

**INFORMATION SESSION FOR PRINCIPAL RECIPIENTS**

**Integrity Due Diligence Guidelines for PRs:  
Operationalizing existing policy requirements**

16 July 2024

# Sub-recipient and Supplier Integrity Due Diligence (IDD) Overview

## What is IDD?

**Integrity Due Diligence:** A process by which PRs **screen organizations and contacts that serve as Sub-recipients (SRs)/suppliers** to ensure they adhere to the Global Fund ethics and integrity standards.

Role of Principal Recipients (PRs):

- Conduct a **risk assessment** to identify individuals and organizations that need to be subjected to IDD
- Define and implement the appropriate type of **IDD screening**.
- Use the IDD screening **results** to decide whether to contract an SR or Supplier and/or their staff to support Global Fund grant implementation.

## Purpose

To ensure that SRs and Suppliers:

- are not engaged in **Prohibited Practices** (such as sexual abuse) and/or subject to **Restrictive Measures** (such as sanctions).
- meet the required standards of integrity outlined in the relevant **Codes of Conduct**, the Global Fund Policy to Combat Fraud and Corruption and the Policy on **Conflict of Interest**
- can advance the Global Fund mission.

## PR Requirements & LFA verifications

**PRs must meet a minimum set of requirements** which demonstrates robust SR & Supplier IDD.

**LFAs verify compliance** with the Global Fund minimum requirements for:

- PRs in High Impact & Core countries;
- that are high/ very high on the External Risk Index and;
- SR budgets >US\$5 million (excluding UN PRs)

The outcome of such LFA verification determines whether the PR need to use **outsourced IDD services** through Global Fund pre-approved vendors (from end 2024), or other specialized vendor.

## When do PRs conduct IDD activities?

PRs conduct IDD activities:

- **Before engaging** with individuals and/or organizations (such as hiring, contracting, implementation, etc.).
- **Prior to the start of each next implementation period**, for continuing SRs and Suppliers.
- All PRs need to **initiate IDD in 2024**, with LFA verification starting in 2025.

# What is IDD?

## Integrity Due Diligence (IDD)

Information-gathering and analytical activities undertaken by PRs to identify and assess integrity risk for sub-recipient (SR) and supplier organizations and individuals.



It is likely your organizations have already conducted numerous types of IDD as a part of recruitments, procurements, grant making and market research activities.

The Global Fund guidelines serve to help align these processes with a consistent set of expectations and requirements.

## Resources

- [Guidelines on Sub-recipient \(SR\) and Supplier Integrity Due Diligence \(IDD\)](#), effective from 26 March 2024.
- [Key Messages](#) for SR and Supplier IDD

# Risks to be managed

## Prohibited Practices and Restrictive Measures



### Restrictive Measures

Sanctions, special designations, prohibitions on transacting, asset freezes and similar executive and legislative orders issued by the United Nations, the Office of Foreign Assets Control of the United States Department of the Treasury (“OFAC”), the United States State Department, and/or Switzerland, or as may be required or modified by the Global Fund in its sole discretion and communicated in writing to the PR.

*These definitions are available in the Global Fund [Guidelines on Sub-recipient and Supplier Integrity Due Diligence \(IDD\)](#).*

### Prohibited Practices

Any one or more of the following conduct as set out in the relevant Global Fund Policies or codes set out below and, for the purposes of these Guidelines, is not limited to the covered parties and/or Global Fund-financed activities defined in those documents:

- a) the “Prohibited Practices” as defined in the [Global Fund Policy to Combat Fraud and Corruption](#) (the “PCFC”), including without limitation, corrupt practices, fraudulent practices, coercive practices, collusive practices, abusive practices, obstructive practices, retaliation, money laundering, and financing of terrorism;
- b) applying or seeking to apply undue influence on Global Fund decision-making processes, engaging in conduct that breaches or facilitates the breach of the [Global Fund Policy on Conflict of Interest](#); and
- c) Sexual Exploitation, Sexual Abuse and Sexual Harassment as such terms are defined in the relevant Code of Conduct ([Recipients](#) or [Suppliers](#)); and d) practices which violate the child protection principles outlined in the relevant Code of Conduct.

# Principles for Implementer IDD

- 1** **Principal Recipients** – responsible for IDD for entities they contract in alignment with the core Global Fund principles of partnership and country-ownership
- 2** **Global Fund** – clearly articulate to PRs what are the expectations to comply with IDD obligations, in line with existing risk management policies and defined prohibited practices.
- 3** **Principal Recipients** – if necessary, outsource IDD activities to select Global Fund-approved vendors, where PR's own capacity proves insufficient to meet requirements.
- 4** **Global Fund** – conduct appropriate compliance monitoring, following a risk-based approach.

# The Role of Principal Recipients

## **PRs are responsible for**

PRs design and execute a risk-based IDD process for Sub-recipients and suppliers, which involves conducting a risk assessment to identify individuals and organizations that are subject to IDD.

For individuals and organizations identified in the risk assessment, PRs define and implement the appropriate type of IDD screening through:

- Their own IDD process; or
- (From end-2024) a vendor pre-approved by the Global Fund or other specialized IDD vendor.

## **When to use IDD screening results**

PRs are required to use IDD screening results when **deciding whether to select an SR or supplier.**

## **PR escalation to the Global Fund**

PRs communicate to the Global Fund any findings that indicate SRs and/or suppliers are engaged in prohibited practices or subject to restrictive measures. PRs independently manage risks related to other findings.

# PRs are required to build a robust process, including default minimum requirements

## Overall expectations

- 1) PRs conduct a **risk assessment** to identify additional individuals and organizations to be prioritized for IDD across all stakeholders.
- 2) Define appropriate **IDD process** for the cohorts of individuals and organizations identified in the risk assessment.
- 3) Carry out **IDD screening using sources of information relevant for the context**, especially local information with a focus on prohibited practices and code of conduct requirements.

## Minimum requirements

Whether the PR does the screening itself or through a pre-approved vendor, the following is in scope for IDD screening (*subject to exceptions*):

- All SR and supplier organizations with **budgets above US\$5 million**.
- **SR key staff**: Signatories, Program/PMU Head, Head of Organization, Head of HR, Procurement and Finance.
- **Process**: check the name of key staff, organizations and organizational signatory against defined lists with respect to restrictive measures prohibited practices.

# Information sources for IDD screening available to PRs

Minimum requirements for PR IDD screening	Description
<p><b>a. Open-source research including restrictive measures lists</b></p>	<ul style="list-style-type: none"> <li>Review the supplier’s profile across the available forms of print, online and social media information sources, including national and international databases, confirm the Subject’s profile and track record, identify any allegations of involvement in misconduct and assess whether they credibly reflect on the Subject’s integrity and ability to comply with Global Fund requirements.</li> </ul>
Additional optional screening modalities	
<p><b>b. Self-disclosure of track record and interests</b></p>	<ul style="list-style-type: none"> <li>Through CV or questionnaire</li> <li>Request self-disclosure of any exposure to competing interests, including political, litigation or investigations, restrictive measures, historical incidents of misconduct etc.</li> </ul>
<p><b>c. Network enquiries</b></p>	<ul style="list-style-type: none"> <li>Interview relevant individuals in the PR’s network.</li> <li>Conduct enquiries with other stakeholders including civil society organizations and national authorities.</li> </ul>
<p><b>d. Formal enquiries</b></p>	<ul style="list-style-type: none"> <li>Request formal references from current or previous places of work, or from clients and partners commenting on the Subject’s integrity and reputation</li> <li>Request reports or summaries of any previous due diligence conducted into the Subject by other institutions or agencies, where the PR has appropriate access.</li> </ul>
<p><b>e. IDD Vendor</b>  <b>Required for a specific cohort of PRs based on the Global Fund risk-based approach</b></p>	<ul style="list-style-type: none"> <li>PR retains an IDD Vendor, possibly from the pool of Global Fund pre-vetted vendors to conduct open source or network enquiries discreetly and professionally.</li> </ul>



# PRs are required to conduct IDD...

## Before engaging SRs and Suppliers

PRs must conduct IDD **prior** to substantive commencement of a relationship with a Sub-recipient/supplier, such as hiring, contracting or involving the Sub-recipient/supplier in implementation.

## Rescreening each grant cycle

PRs are required to fully rerun IDD for each Sub-recipient/supplier at least for **each grant cycle**, prior to the start of the next grant/IP as part of the funding request/grant-making processes.

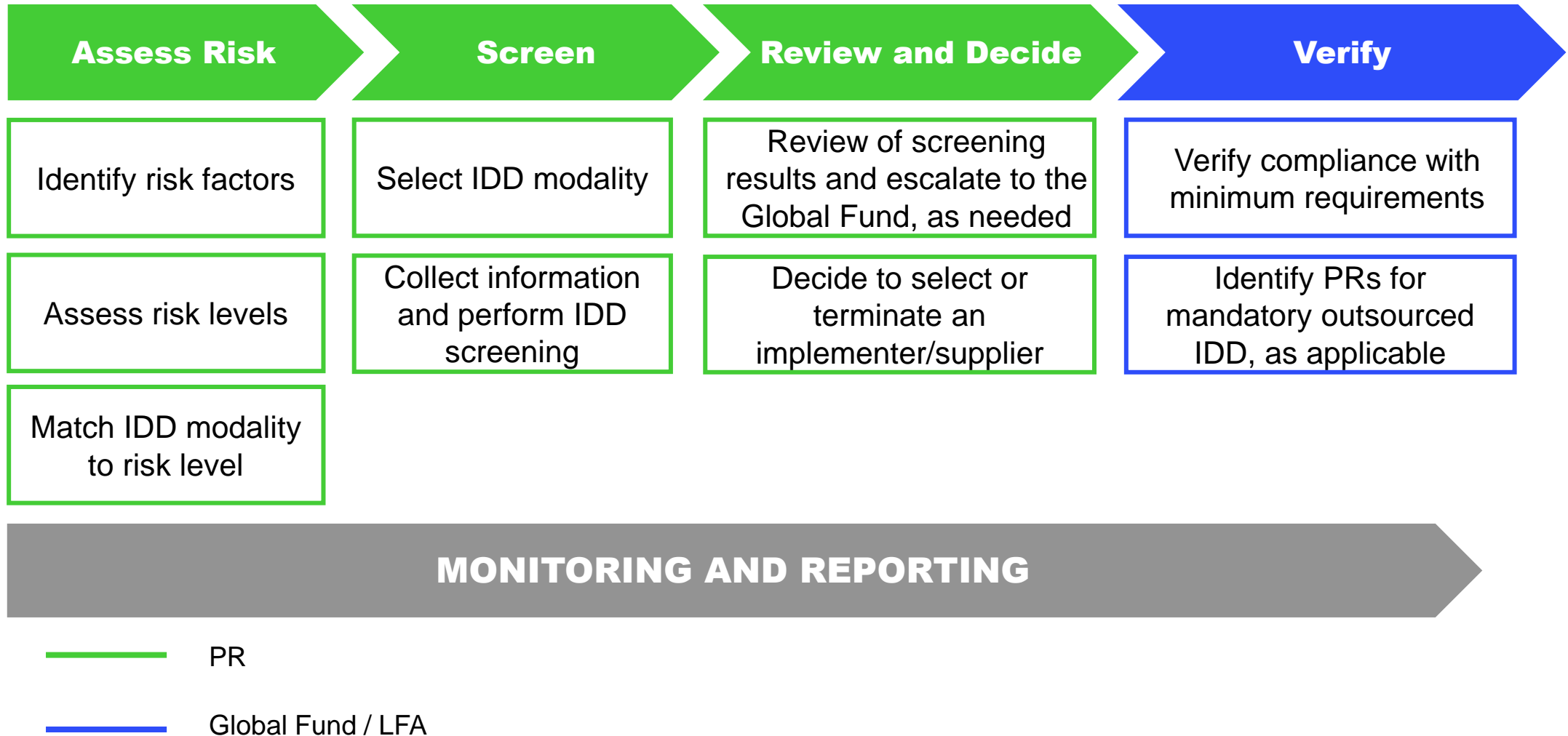
## New restrictive measures

Should there be a **change** leading to the introduction of new sanctions or risk of individuals being newly involved in prohibited practices, the PR updates its risk assessment and IDD.

## Exceptions

The Global Fund retains discretion over the scope of the IDD required, and in line with its internal policies can amend their scope or timing.

# Overview of a robust IDD process



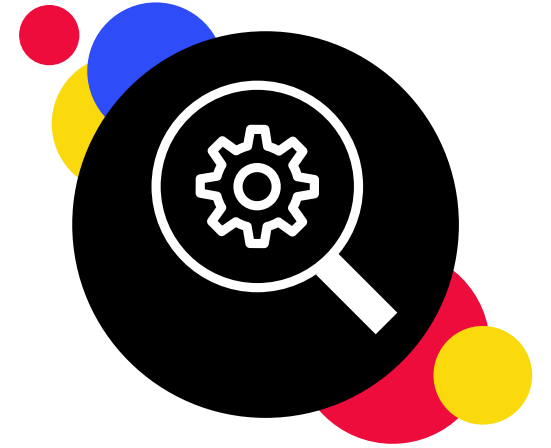
# Monitoring and oversight

## LFA Verification

● **For the LFA-verified group of PRs:** IDD verification will be integrated into the existing assurance and risk management procedures:

- LFA conducts a review of the IDD completed against the minimum requirements once per grant cycle
- LFA reports to the Secretariat as a part of regular assurance, specific avenue of reporting to be determined

● **For the vendor-supported PRs** (where a vendor pre-approved by the Global Fund is used): continuous reporting will be provided to the Secretariat by the vendor as a part of its service.



# Thank you!



The Global Fund to Fight  
AIDS, Tuberculosis and Malaria

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