

Policy on Conflict of Interest

June 2020¹

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;

¹ Approved by the Global Fund Board on 25 June 2020 under decision point GF/B43/EDP04 and set forth in Annex 1 to GF/B43/ER04

- **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

- 4.3. **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.).
- 4.4. **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.
- 4.5. **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.
- 4.6. **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.
- 4.7. **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.
- 4.8. **Outside Activities.** Outside Activities include any activity falling outside the scope of Covered Activities as defined by this Policy.
- 4.9. **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.