solicitations provide sufficient information for bidders, limiting participation conditions to essential criteria, paying no more than a reasonable price, and adhering to the Codes of Conduct and anti-fraud policies—are either not captured at all or only partially addressed in the tool.

FIGURE 2

Examples of best practice for service procurement processes which could be used to clarify Global Fund expectations when it comes to selecting sub-recipients, identified through discussions with Global Fund subject matter experts and review of procurement literature (non-exhaustive)¹⁸

1. Rigorous needs definition & specification

- Outcome-based ToRs, and exception criteria
- Clear, objective, and measurable performance indicators



2. Competitive & transparent practices

- Fit-for-purpose procurement methods (matched to value and risk)
- Ethical and fair treatment, incl. equal access, confidentiality and COI safeguards



3. Balanced evaluation & selection

- Robust technical evaluation, incl. pre-defined, weighted criteria and documented decision process, level of panel expertise / composition, etc.
- Best-value focus, balancing quality, costs and long-term value (sustainability)



4. Strong governance & risk management

- PR-owned Code of Conduct
- Due diligence, e.g., performance of risk-based, multi-phase checks on suppliers with documented evidence and ongoing monitoring
- Segregation of duties by ensuring no single individual controls all stages of a transaction by separating roles for authorization, execution, and verification, supported by automated controls and periodic reviews
- Audit readiness, incl. compliance with internal controls and external regulations



5. Robust contract & “service supplier” management

- Standardized, performance-based contracts
- Governance cadence, incl. performance reviews (incl. for continuation)
- Relationship management, incl. dispute mechanisms, escalation processes



¹⁶ Literature review (OECD, World Bank, NIGP), consultations with Secretariat procurement subject matter experts.

¹⁷ View of a GF External Assurance Provider expressed during interview with the OIG.

¹⁸ Such a list could also be used to, at least, consolidate Global Fund principles and requirements found today across different documents, see **Annex 2** from the document entitled “Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process” for a consolidated list of existing Global Fund guidance on sub-recipient selection.

2. Key observations and recommendations

2.1 Clarity of Global Fund relevant key policy documentation

★★★ Priority recommendations¹⁹

- 1 Streamline and cross-reference all sub-recipient selection-related guidance and requirements.** This would reduce fragmentation and enable stakeholders to efficiently and consistently interpret and apply Global Fund expectations.
- 2 Clearly delineate the roles and responsibilities of all parties involved in the sub-recipient selection process.** This should include, in addition to the Principal Recipient and at a minimum, the CCM, Country Team, and the LFA. While the role of the Principal Recipient remains central, it is critical that any involvement of other parties in routine or special cases is clearly described in the Global Fund relevant key policy documentation to ensure alignment, accountability, and avoid overlaps or gaps in responsibilities. The role of the CCM in the sub-recipient selection process has been further detailed in **Section 2.2**.
- 3 Strengthen procurement best practices applicable to the selection of sub-recipients.** Rather than introducing additional mandatory requirements, Global Fund relevant key policy documentation could be enhanced to include a scaled Capacity Assessment Tool (CAT) in the PR toolkit, that PRs could apply to the SR selection process, proportionate to risk and portfolio context. While Principal Recipients would continue to follow their own internal procurement processes, adapted to national policies, such a tool could help strengthen the consistency and quality of SR selection processes and outcomes across portfolios.

¹⁹ Recommendations prioritized for Secretariat consideration and decision-making ahead of GC8, based on an impact and feasibility assessment, and following principles for establishing recommendations (see **Annex 3** from the document entitled "Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process" for the list and assessment of OIG recommendations).

2. Key observations and recommendations

2.2 Definition of the roles of the CCM and Principal Recipient

Clearly articulate CCM's role to avoid excessive involvement and associated risks in sub-recipient selection

Global Fund OPNs and Grant Regulations describe a leading role for the Principal Recipients in the nomination, selection, and contracting of sub-recipients. Per current relevant key policy documentation, the Principal Recipient performs the selection in consultation with the CCM early in the funding request stage, and finalizes contracting immediately after Global Fund Board approval. Selection must be transparent and well-documented, based on approved Terms of Reference, capacity assessments, and integrity due diligence. Principal Recipients are encouraged to select community-led organizations (CLOs) and community-based organizations (CBOs) with appropriate capacity and expertise, typically already involved in the response to HIV, TB, and malaria. The Principal Recipients remain fully accountable for the sub-recipients' performance (refer to Annex 2 from the document entitled "Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process" for a consolidated list of existing Global Fund guidance on sub-recipient selection).

In comparison, the CCM Policy²⁰ provides a more flexible approach to CCM involvement in the selection of sub-recipients: ***"In some cases, the CCM also nominates and finalizes together with the PR the sub-recipients"***.

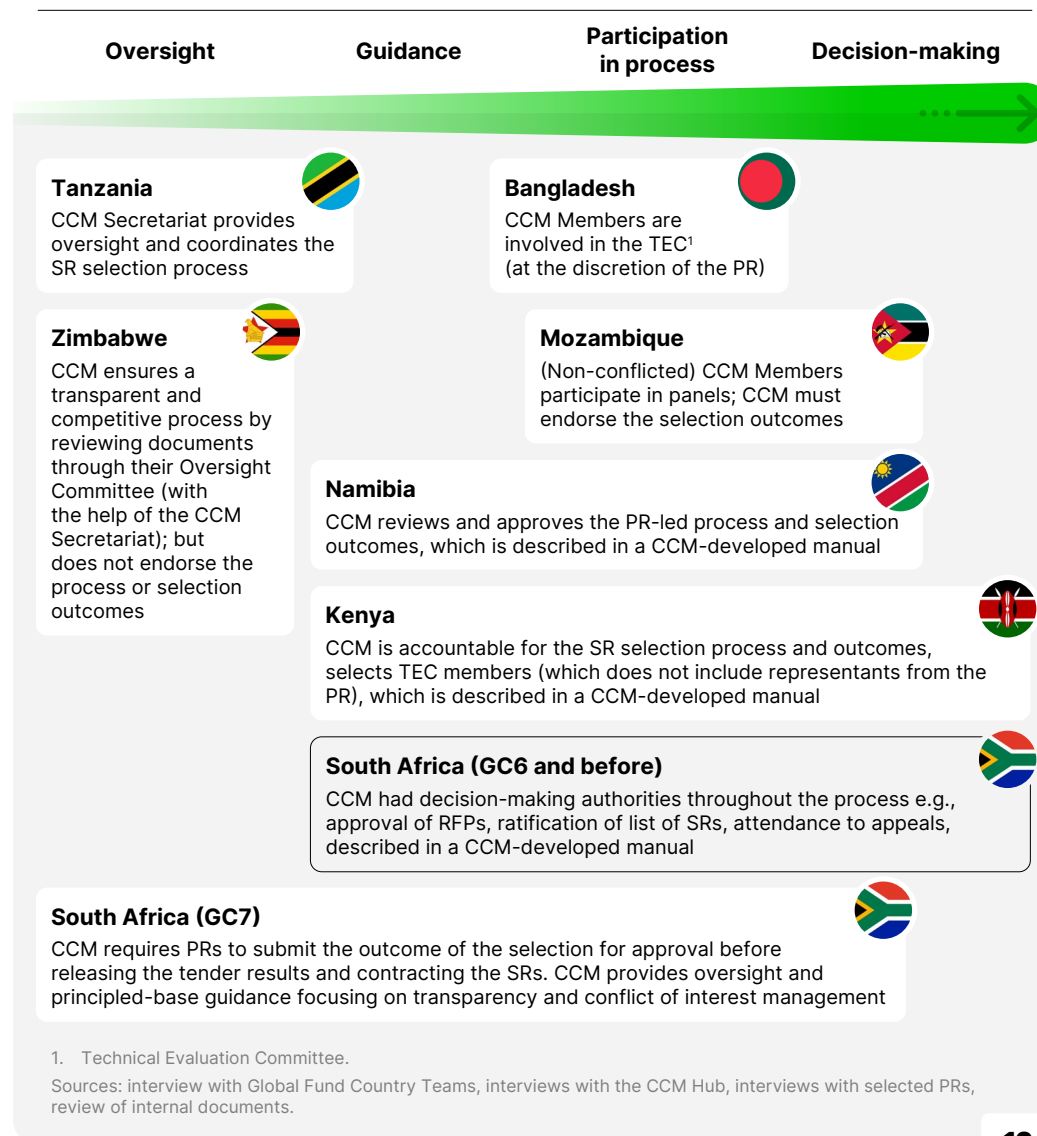
While flexibility in the application of Global Fund principles and requirements can support necessary adaptation to country-specific contexts, an ambiguously defined role for the CCM may lead to unwelcome or expanded participation and accountability in the sub-recipient selection process—an approach observed in certain portfolios (see **Figure 3**). Examples include running the end-to-end process, approval of proposals, ratification of final sub-recipient lists, attendance to appeals, or the development of sub-recipient selection manuals.

Heavy CCM influence may negatively impact the accountability of Principal Recipients throughout both the selection process and subsequent implementation phases. This influence could compromise transparency and fairness in decision-making, leading to perceptions of bias or undue pressure. As a result, Principal Recipients have reported facing challenges in exercising independent judgment and maintaining robust governance structures.

Heavy CCM influence in the SR selection process weakens PR accountability, also during implementation.

FIGURE 3

Examples of the current role of the CCM in the sub-recipient selection process (selected Global Fund portfolios)



²⁰ Country Coordinating Mechanism Policy Including Principles and Requirements Policy (May 2018), approved by the Global Fund Board.

2. Key observations and recommendations

2.2 Definition of the roles of the CCM and Principal Recipient

Furthermore, excessive CCM involvement can weaken the Principal Recipients' authority and operational autonomy, reducing their effectiveness in managing sub-recipients. Heavy CCM involvement in the sub-recipient selection process could manifest in unclear roles, diluted accountability lines, and delays in enforcing compliance or performance standards, ultimately affecting program outcomes and sustainability.

Furthermore, increased CCM involvement may indicate a need for enhanced support and clearer guidance regarding the Principal Recipient-led sub-recipient selection process. However, despite existing declaration obligations,²¹ the risk of conflict of interest remains significant—for instance, NGO or CSO representatives are frequently CCM Members.



CSOs that sit on the CCM often enjoy an unfair advantage in SR selection because they are closer to grant information, processes, and timelines than other applicants.

Government PR²²

★★★ Priority recommendations²³

- 1 Clarify CCM accountabilities during the sub-recipient selection process.** Sub-recipient selection is a Principal Recipient-led process. Principal Recipient ownership over the processes of nomination, selection, and contracting of sub-recipients, as well as their authority over the selection outcome, should be emphasized. Unless otherwise approved in writing by the Global Fund, in accordance with the Global Fund's policies and requirements, the CCM does not prescribe or participate in the SR procurement and selection process (e.g., by participating in process milestones or selecting final SR). Accordingly, the CCM's role should be clearly communicated avoiding terms such as 'can' or 'may'.
- 2 In the exceptional circumstances where the GF Secretariat agrees that the CCM is involved in the PR-led selection process, proactively limit the risk of potential conflicts of interest.** Encourage, for instance, that CCM Members who are or plan to become sub-recipients of Global Fund grants withdraw or recuse themselves from CCM oversight responsibility (at least) during the sub-recipient selection process.
- 3 If deemed necessary through a risk assessment performed by the Country Teams, additional safeguards could be implemented** to proactively mitigate the risk of conflict of interest or undue influence from the CCM in the sub-recipient selection process. In-depth analysis and recommendations on the use of assurance mechanisms are provided in **Section 2.3**.

²¹ *My Code, My Responsibility*. Code of Ethical Conduct for Country Coordinating Mechanism Members (February 2021). *Policy on Conflict of Interest* (June 2020).

²² View of a Government PR representative expressed during interview with the OIG.

²³ Recommendations prioritized for Secretariat consideration and decision-making ahead of GC8, based on an impact and feasibility assessment, and following principles for establishing recommendations (see **Annex 3** from the document entitled "Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process" for the list and assessment of OIG recommendations).

2. Key observations and recommendations

2.3 Utilization of assurance mechanisms

Options for targeted oversight and assurance interventions could be explored in some higher-risk contexts, using existing systems and tools

Current Global Fund guidelines do not require specific risk assessment or oversight and assurance mechanisms for the sub-recipient selection process, besides the general requirement for Principal Recipients to maintain an adequate control system.²⁴ While available at the Global Fund's discretion, per Grant Regulations and operational policies, in the absence of targeted risk assessment-derived interventions (such as structured audits, independent reviews, enhanced monitoring), prohibited practices²⁵ can remain undetected. These vulnerabilities create significant risks to transparency and accountability, as illustrated in Tanzania,²⁶ where misrepresentation of the process was observed. This specific example also demonstrated the value-add of having additional assurance – in this case, a detailed review by a Global Fund assurance provider post-selection process review – where relevant.

Oversight gaps can lead to inconsistency in the application of core policies, such as conflict-of-interest declarations and transparent selection.

The end-to-end selection process risks becoming biased and lacking integrity. In Mozambique,²⁷ these gaps resulted in practices that were potentially prejudiced and lacked transparency, undermining the trustworthiness of the process.

In Tanzania, an OIG investigation revealed that a PR misrepresented the SR selection process as competitive and failed to disclose COI. The issue was flagged to the OIG by a Global Fund assurance provider.

The absence of independent monitoring mechanisms increases the likelihood of limited accountability among key actors, including the CCM and Principal Recipients. **Weak oversight structures can reduce the effectiveness of compliance measures and heighten governance risks.** Governance challenges have been noted in several contexts, including Namibia, where oversight structures were insufficient to ensure compliance with the Global Fund standards. Ambiguity in accountability and instances of non-compliance were observed in the selection of sub-recipients under the CCM Namibia governance framework,²⁸ which explicitly required CCM approval for sub-recipient selection.

The main risk areas identified within the process span across governance, evaluation integrity, and accountability, all of which are critical to ensuring transparency and fairness:

- Governance concerns may arise when the composition of Technical Evaluation Committees (TEC) and the disclosure of conflicts of interest are not adequately verified, creating opportunities for biased or non-transparent decision-making. In Bangladesh, this risk is mitigated with the LFA acting as an observer on the Technical and Financial Evaluation Panel.
- Evaluation integrity could be compromised when technical and capacity assessments lack consistency or alignment with established standards, which can lead to subjective or uneven application of criteria.
- Confidence in the process may be undermined by mishandling of appeals and contracting (e.g., if the approved ToRs are not correctly reflected).

In Mozambique, an OIG audit revealed lack of CCM conflict-of-interest declarations for 2022 or 2023, despite 25% of voting members being directly affiliated with grant implementers.

In Bangladesh, the LFA oversees sub-recipient selection by serving as an observer on the Technical and Financial Evaluation Panel.

²⁴ [Grant Regulations \(Version 2\)](#) (Published 2023).

²⁵ [The Global Fund Policy to Combat Fraud and Corruption](#), e.g., bribery, collusion, and misrepresentation (Published November 2017).

²⁶ [Investigation report - GF Grant in Tanzania](#) (Fraudulent Practices in the Selection of Sub-Recipients by a Principal Recipient (a Non-Governmental Organization), Global Fund OIG (Published June 2025).

²⁷ [Audit Report - Global Fund Grants to the Republic of Mozambique](#), Global Fund OIG (Published April 2025).

²⁸ Namibia Coordination Committee on HIV/AIDS, Tuberculosis and Malaria Governance Manual (NaCCATuM) (October 2016, Amended October 2022).

2. Key observations and recommendations

2.3 Utilization of assurance mechanisms

Global Fund risk management policies and practices already allow all necessary assurance mechanisms to be applied where the risks are identified and assessed, such as the use of oversight functions, LFA review of documents, or independent audits. The current Integrated Risk Management (IRM) process, despite a focus on implementation risks, offers an opportunity to proactively address risks associated with the Principal Recipient-led selection of sub-recipients.

★★★ Priority recommendations²⁹

- 1 Through existing risk assessment processes, Country Teams should proactively estimate the level of risks anticipated in the Principal Recipient-led process of sub-recipient selection, if not already done as part of routine processes.** The approach should consider the assessed level of risk for specific portfolios or grants, rather than imposing a uniform, mandatory model across all countries. At a minimum, the Country Team assessment should consider risks around governance, integrity of evaluations and accountability in appeals and contracting. These could be captured in the IRM under in-country governance or procurement. Risk management guidance for Country Teams could be adapted accordingly to encourage a more proactive risk assessment.
- 2 The nature of risk mitigating measures proposed by Country Teams should be adapted to the level and nature of the risk, and to the country context.** Tailoring assurance interventions to the context will ensure that resources are focused where they are most needed, strengthening governance and compliance without creating unnecessary burdens. Different mechanisms are available under existing Global Fund relevant key policy documentation, e.g.:
 - Country Team or LFA review of processes and documents,
 - Principal Recipient declaration of compliance,
 - Principal Recipient internal controls and audit function,
 - Use of independent evaluation committee,
 - Involvement of the Country CCM Oversight / Ethics Committee,
 - Selection of sub-recipients by the Global Fund (e.g., under the Additional Safeguards Policy),
 - Office of the Inspector General (OIG) audits.

When deciding the most suitable risk management response, the Secretariat should consider potential trade-offs required, specifically on costs and possible delays. This is particularly critical in resource-constrained and time-sensitive grant cycles such as GC8, where proactive planning will be key to avoiding disruptions in implementation.

²⁹ Recommendations prioritized for Secretariat consideration and decision-making ahead of GC8, based on an impact and feasibility assessment, and following principles for establishing recommendations (see **Annex 3** from the document entitled “Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process” for the list and assessment of OIG recommendations).

2. Key observations and recommendations

2.4 Sources of process delays

Multiple sources of delays during sub-recipient selection, could be minimized through earlier and more proactive planning

Principal Recipients hold full responsibility for planning and executing the sub-recipient selection process in accordance with Global Fund relevant key policy documentation. While the Global Fund Secretariat does not directly manage this process, the *Principal Recipient Handbook for Grant-making (GC7)*³⁰ provides guidelines on the timing of key activities. For instance, Principal Recipients are expected to define the scope and profile of sub-recipients before the Technical Review Panel (TRP) recommendation and to capture the legal names of selected sub-recipients in the Implementation Arrangements Map and Detailed Budget prior to grant signing. These guidelines complement broader guidance provided in various OPNs.^{31,32}

Despite current key policy documentation, delays in sub-recipients' selection are common and pose significant risks to grant implementation. In GC6, a cross-portfolio LFA assessment³³ revealed that 28% of grants had not finalized sub-recipients' contracting by the end of the first quarter. This inability to start activities on Day 1 of the implementation period stems from multiple, often interrelated factors.



Signing the SR contracts within the first month of implementation is best practice.

Country Team

One major contributor is the delayed contracting of sub-recipients, but the root causes extend further. Common sources of delay include prolonged negotiations on budgets or programmatic details before Principal Recipients can begin the selection process, as well as delays in the appointment of the Principal Recipients themselves. Approximately 80% of grants in GC7 had at least one sub-recipient contract not

signed one month before the starting date. In addition, the selection of new Principal Recipients on grants introduces the risk of needing to have to rapidly develop internal capacity – such as human resources – during grant-making to manage sub-recipient selection, and in some cases, the need to ramp-up capabilities. These challenges are compounded by the limited availability of sub-recipient selection templates, tools, and cross-portfolio lessons learned to assist Principal Recipients that are less experienced with Global Fund processes (estimates indicate approximately 6% grants had new Principal Recipients in GC7).³⁴

Capacity constraints also arise from overlapping grant-making and implementation activities across different cycles, which place additional strain on both Principal Recipient and sub-recipient resources.

Furthermore, local requirements can also significantly impact timelines and need to be taken into consideration. For instance, local legal frameworks generally prevent sub-recipient contracting before grant confirmation. Additional oversight and assurance mechanisms required by the Global Fund or additional requirements from CCMs – such as mandatory review and endorsement of the Principal Recipient process or participation by specific Members – can further slow down the end-to-end process.

Another recurring bottleneck relates to continuing well-performing sub-recipients. Despite Global Fund guidance encouraging ongoing engagement, inability to continue – which has been linked to local or Principal Recipient requirements – may delay this process unnecessarily. According to Principal Recipients consulted, **continuing an existing sub-recipient typically takes approximately three months, compared to six to nine months for a full selection process.** Given compressed timelines anticipated for GC8 (two to three months shorter than in previous grant cycles and five to six months anticipated for grant-making and approval) achieving contract signatures before the start of the implementation period may not seem realistic or feasible if a competitive process must be followed.

Some good practices to anticipate and manage potential risks of delays were identified in deep dive portfolios, including the development of Gantt charts and risk mitigation plans in Bangladesh, or proactive evaluations of sub-recipients in year 3 to inform GC7 planning in Mozambique.

³⁰ *Principal Recipient Handbook for Grant-making, 2023-2025 Allocation Period* (Published August 2023).

³¹ *OPN on Make, Approve and Sign Grants* (Issued March 2023, Updated November 2024), approved by Executive Grant Management Committee.

³² *OPN on Design and Review Funding Requests (Annex 3)* (Issued January 2023, Updated November 2024), approved by Executive Grant Management Committee.

³³ Implementation Readiness Assessment Report (July 2021).

³⁴ Diagnostic Grant Making April 2025, performed by OE/GPS.

2. Key observations and recommendations

2.4 Sources of process delays

Overall, these pain points result in the sub-recipient selection process continuing even while implementation is starting – though selection and nomination could be further anticipated. Both the Secretariat and country stakeholders have informally acknowledged a lack of proactive engagement in this area.

Finally, limited visibility into implementation readiness and sub-recipient selection delays prevent timely management action and prioritization. While some monitoring efforts were introduced in GC6 – such as indicators tracking the percentage of sub-recipient contracts signed by the end of the first quarter or approval of sub-recipient Terms of Reference – these were deprioritized in GC7, partly because of unproved usefulness at an operational level and because of limited LFA funding for such activities.

Looking ahead to GC8, where timelines will be further compressed by approximately two to three months,³⁵ risks of delayed implementation and interruptions will likely increase. It is also important to recognize that these risks will ultimately be transferred directly to the Principal Recipients, who will already be operating under considerable strain.

★★★ Priority recommendations³⁶

- 1 Encourage and enable Principal Recipients to start the sub-recipient selection as early as possible during the funding request or grant making stages, aligning to the Global Fund grant cycle guidance.** Per existing relevant key policy documentation, multiple levers could be utilized or promoted by the Secretariat, and especially Country Teams, to support Principal Recipients, based on the context and needs. Regions, portfolios, grants or Principal Recipients with historical issues with sub-recipient selection should be prioritized for targeted Secretariat oversight. Priority levers include:
 - Early dissemination of principles and guidelines to encourage country dialogue, ideally even before allocation letters are shared
 - Emphasis on early development of implementation arrangements maps and selection of activities
 - Early nomination of well-performing (and likely to continue) sub-recipients
 - Requirement for sub-recipient selection plans (including contingency planning) as early as possible in the funding-request or grant-making stages
 - Emphasis on the utilization of an updated implementation readiness guidance with e.g., milestones, timelines, contingency planning
- 2 Consider emphasizing the ability of Principal Recipients to continue well-performing sub-recipients without a competitive process, per existing guidelines.** Additional tools could be made available to Principal Recipients to facilitate performance evaluations of existing sub-recipients before Funding Request / Grant-making (e.g., guidelines on evaluation criteria).
- 3 Redesign the metrics to track and measure implementation readiness and/or level of disruption of activities at country level** to inform management prioritization and decision-making across portfolios. Metric examples include (i) >90% of either the total number of SRs or the total grant value implemented through SRs meeting predefined readiness criteria by the end of Q1; (ii) >50% of SRs selected before grant signing, (iii) presence of any lump sum >10% of the total SR allocated grant budget, (iv) presence of approved ToRs and / or co-signed (between Principal Recipient and sub-recipient) implementation work plan for year one of the implementation period.

While some benefits could be gained from the operational use of such metrics, it is especially intended to guide Secretariat management decision-making on how to best respond to risks related to disruption of activities.

³⁵ Secretariat estimation as of February 2026.

³⁶ Recommendations prioritized for Secretariat consideration and decision-making ahead of GC8, based on an impact and feasibility assessment, and following principles for establishing recommendations (see **Annex 3** from the document entitled “Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process” for the list and assessment of OIG recommendations).

2. Key observations and recommendations

2.5 Risk of not selecting the most suitable SR

Availability of broader guidance and assurance options for Principal Recipients could help mitigate risks of not selecting the most appropriate sub-recipients

When a competitive process is conducted, Principal Recipients typically rely on the Technical Evaluation Committee (or equivalent) review of proposals for eligibility and on a technical assessment to shortlist and nominate sub-recipients. Proposals are first reviewed to determine alignment with pre-defined criteria and Global Fund standards, work plan and budget. The technical or capacity assessment is further used to validate organizational capacity to deliver against programmatic, financial and technical criteria. In some cases, the capacity assessment is conducted after final selection to identify gaps and develop capacity-building plans. Currently, the Global Fund does not provide specific guidelines on the criteria that Principal Recipients should use during the sub-recipient selection process, nor when subsequently conducting capacity assessments.

Such guidance could promote transparent selection processes that are fully aligned with the technical requirements of the planned activities, ensuring that Principal Recipients apply criteria specifically tailored to those activities rather than relying on generic standards. For instance, when selecting a sub-recipient to deliver Resilient and Sustainable Systems for Health (RSSH) interventions, the criteria could help to prioritize technical expertise in health systems strengthening, institutional capacity, and experience in managing complex health programs. Such specificity would enable Principal Recipients to make informed decisions, enhance program effectiveness, and ensure that selected sub-recipients are best positioned to achieve the intended outcomes.

Similarly, poorly designed (Principal Recipient-led) sub-recipient capacity assessments³⁷ could result in suboptimal selection outcomes. Inconsistencies in the level of quality have been observed among Principal Recipients. For instance, some Principal Recipients (e.g., UNDP,³⁸ PSI³⁹) use standardized tools with detailed guidance and criteria. This includes a description of the tool's purpose, usage,

assessment procedures, and completion steps. Assessment areas are clearly defined with targeted questions and weighted criteria. On the other hand, others (as observed in some portfolios^{40,41,42,43}) lack clarity and consistent rating scales and criteria, and in some cases, overlook some critical programmatic areas. Such inconsistencies in the level of quality of sub-recipient capacity assessments may be associated with the lack of standardized templates and criteria developed by the Global Fund to assist Principal Recipients in their capacity assessment.



We considered the PR capacity assessments to be insufficiently robust. As a result, we cross-checked them against our own capacity assessment tool, identified gaps, and issued recommendations **[to the PR]** to increase confidence in the final outcome.

Country Team

Moreover, a poorly conducted sub-recipient capacity assessment can also lead to weak selection outcomes. For example, an OIG audit in Cambodia (2024)⁴⁴ revealed that capacity assessments of key implementers were not properly executed, and follow-up mechanisms lacked monitoring of remediation of the deficiencies raised. In the case of a key implementer for C19RM interventions, no capacity assessment was undertaken. Moreover, for a key implementer for People Who Inject Drugs (PWID) interventions, with identified capacity gaps, required follow-up actions that were not undertaken. These caused significant delays in the setting up of C19RM-funded Pressure Swing Adsorption (PSA) oxygen plants and have impacted program activities with poor performance for PWID indicators.

37 Sub-recipient capacity assessments are generally conducted where there are performance issues, new scope or new sub-recipients.

38 UNDP SR capacity assessment tool (Accessed September 2025).

39 PSI SR capacity assessment tool (Accessed September 2025).

40 South Africa National Department of Health (NDOH) - Combined Risk Assessment SRs Summary (Accessed September 2025).

41 Timor-Leste Ministry of Health (MOH) - SRs Assessment Summary (Accessed September 2025).

42 Philippines Coalition Against Tuberculosis (PhilCAT) - SRs Assessment Summary (Accessed September 2025).

43 Sierra Leone Ministry of Health (MOH) - Report on SRs assessment for the NFM3 grant for the Global Fund - June 2021 (Accessed September 2025).

44 Audit report to the Global Fund Grants in the Kingdom of Cambodia, Global Fund OIG (published March 2024).

2. Key observations and recommendations

2.5 Risk of not selecting the most suitable SR

★★★ Priority recommendations⁴⁵

- 1 Consolidate and disseminate guidance and best practices to help Principal Recipients conduct sub-recipient selection in line with Global Fund principles and expectations, while maintaining obligations to their own internal policies and local procurement requirements, for the following:**
 - **context-specific criteria for sub-recipient selection** (e.g., these could include a description of eligibility, programmatic, financial and technical areas and criteria adapted to activities in scope, along with thresholds, to support review panel assessment and shortlisting),
 - **sub-recipient capacity assessment tools** (e.g., this could be in form of a checklist to assess organizational capacity of the entity and guidance on capacity building plans in case gaps are identified.),
 - **establishing strong sub-recipient obligations** (e.g., implementation, management and reporting).
- 2 If deemed necessary through a risk assessment by the Country Teams, additional assurance mechanisms could be implemented** to verify the design and execution of capacity assessments and to ensure sub-recipients meet minimum eligibility criteria. In-depth analysis and recommendations on the use of assurance mechanisms are provided in **Section 2.3**.
- 3 Strengthen Principal Recipient CAT assessment (for High Impact and Core portfolios)**. Principal Recipient procurement capacity assessments (for non-health products and services) should include sub-recipient selection-relevant criteria, e.g., evaluation panel composition, presence of criteria and thresholds, documented procedures for negotiations and appeals, etc., in line with the guidance and best practices developed.

⁴⁵ Recommendations prioritized for Secretariat consideration and decision-making ahead of GC8, based on an impact and feasibility assessment, and following principles for establishing recommendations (see **Annex 3** from the document entitled "Annexes: Advisory Review of the Sub-Recipient (SR) Selection Process" for the list and assessment of OIG recommendations).