

Ethics Office Annual Report and Opinion 2023

51st Board Meeting

GF/B51/16
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For Board Information

Purpose of the paper: the Board is requested to provide input and comment on the Ethics Office Annual Report and Opinion 2023.

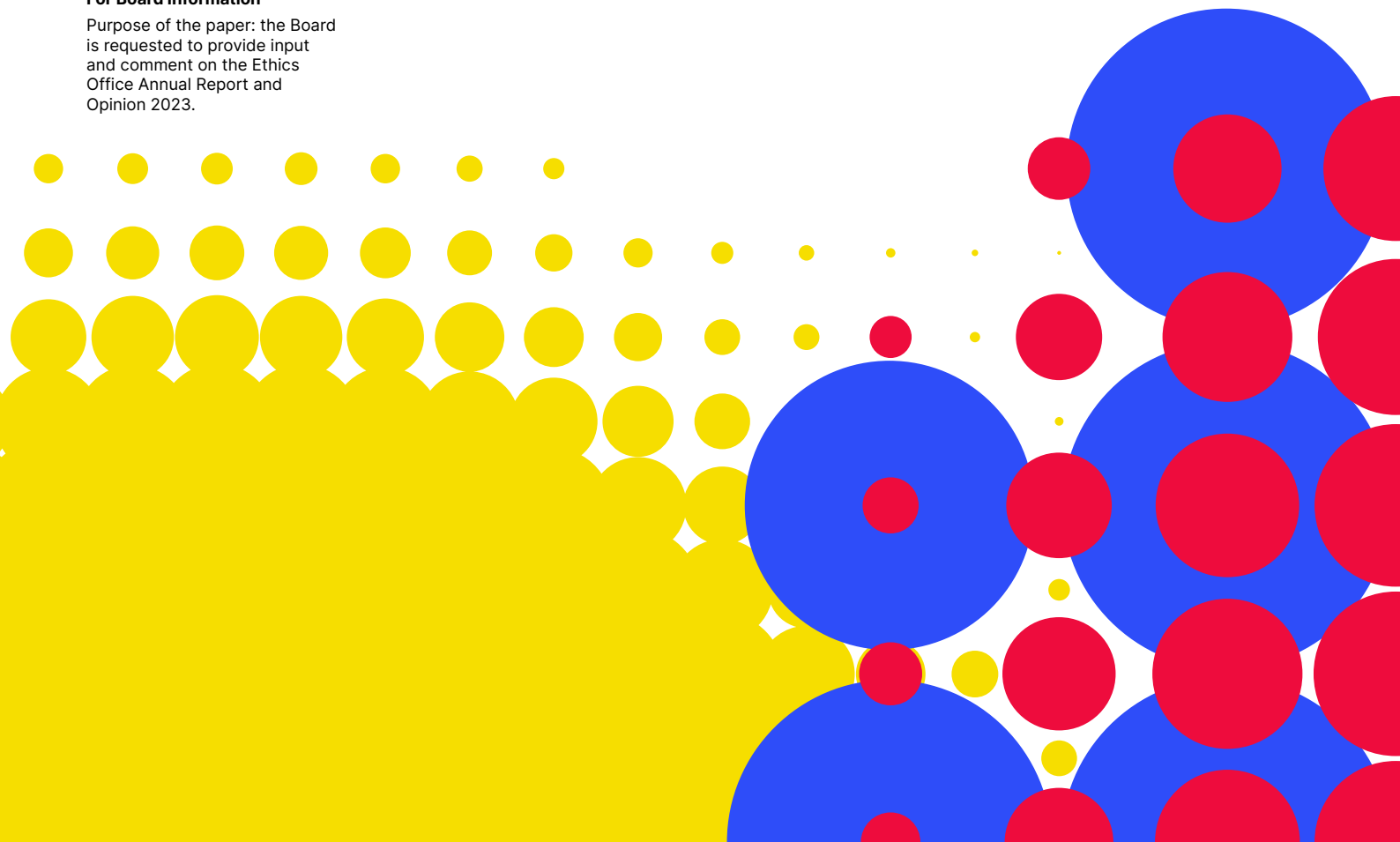
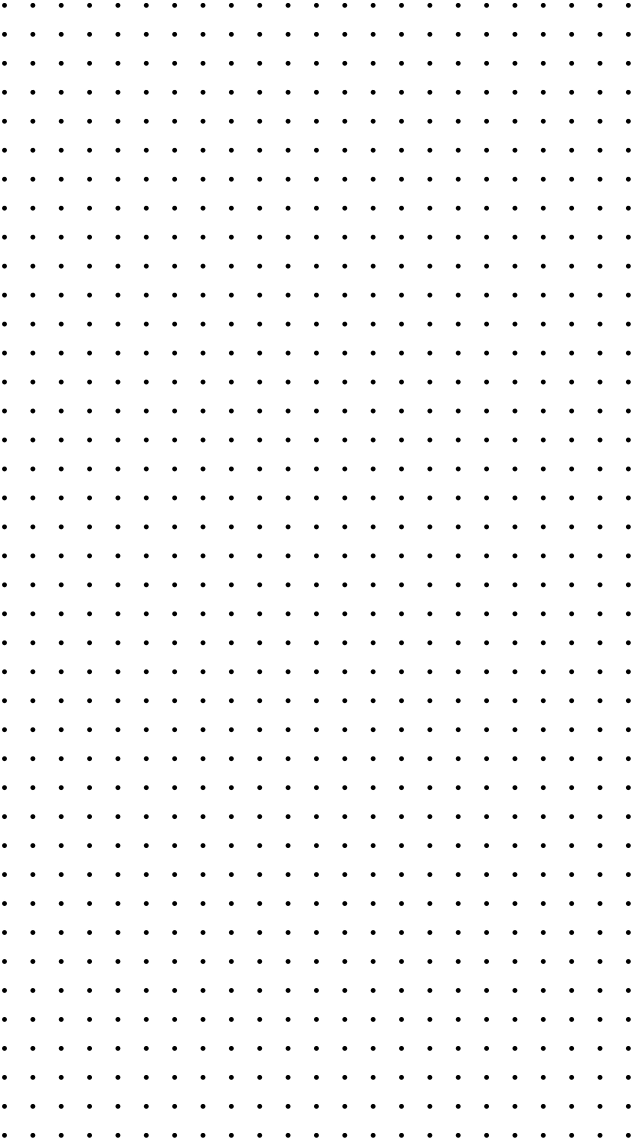


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I. Executive Summary

2023 was marked by immense challenges ranging from acute geopolitical tensions, regional wars and conflicts, an escalating climate crisis, and the ongoing impact of the COVID-19 pandemic. In addition, the impact of inflation on already constrained budgets in the countries where we finance programs continues to be significant. Against this backdrop, the Global Fund partnership and Secretariat teams continued to deliver life-saving results, reaching over US\$5B in disbursements and over US\$7B in grant making as of the end of 2023.

For the Ethics Office, 2023 witnessed the departure of the previous Ethics Officer and my stepping in on an interim basis in July to ensure the transition.

As noted in the Risk Report and Chief Risk Officer Annual Opinion and in the Organizational Risk Register, the volatile environment that we operate in coupled with the need to deliver rapidly on mission-critical outcomes mean that Ethics and Integrity ('E&I') risks continue to be high. During the past year, and cognizant of this assessment, the Ethics Office worked closely with Risk and other stakeholders to reinforce E&I risk management. As the Year in Review below shows, notable progress has been achieved in the main areas covered by the Ethics Office, including closing longstanding AMAs, completing the integrity due diligence framework at the implementer level, and most importantly, achieving significant progress in terms of SEAH risk management.

Progress has also been achieved with respect to the maturity level of the E&I program. Using the Ethics and Compliance Initiative's (ECI) High-Quality Program Measurement Framework ('ECI HQP'), I assess that the ethics program at the Global Fund is evolving in certain respects from the 'Adapting' to 'Managing' level – thanks in part to progress achieved with respect to embedding E&I in the overall strategy and business objectives, risk management and ethics culture building.


Given the overall progress and the continued efforts to enhance the program going forward including the reinforcement of the ethics culture, I agree with Risk's assessment that while the E&I risks remain high, the direction of travel is steady.

Last but not least, with respect to compliance, I confirm that I am not aware of any allegation of ethical misconduct that the institution has not addressed according to applicable policies and procedures.

Looking ahead to 2024, the priorities as I see them should remain focused on strengthening a culture of ethics across the organization and continuing to ensure effective management of E&I risks. This will be all the more important given the global challenges and should the organization be able to continue to deliver results through ethical decision-making and to uphold ethical norms.

At the time of submitting this report, my interim role as Ethics Officer will have come to end. It has been an honor serving the institution in this capacity and my massive thanks to my team in the Ethics Office for their resilience and support and to everyone at the Global Fund for the support during this interim period. And to the incoming Ethics Officer, Michelle Beistle, I extend my warm welcome and best wishes for a successful tenure.

Fady Zeidan
Ethics Officer ad interim



The Ethics Office worked closely with Risk and other stakeholders to reinforce E&I risk management.

II. Ethics Office Profile

1. Our Mission

The Ethics Office strives to embed an ethical and integrity-driven culture where internal and external stakeholders apply and implement the core ethical values of the Global Fund: integrity, duty of care, accountability, dignity and respect, and where ethical decision making is applied consistently.

2. Our Vision

The Global Fund is where we foster a strong E&I program, inspire stakeholder trust and promote the highest standards to safeguard resources dedicated to save lives.

3. What We Do

We promote ethics and integrity-related values, systems and practices, and facilitate the prevention, detection and response to unethical practices at all levels of the Global Fund. To fulfill our mission, we collaborate closely with stakeholders to support the development and implementation of tools for embedding E&I into operations.

To varying degrees we engage with these **stakeholders**...

Operations

- Implementers, Principal Recipients (PRs) & Sub-recipients (SRs)
- Country Coordinating Mechanisms (CCMs)
- Direct suppliers
- Assurance providers, including Local Fund Agents (LFAs)

Secretariat

- Senior management, staff, consultants
- Private sector partners
- Indirect suppliers

OIG

- Senior management, staff, consultants
- Investigations and Audit units

Governance

- Board & Committees
- Technical Review Panel (TRP) & Independent Evaluation Panel (IEP)

...on these **topics** and to mitigate these **risks**...

Promoting ethical norms

- An enabling culture (incl. speaking up)
- Promoting values and ethical principles in our decision-making process

Managing E&I risks

- Sexual exploitation, abuse and harassment (SEAH) and related abuse of power
- Fraud risk, including Policy to Combat Fraud and Corruption (PCFC)
- Conflict of interest
- Integrity risk at Secretariat and in-country levels
- CCMs ethics risk
- Misconduct risk including violation of codes

...conducting the following **program activities** to address topics and risks.

- Promoting and enabling tone at the top
- Performing & supporting E&I risk assessment namely as part of cross-functional team
- Supporting clear accountabilities
- Developing, supporting, and advising on policies, procedures & controls
- Case and investigation management
- Developing and delivering training, learning and awareness activities
- Supporting whistleblowing policy and investigations
- Supporting sanctions panel process
- Monitoring and reporting to Management Executive Committee (MEC), Committees & Board

4. Our Team

The Ethics Office comprises a diverse team of 19 professionals, with 4 new additions in 2023 specifically to bolster the capacities of the Protection from Sexual Exploitation, Abuse, and Harassment (PSEAH) Coordination Unit (PCU). The PCU now consists of 9 professionals demonstrating the commitment of the organization to dedicate appropriate resources to this important area. Members of the Ethics Office have specific accountabilities and expertise so that the Office as a whole is able to advise stakeholders on the range of E&I risks.

5. Financial Resources

The Global Fund has incrementally raised its investment in E&I in alignment with the program's advancing maturity, notably marked by the establishment of the PCU in 2021 and its subsequent resourcing (2022) and expansion (2023). Allocating appropriate resources to the ethics function is in line with best practice to ensure independence and proper integration in operations.

Year	Operating Expenses (USD)	
	Budget	Actuals
2023	5,049,211	3,881,905 ¹
<i>of which: Core Ethics budget</i>	2,434,076	2,061,647
<i>PSEAH budget</i>	2,615,135	1,820,258

6. Systems

The Ethics Office maintains the following systems to support its activities:

- a secure case management system²;
- a platform for the collection of E&I disclosures, such as declarations of interest;
- a database which aggregates integrity-related information from across the Global Fund, incorporates external data sources and serves as the archiving and research tool.

¹ The US\$1.1M delta between budgeted and actuals reflects changes in Ethics Office management, the "experimental" nature of a first-year budget (PSEAH), and unspent money reserved for eventualities such as case management, victim/survivor support, and IDD needs.

² The Ethics Office and the OIG are undertaking a process to upgrade the existing case management system with more advanced security, efficiency and integration features for improved data and case management.

III. Annual Opinion

In accordance with article 3.a.i of the Terms of Reference of the Ethics Officer, as set forth in Annex 1 to GF/B33/ER08 and approved by the Board pursuant to decision point GF/B33/EDP14, the Ethics Officer should:

“Provide an annual written opinion to the Board, through the relevant Board Committee (the “Committee”), on (i) the state of ethics and integrity across the entire Global Fund and the activities it finances, including anticorruption controls, based on available assessments of key risk areas; and (ii) the extent to which Global Fund activities have complied with ethics and integrity-related policies, codes and requirements;”

This paper presents the Global Fund Ethics Officer’s Annual Report and Opinion 2023. It should be read in conjunction with other reports that the Board and its committees may receive, including those from the Inspector General³ and Chief Risk Officer.⁴

1. Ethics Risk Assessment

The Organizational Risk Register (‘ORR’) and the Risk Report and Chief Risk Officer Annual Opinion point to continued risk drivers given the macro-economic instability, persistent inflation and cost-of-living crisis and regional and armed conflicts. More specifically, risk drivers include weak procurement processes and fraud risk governance and control at the implementer level, grant implementation in conflict-affected areas with low-capacity implementers increasing the risk of fraud and corruption, and more generally inherent financial and fiduciary risk as challenges and disruptions continue at both the macro and portfolio level.

Risk pertaining to SEAH is rooted in power imbalances, typically stemming from the unequal distribution of resources, and enabling socio-cultural beliefs exacerbated by the backdrop of volatile or highly vulnerable environments. SEAH risk drivers include weak capacity to prevent, detect and respond to SEAH across the Global Fund partnership. Specifically, low PSEAH capacity includes deficits in SEAH awareness, SEAH risk mitigation, safe spaces and adequate reporting channels, and victim/survivor-centered response, including support to victim/survivors. SEAH Risk is also linked to a general failure to uphold the values and behaviors needed to achieve our core mission, which depends on the delivery of people-centered services that are freely available to all. This, in turn, creates significant reputational risk.

In this context, the ORR indicates that the E&I risk including SEAH remains high. It also states that while the inherent risk remains elevated, there is a better strategic focus on enhancing E&I risk management including SEAH risk mitigation, fraud risk management, clarifying accountabilities, and increased training and awareness. Given this, the direction of travel is steady.

The Ethics Officer concurs with this assessment overall. Several AMAs which have been long-overdue have been closed especially with respect to the Integrity Due Diligence Framework for implementers, the clarification of roles and responsibilities for key E&I risks, and SEAH risk mitigation (See Annex 1). This demonstrates a clear commitment to enhancing ethics governance and progressing the maturity level of the E&I program.

2. Maturity Level of Ethics and Integrity

The Ethics Office had planned to explore, over the course of 2023, a revision of the assessment methodology regarding the Global Fund’s level of maturity of the E&I program. While the incoming Ethics Officer may in fact consider other methodologies going forward, we have continued to use the Ethics & Compliance Initiative’s High-Quality Program Measurement Framework⁵ (‘ECI HQP’) for purposes of this assessment. This methodology allows an assessment of the program across five dimensions and five levels of maturity.

The Ethics Officer’s opinion is that the program remains overall at the ‘**Adapting**’ level of maturity, which can be defined as a program that has HQP elements, but with room to further mature. With progress achieved during the course of the past year especially on the PSEAH front and in closing important AMAs (as noted below and in Annex 1), there is progress under certain categories that give the program attributes of the ‘**Managing**’ level. This assessment involves understandably a subjective and professional judgement as part of the analysis. It masks variations in program maturity for some principles, risks and stakeholder groups which are explained below, but nonetheless represents notable progress under the current circumstances and given the transition context.

3 Office of the Inspector General Annual Report

4 Risk Report and Chief Risk Officer Annual Opinion

5 <https://www.ethics.org/wp-content/uploads/mdocs/2019-ECI-WP-HQP-Framework.pdf>









Global Fund Maturity According to the Ethics & Compliance Initiative's (ECI) five level High Quality Program Measurement Framework:

ECI PRINCIPLE	UNDER-DEVELOPED	DEFINING	ADAPTING	MANAGING	OPTIMIZING	RATING EXPLANATION
<p>Principle 1</p> <p>Strategy</p> <p>Ethics & compliance is central to strategy</p>		●	● ●	●		<p>'Adapting' moving towards 'Managing'</p> <p>Ethics is beginning to embed with accountability assigned for key ethics and compliance risks</p> <ul style="list-style-type: none"> • Ethical values are clearly expressed in the Global Fund's strategy, and the E&I program is aligned to enable this strategy. • The Ethics Office has been allocated adequate financial resources despite a period of budget constraints which continues to show a strong organizational commitment towards both core ethics and PSEAH pillars. • The Ethics Officer has a direct reporting line to the Board (through the EGC) and to the Executive Director to ensure access and independence, in line with best practices observed in peer organizations. • The E&I program is integrated into core organizational processes and activities, namely the Global Fund Business Process Model, organizational priorities setting and the integrated risk management tool. • The Executive Director has objectives on ethics and PSEAH incorporated in his individual priorities which cascade down to the management team and the extended leadership. • The Ethics Officer participates in key strategic discussions at the Management Executive Committee (MEC), Committee and Board meetings, and chairs the Secretariat's Private Sector Engagement Committee. • The Board, through the EGC, is knowledgeable about the E&I program and monitors its implementation periodically, notably through the Ethics Office Annual Report and Opinion and the Ethics Office workplan and progress updates. • The organization shares its learning on E&I to positively influence responsible practices internally and in other organizations, e.g., PCU's participation in the UN-led Inter Agency Standing Committee (IASC) Technical Experts Group and in the UK-run Cross-Sector Safeguarding Group (CSSG); alignment with public health organizations (GAVI, WHO, UNITAID, UNDP) on best practices and synergies in PSEAH.

● 2020 Ratings ● 2021 Ratings ● 2022 Ratings ● 2023 Ratings

ECI PRINCIPLE	UNDER-DEVELOPED	DEFINING	ADAPTING	MANAGING	OPTIMIZING	RATING EXPLANATION
<p>Principle 2</p> <p>Risk Management</p> <p>Ethics risks are identified, owned, managed and mitigated</p>		●	● ●	●		<p>‘Adapting’ moving towards ‘Managing’</p> <p>A formal risk assessment process is in place with accountability assigned for ethics risk management but is not consistently performed.</p> <ul style="list-style-type: none"> ● With the closure of AMA2 in 2023, key E&I risks are defined and roles and accountabilities for E&I risks are clearly assigned. ● E&I risk management has continued to mature and is embedded into existing mechanisms such as the ORR with risk owners accountable for their respective areas, and the Integrated Risk Management tool for grant operations. ● The Ethics Office is an integral part of the cross functional Steering Committee for fraud risk assessment and management. ● E&I training is tailored to stakeholder groups based on their role and risk exposure, e.g. targeted risk management training is provided as part of the CCM ethics support and on PSEAH issues. ● The Global Fund conducts consistently third-party integrity due diligence (IDD) at the level of the Secretariat and for purposes of in-country operations. The closure of AMA6 during 2023 was an important milestone allowing the Global Fund to push a risk-based IDD at the PR level. Guidelines for implementation of PR-led IDD will be rolled-out during Q1 2024 with associated training through 2024.
<p>Principle 3</p> <p>Culture</p> <p>Leaders at all levels build and sustain a culture of integrity</p>		●	● ● ●	●		<p>‘Adapting’ moving towards ‘Managing’</p> <p>Leaders are engaged in promoting ethics, with E&I program controls and procedures operating as an integral part of business processes.</p> <ul style="list-style-type: none"> ● Leaders actively promote ethical conduct, e.g. through a MEC concerted and jointly-led initiative around psychological safety; MEC representation in the Diversity, Equity & Inclusion. ● Leaders support E&I training requirements. ● There are mandatory ethics training courses in place, e.g., training on ethics for new joiners, training on anti-corruption for the Secretariat staff, CCM ethics training and PSEAH training courses are delivered in pilot countries. ● At the governance level, the EGC has led efforts to create an inclusive governance culture, grounded in trust, collaboration, and accountability, with the aim of increasing the effectiveness of the Global Fund Board decision-making. ● The Executive Director has objectives on Ethics and PSEAH incorporated in his individual priorities including promoting training, learning and awareness. ● Codes of conduct exist for relevant stakeholders at the Global Fund, are clear and include the consequences for conduct that is inconsistent with the organization’s values. In 2023, a Code of Conduct certification campaign was completed for all employees. Governance Officials are required to complete a Code of Conduct certification annually.

● 2020 Ratings ● 2021 Ratings ● 2022 Ratings ● 2023 Ratings

ECI PRINCIPLE	UNDER-DEVELOPED DEFINING	ADAPTING	MANAGING	OPTIMIZING	RATING EXPLANATION
Principle 4 Speaking Up The organization encourages, protects and values the reporting of concerns and suspected wrongdoing		   			A formal employee speaking-up/ reporting structure is partially embedded, but more progress is needed. <ul style="list-style-type: none"> • The culture and environment, including the Global Fund's various codes of conduct, proactively promote a speak-up culture and encourage employees, governance officials, beneficiaries, and contractors to raise concerns through various channels. • A formal whistleblowing policy and process exist to raise and resolve concerns or suspected wrongdoing with communication around the speak-up program, which is run by the OIG with support from the Ethics Office. • The internal justice mechanism is designed to ensure that employees who raise concerns are treated fairly and consistently across the organization. • All staff are required to be trained in detection and reporting of fraud and corruption in procurement and financial management practices. • A prohibition against retaliation exists as part of the Global Fund's Whistleblowing Policy and Procedures, the PCFC, and the codes of conduct for employees, governance officials and members of CCMs.
Principle 5 Accountability The organization takes action and holds itself accountable when wrongdoing occurs		   			The organization communicates applicable standards and outcomes to employees and has established escalation, tracking, and investigative protocols exist, including consistent root cause analysis, follow-up action and trend reporting. <ul style="list-style-type: none"> • A policy on reporting misconduct exists, is known, and is generally enforced; codes of conduct provide for employees, governance officials, members of CCMs being held accountable for reporting and/or misconduct. • The Global Fund is committed to transparency and accountability to show stakeholders it is making effective use of the funds with which it is entrusted. In this spirit, the Office of the Inspector General (OIG) normally publishes the outcome of its audit and investigations. • Structures and measures to promote discipline exist. • Secure case management systems for handling allegations of misconduct or prohibited practices exist. • Scenarios inspired from real-life cases are used for training (SEAH, Conflicts of Interest). • Investigations are conducted/overseen by trained investigative staff (e.g. OIG).

 2020 Ratings
  2021 Ratings
  2022 Ratings
  2023 Ratings

3. Compliance 2023

With respect to compliance, the Ethics Officer is not aware of any allegations of ethical breaches that the organization has failed to address in accordance with its currently approved policies and procedures. We can expect that, with the ongoing efforts to improve a culture of speaking up and to keep strengthening the ethics program, more concerns may probably be raised compared to what has been reported. If this proves to be the case, I am confident that the organization will address them fairly and consistently.

IV. 2023 in Review

Ethics in numbers

PSEAH

36

SEAH cases managed (29 new cases opened, seven carried over from 2022)

8

countries in which PRs piloted the SEAH Risk Assessment and Mitigation Tool

42

PRs in highest SEAH risk/impact countries undergoing PSEAH Capacity Assessments

1,236

Global Fund employees and consultants completed the PSEAH e-learning module

15

CCM EOs trained on PSEAH best practices

CCMs

2,180

visits on CCM Ethics web page in both its English and French versions

830

CCM members completed the CCM e-learning on Code of Conduct

Governance Officials

376

DOI forms collected for Governance Officials

99%

of Governance Officials participating in Board and Committee meetings have valid DOI forms and completed their CoC certification

63

cases related to conflicts of interest assessment/management for Governance Officials

Secretariat

673

DOI forms collected for staff grade D and above

97.7%

of employees completed their CoC certification

64

cases related to conflicts of interest assessment/management for the Secretariat

Integrity Due Diligence

2,248

individuals, and

974

organizations screened on Essential Due Diligence covering all Global Fund counterparties

78

individuals screened for Governance Officials nomination processes

US\$329M

worth of Insecticide Treated Net tender in 2023 supported by Enhanced Integrity Due Diligence

Protection from sexual exploitation, abuse, and harassment (PSEAH)

The Global Fund's goal of eliminating the three diseases depends on the delivery of people-centered services that are freely available to all, without fear or favor, and on maintaining safe and thriving workplaces across our extended partnership. In 2023, protection from sexual exploitation, abuse, and harassment (PSEAH) remained a priority in the Global Fund Strategy, and the Global Fund continues to accelerate efforts designed to protect all stakeholders from SEAH. While the Global Fund cannot remove the risk of such abuses, it can, together with partners, mitigate the risk of SEAH and respond appropriately when SEAH is discovered.

Throughout 2023, the Global Fund made significant progress in operationalizing and embedding PSEAH practices across operations, with key achievements in the following areas:

Policy, Partnership, Management

In 2023, PSEAH efforts continued to be guided internally through the PSEAH Steering Committee (a cross-functional advisory body that includes senior management), the OIG-Secretariat collaborative SEAH Case Review Panel, and cross-organizational PSEAH Working Groups dedicated to SEAH risk management, training and awareness, and response readiness. The PCU was further resourced to respond to the organization's growing needs in both SEAH prevention and response.

In 2023, the Steering Committee endorsed a series of internal metrics to monitor Framework implementation progress; these metrics will be operationalized in 2024. The Global Fund began to integrate "safer recruitment" strategies into recruitment practices, and significant policy and procedure documents continue to be developed.

Engaging with external partners is vital to a meaningful and effective PSEAH approach to share information and best practices, to support country ownership, and to avoid duplication of resources. In 2023, the PCU continued its efforts to align with partners in public health and participated in the UK-led Cross-sector Safeguarding Steering Group and the Inter-Agency Standing Committee's Thematic Experts Group on PSEA.

Prevention

Throughout 2023, the SEAH Risk Management approach continued in earnest:

- Global Fund SEAH Risk Index refactored to inform a prioritization schedule driven by areas of largest Global Fund investment in highest SEAH risk activities;
- (Non-UN) PRs assessed for compliance with PSEAH and child protection code of conduct provisions;
- PRs in the highest SEAH priority countries assessed for PSEAH capacity and supported with capacity-building plans;
- Grant intervention-level SEAH Risk Assessment and Mitigation Tool piloted in South Africa, Kenya, Cameroon, Ghana, Rwanda, Namibia, Philippines, and Guatemala.

Raising awareness among the different stakeholders and providing tailored guidance is a core element of our PSEAH work. In 2023, the PCU developed and led PSEAH e-learning for staff and governance officials; PSEAH oversight briefing for governance officials; PSEAH training for CCM Ethics Officers; and PSEAH awareness sessions for implementers, CCM Members, and beneficiary representatives in the countries piloting the SEAH Risk Assessment and Mitigation Tool. While work began to develop a beneficiary-facing awareness campaign in 2023, this initiative will be renewed with lessons learnt in 2024.

In addition, in December 2023, the PCU led a three-day capacity-building PSEAH/Ethics workshop in Nairobi, Kenya. Bringing together 140 PSEAH Focal Points from PRs, SRs, and CCMs in anglophone Africa, a combined Secretariat and OIG cohort presented the PSEAH Focal Points with the tools required to shepherd implementer capacity-building efforts at their respective organizations. Throughout GC7, the PSEAH Coordination Unit will continue this approach annually on a regional basis and more frequently on a country basis.

Response Readiness

In 2023, the Global Fund made great strides in readying a victim/survivor-centered response: the Steering Committee endorsed an articulation of the scope of expected victim/survivor support services by in-country partner; significant progress was made against operationalization of a victim/survivor fund of last resort; and the PCU developed a series of practical tools to help evaluate reporting mechanisms, map victim/survivor support services, and provide a victim/survivor-centered response.

Over the course of 2023, the PCU saw the critical role that CCM ethics officers can play in PSEAH, particularly in setting up readied SEAH response infrastructure. As a result, in 2023, the PCU helped build the CCM ethics officers' PSEAH capacity and decided to leverage the 2024 PSEAH budget to enable a transition to full-time positions with increased PSEAH responsibilities. (See paragraph on CCMs below)

Actual Response

In 2023, the OIG and the Ethics Office were involved in the investigation, case management, and oversight and victim/survivor support of 36 SEAH investigations (29 new cases opened, seven carried over from 2022). Where cases fell within the OIG's mandate, the PCU facilitated victim/survivor support and advocacy. For cases that fell outside of the OIG's mandate, the PCU provided case management and investigatory oversight of investigations conducted by implementers, as well as victim/survivor support and advocacy.

In 2023, the Global Fund facilitated support services to five victim/survivors.

Looking Ahead to 2024

Much of the work underway in 2023 will continue in 2024, with efforts at refinement and iteration based on lessons learnt.

Working holistically with the nine Global Fund PSEAH capacity standards as the backbone to our approach, the three proactive PSEAH workstreams (risk management, training and awareness, and response readiness) will work cohesively as end-to-end PSEAH support. Capitalizing on the anticipated full-time role of the CCM ethics officers and the PSEAH Focal Points at PR and SR level, the PCU will ensure that a locally owned, culturally relevant approach to PSEAH is embedded across the Global Fund portfolio.

In addition, in an effort to increase efficiency and maximize synergies, the PCU and the Community, Rights, and Gender Department have committed to identifying and developing streamlined approaches across some of the intersecting areas, such as gender- and sex-based violence, human rights, and safety and security.

Finally, the PCU will continue to respond to any allegations of SEAH that should arise in 2024, ensuring a victim/survivor-centered response for every SEAH report in connection with Global Fund activities.

Core ethics

Country Coordinating Mechanisms (CCMs)

Country (and Regional) Coordinating Mechanisms (CCMs/RCMs) are a key element of the Global Fund partnership, as the main multi-stakeholder governance bodies for Global Fund investments. At country level, CCMs and RCMs play an important role, including creating funding requests, nominating principal recipients, and overseeing grant implementation. Ensuring ethical conduct and decision-making in all CCMs activities are crucial for the success of programs in countries and CCM members are required to apply the highest standards of conduct, enforce the values and principles of their Code of Conduct, prevent, and respond to Code breaches.

The Ethics Office continued to invest in CCMs in 2023, as they are strengthening their ethics and integrity, with a focus on ethical and responsible conduct, decision-making and conflict of interest management, since it is directly linked to improving CCM functioning, and contributing towards more robust funding requests, grant oversight and overall CCM impact in their countries.

The Ethics Office also continued to maintain the increased engagement and commitment from CCMs, built over the last four years, and, as per its second line of defense role, provided support to CCM ethics functions, secretariats, and leaderships, who have been increasingly reaching out for guidance and advice, either proactively to help prevent or to address specific Code of Conduct breaches. The Ethics Office continued to work in close collaboration, internally, with the CCM Hub and Country Teams, to ensure tailored ethics support to CCMs, keeping in mind varying maturity and capacity levels, specific local contexts, and challenges (such as power imbalances, inclusivity, and representativity issues).

Additionally, to further support CCMs and build on the CCM ethics officers positions, created last year within 15 CCM secretariats, the Ethics Office continued to mentor them, providing tailored guidance, and helping them strengthen Ethics and Governance within their CCMs and improving accountability, transparency, and inclusivity. The Ethics Office also organized the first virtual meeting of the CCM ethics officers network, allowing them to have a forum where they each shared and exchanged their experiences, lessons learned, best practices, challenges, and achievements.

2023 Ethics Training update for CCMs and RCMs

The Ethics Office addressed all training requests from CCMs and RCMs, including as part of their orientations and general assemblies, and conducted multiple ethics sessions with over 400 participants in 2023. These sessions covered key ethics related issues, based on their needs, such as conflict of interest management, ethical decision-making, embedding and enforcement of ethical values and principles of the CCM Members' Code of Conduct, Speaking Out and reinforcing key CCM principles. The CCM Code of Conduct e-learning modules, available on iLearn in different languages, were completed by over 830 members in 2023. Additionally, in collaboration with the PSEAH Coordination Unit, two PSEAH training sessions took place, one as part of the CCM Ethics Officers onboarding and one awareness-raising session for CCM members during their general assembly.

Looking Ahead to 2024

The Ethics Office will continue investing in CCMs, with the anticipated move to full-time CCM ethics officers, offering them dedicated support, in collaboration with the PCU and the CCM Hub, to help them deliver on both Ethics and PSEAH fronts. Indeed, with a significant increase in budget allocation, over USD 460,000⁶ in 2024, this effort aims to reinforce their role as PSEAH Focal Points within their respective CCMs. Taking into account, the competing priorities and challenges CCMs will be facing this year, including the GC7 milestones, and considering specific in-country contexts, the Ethics Office will continue collaborating internally closely with the CCM Hub and Country Teams, and supporting CCMs and their Ethics Functions, by providing tailored training and guidance, to best address their needs, ensuring the reinforcement of CCM ethics principles and requirements, and focusing on ethics capacity building and strengthening.

Integrity Due Diligence

The Ethics Office has ownership over the Integrity Due Diligence (IDD) Framework and supervises its implementation as a tool for counterparty integrity risk management across all functions.⁷

Integrity due diligence as a process of gathering and analyzing information to evaluate the extent to which a counterparty might expose the Global Fund to integrity risk is crucial to safeguarding the operations of the Global Fund and its reputation. The Ethics Office acts as the organization's center of expertise for integrity due diligence, helping all functions to define, develop and embed due diligence procedures into their work and supporting specific due diligence assignments.

The IDD workstream had two priority objectives for 2023: the development of the approach to IDD within the implementation of Global Fund grants, and the delivery of major IDD assignments in support of Board Leadership selection and the ITN tender. Both were completed successfully with the first leading to the closure of AMA6 of the Ethics Audit and the second relating to the ITN tender contributing to safeguarding one of the highest-volume and highest-risk procurements in the Global Fund. In addition, the Ethics Office continued to deliver ongoing IDD support in line with established procedures across all departments, including high-volume screening of counterparties under our established Essential IDD process. As knowledge of and demand for IDD within the Secretariat is steadily growing, the Ethics Office is continuing to balance and prioritize IDD requirements within the allocated budget envelope.

Looking ahead to 2024

In 2024, the Ethics Office will continue to strengthen the impact of IDD on risk management through the roll-out of guidelines and verification of PR-led IDD activities. This ambitious stream of work conducted in close collaboration with GMD will be a significant step forward in the maturity of integrity risk management and supporting the roll-out of activities at implementer level, including PSEAH. The Ethics Office will provide support to Country Teams, LFAs and PRs, as well as lead on the selection of external IDD providers to support local implementation. The Ethics Office will also aim at upgrading the infrastructure of IDD processes and updating integrity risk assessments, policies, and processes.

⁶ This figure includes the additional budget allocation of USD 200'000 to be transferred to the CCM Hub as part of the Ethics Office support to CCMs.

⁷ Integrity risk is defined with respect to counterparties – entities and individuals the Global Fund relies on to fulfil its mission – as a probability that the counterparty: is engaged in Prohibited Practices defined in the Section 4 of the GF PCFC; is exposed to a conflict of interest that increases the counterparty's likelihood of engaging in Prohibited Practices or skews the counterparty's decision-making against the best interests of the Global Fund's Mission of eliminating the three diseases; espouses views or engage in practices counter to the Global Fund's Values and Mission ("incompatible partnerships") including human rights, environmental, and labor violations or unacceptable practices.

Conflict of Interest Management and Ethical Conduct

The Ethics Office has continued to advise on conflict of interest management and ethical conduct at both the Governance and Secretariat levels.

At the Governance level, the Ethics Office contributed to protect the integrity of decision-making through disclosure of interest, code of conduct certification and the management of conflicts of interest for the Board, the Committees, the Technical Review Panel (TRP), the Independent Evaluation Panel (IEP) and the Grant Approvals Committee (GAC).

The Ethics Office conducted tailored sessions on ethical conduct and conflicts of interest management, along with rounds of disclosures at Board and Committee meetings to build collective awareness and foster transparency.

The Ethics Office provided guidance and support to the IEP in the development of procedures to manage conflicts of interest, tailored to the mandate of the IEP, with the aim of preserving its independence and the integrity of its work.

In 2023, conflict of interest assessments were deployed in several contexts, including the selection of Board Leadership, the selection of new IEP members and the selection of the TRP Leadership. Throughout the year, the Ethics Office continued to field requests and provide guidance for managing ad hoc conflicts of interest situations or queries relating to various governance bodies.

At the Secretariat level, the Ethics Office conducted:

- a Code of Conduct certification campaign encompassing all employees;
- a declaration of interest campaign specifically targeting all grade D employees and above, including all members of the Management Executive Committee, reflecting a risk-based approach.

Looking Ahead to 2024

In 2024, the Ethics Office will collaborate with Secretariat key departments to assess the need for further guidance on E&I risks and to raise awareness on conflict of interest management and ethical conduct.

The Ethics Office is commencing its initial phase of reviewing the codes of conduct, aiming to update them for consistency and to reflect the evolving policy landscape on ethics matters. In a subsequent phase, a review of the Ethics and Integrity Framework will be undertaken under the leadership of the incoming Ethics Officer.

Fraud Risk Management and Policy to Combat Fraud And Corruption

In 2023, the Ethics Office continued to support implementation of the Policy to Combat Fraud and Corruption by working directly with the Risk Team and other functions in addressing the Fraud Risk Management Maturity Assessment (FRMMA) undertaken by the OIG in 2022. In this context, the Ethics Office fulfilled its role of providing policy-level guidance, advising on fraud risk assessment and mitigation methodologies in programmatic assurance, and monitored institutional progress in addressing cross-functional fraud risk.

The Ethics Office also continued to provide advisory work by supporting stakeholders in designing, implementing, and evaluating results based contracting models that were informed by fraud risk assessments. The Ethics Office provided direct support in drafting operational policies, guidelines, and tools for results-based contracting to ensure that fraud risk mitigation is adequately embedded when scaling occurs.

Looking Ahead to 2024

In 2024, the Ethics Function will continue participating actively in the cross-functional steering committee on FRMMA working closely with the Risk Department and other functions on all aspects of fraud risk maturity assessment and management.

Ethics Trainings and Awareness

As mentioned above, the Ethics Office has initiated and led several training, awareness and learning initiatives in line with its objective of reinforcing a culture of ethics. This has taken place in all areas under the purview of the Ethics Office and the above-mentioned numbers show the reach and impact of our work in this space.

In addition, a review and analysis were conducted to assess ethics trainings needs and to identify any gaps in order to develop a more holistic and enhanced training program for 2024.

Looking Ahead to 2024

Looking ahead to 2024, the Ethics Office will continue to develop and will deploy a holistic e-learning program covering all ethics areas of interest, starting with modules on the codes of conduct in Q2 on a pilot basis.

Annex 1

Update on Agreed Management Actions (AMA)

	AGREED ACTION	STATUS UPDATE
AMA 2	The Chief of Staff, in collaboration with the Ethics Officer and Secretariat stakeholders, will review and, where necessary, clarify the accountabilities for managing, monitoring, and overseeing a defined set of Ethics and Integrity risks. This will be integrated into existing mechanisms and will include a proposal for Committee oversight responsibility for specific risks, for decision by the appropriate body.	<p>Closed</p> <p>The Ethics Office had developed and completed, jointly with the Risk Department and other functions (GMD, SO, HR, ERCD, Finance, LGD) a document defining a set of key E&I risks and the roles of responsibilities of respective functions for managing and monitoring those risks in terms of first and second lines. This AMA was closed in December 2023.</p>
AMA 6	The Ethics Office will complete the rollout of the ongoing IDD project, such that a risk-based approach is applied to all categories of Global Fund counterparties including implementers and suppliers. The accountabilities for triggering and performing due diligence and subsequent decisions based on the results will be developed.	<p>Closed</p> <p>Together with GMD, the Ethics Office co-led extensive consultations across all Secretariat departments to develop an approach to IDD which could apply across the diverse contexts of grant implementation, setting consistent standards for over two hundred PRs with varying levels of risk management maturity. The endorsement of the approach by GMD, Risk, Legal, Finance and Ethics together with the roadmap of its implementation led to the closure of the AMA in December 2023.</p>
AMA 3	The Ethics Officer and Head of Human Resource Department will prepare a paper reviewing misconduct investigation mandates and required resources across the Global Fund, and proposing options for decision by the relevant Committees, and if necessary, the Board. This will incorporate input from the Office of the Inspector General. The terms of reference of the various functions will be updated, as needed, based on the decisions by the relevant Committees.	<p>Closed</p> <p>A review of the Internal Justice Mechanism was led by OIG Advisory with participation from HR, LGD and the Ethics Office, completed. In conjunction with this review, a document was prepared to map existing mandates and identify any gaps, overlaps or other issues with existing policies and procedures. This document, along with a draft roadmap outlining further steps to be taken by relevant teams was submitted to and endorsed by the MEC, leading to the closure of the AMA in March 2024.</p>

	AGREED ACTION	STATUS UPDATE
PSEAH AMA 1	<p>The Global Fund Secretariat will advance the implementation of the organization's Operational Framework on the Protection from Sexual Exploitation and Abuse, Sexual Harassment, and Related Abuse of Power (the "PSEAH Operational Framework") from development and trial commencement (Phase I – 2022-2023) to implementation and scaling (Phase II – 2024-2025) by:</p>	<div style="background-color: #0070C0; color: white; text-align: center; padding: 5px; border-radius: 10px; font-weight: bold; margin-bottom: 10px;">On Track</div> <p>Due date: 31 July 2024</p>
	<p>i. Agreeing metrics to annually measure the implementation of the PSEAH Operational Framework (to be completed by 30 June 2023)</p>	<ul style="list-style-type: none"> ● Completed: Metrics for measuring the implementation of the PSEAH Operational Framework were developed and endorsed by the PSEAH Steering Committee in June 2023.
	<p>ii. Ensuring a risk-based and impact-driven approach determines Phase II selection of countries and Principal Recipients (to be completed by 30 June 2023); PSEAH capacity assessments and grant-level risk mitigation activities underway according to schedule.</p>	<ul style="list-style-type: none"> ● Completed: The risk management approach for 2024-2025 was revised to be risk-based and impact-driven, considering the size of investment in highest SEAH risk-activities targeted at at-risk populations. The updated methodology was approved by Head, GMD and endorsed by the PSEAH Steering Committee in August 2023. ● Well advanced: The SEAH risk management roll-out to countries began in 2023 and continues at pace.
	<p>iii. Using lessons learned from the 2023 grant-level SEAH risk mitigation pilots to refine the grant-level risk mitigation approach (to be completed by 31 December 2023)</p>	<ul style="list-style-type: none"> ● Well advanced: the grant intervention-level risk assessment and mitigation approach is being updated with lessons learned from the pilots.
	<p>iv. Defining an approach and developing an action plan to strengthen local SEAH reporting channels consistent with internationally recognized standards and leveraging community level engagement</p>	<ul style="list-style-type: none"> ● On track: approach consulted with OIG
	<p>v. Communicating, by 30 June 2023, to all CCMs and PRs to reiterate a) the need for implementers to have strong reporting channels and quickly and effectively respond to allegations of wrongdoing; and b) their obligation to promptly report such allegations to the Global Fund Secretariat or OIG.</p>	<ul style="list-style-type: none"> ● Completed: a communication was sent through the Operational Update in June 2023.



**The Global Fund to Fight
AIDS, Tuberculosis and Malaria**

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