

# Thirty-Second Board Meeting

# Corporate KPIs Narrative

**The Global Fund Thirty-Second Board Meeting****GF/B32/24.a****Revision 2****Board Decision****THE GLOBAL FUND CORPORATE KEY PERFORMANCE INDICATOR  
FRAMEWORK FOR 2014-2016****Purpose:**

1. In follow-up to GF/B30/07 – Revision 1, this paper summarizes the final Global Fund Corporate Key Performance Indicator Framework for 2014-2016 as approved by the Board in November 2013 (GF/B30/DP07). Included are finalized methodologies for all indicators and proposed targets for 2015 incorporating input received from the Finance and Operational Performance Committee and the Strategy, Investment and Impact Committee. This paper is provided to the Board for decision.

## INTRODUCTION

1. In November 2013, the 30<sup>th</sup> Board Meeting approved the Corporate KPI Framework for 2014-2016. As requested, the Secretariat has continued to finalize methodologies, baselines and targets for the 11 indicators that required additional methodological work.
2. The framework was developed with extensive consultation with Board Constituencies and Committees incorporating expert input from technical and funding partners, including World Health Organization, the Joint United Nations Programme on HIV/AIDS, US President's Emergency Plan For AIDS Relief, US President's Malaria Initiative, the World Bank, the UK Department for International Development, civil society and the academic sector. The product of this constructive process is a concise, focused set of indicators that are visible, measurable, and aligned with the Global Fund Strategy 2012-2016.
3. Development of the framework is now complete for all 16 indicators, and this paper outlines the full framework incorporating the revised methodologies. Performance targets for 2015 are presented here for Board approval.
4. Indicator definitions, baselines, and performance targets were reviewed by the Finance and Operational Performance Committee and the Strategy, Investment and Impact Committee in June, October, and November 2014. Feedback from these Committee sessions has been reflected in the final framework.
5. Performance targets for 2015 are available for 14 of the indicators, and the remaining two indicators will be finalized for submission to the March 2015 Board Meeting. These two are KPI 12: Human Rights Protection, and KPI 16: Quality of Management & Leadership.
6. Though the methodology for tracking KPI 12 has been finalized, further work is required to assess the baseline and set a meaningful target for 2015. The other remaining performance target is for KPI 16: Quality of Management & Leadership. This target will be informed by the results of the 2014 manager quality survey to be conducted in November 2014.
7. Projected end-2014 results for ten indicators of the new framework are summarized in the accompanying document (GF/B32/24.b – Revision 1), and a full analysis of all Corporate KPI results for 2014 will be reported to the March 2015 Board meeting.
8. The following section provides a detailed summary of each indicator including definition, baseline, target, the rationale for each indicator's selection and the key issues that should be noted in interpretation.

## INDICATOR DEFINITIONS

Corporate KPI 1: Performance against strategic goals	
Measures	a) Estimated number of Lives Saved b) Estimated number of Infections Prevented
Baseline	a) 1.6m lives saved in 2011 b) 30m new infections averted in 2011
Target	a) 10m lives saved between 2012-2016 b) 140m new infections prevented over 2012-2016
Reporting Frequency	Semi-annually
Purpose	The indicator will enable progress against Strategic Goals to be tracked and forecast over time. The estimates provide an important link between the services delivered by Global Fund supported programs and their impact on the populations reached.
Limitations	<p>The current lives saved methodology covers the effects of just three of the interventions supported by the Global Fund with documented mortality outcomes (ARV therapy, TB treatment, and ITNs for under-fives in Africa).</p> <p>To address the limitations of current methods a Lives Saved Expert Group was convened in July 2014 as part of ongoing work with partners to review and improve the modelling methodology. This group included collaborators from the World Health Organization, the Joint United Nations Programme on HIV/AIDS and their estimation reference groups, Imperial College, London School of Hygiene &amp; Tropical Medicine, US Centers for Disease Control and Prevention, Stop TB Partnership, Roll Back Malaria Partnership, UNITAID, US President's Malaria Initiative, United Nations Special Envoy's Office, East-West Centre, Swiss Tropical Institute, Institute for Health Metrics and Evaluation, Bill &amp; Melinda Gates Foundation, World Bank, Millennium Development Goals Health Envoy, US President's Emergency Plan For AIDS Relief, the UK Department for International Development and the Global Fund Technical Evaluation Reference Group.</p> <p>The key recommendations of the group were: 1) in the short term (for the duration of the 2012-2016 strategy) revise the current methodology to apply updated assumptions on the factors of lives saved per service delivered (increase for TB treatment and decrease for ARV, LLINs); and 2) In the medium term (2-3 years) work with countries, with the support of technical partners, to apply more robust comprehensive disease impact models at the country level.</p>

Corporate		KPI 2: Quality and coverage of services <sup>1</sup>	
Measures	a) ARV retention rate at 12 months b) TB Treatment success rate for all new cases c) Proportion of population at risk potentially covered by LLINs distributed* d) Percentage of adults and children living with HIV currently receiving ART e) Percentage of HIV positive pregnant women who received anti-retrovirals to reduce the risk of mother-to-child transmission f) Percentage of HIV-positive TB patients given ART during TB treatment g) Number of countries with validated population size estimates for Female Sex Workers, Men who have Sex with Men, and where applicable, Injecting Drug Users  * Supplemented by ITN use measure: Proportion of population that slept under an ITN the previous night		
Baseline & Target	<b>Selected services</b>	<b>Baseline (2013)</b>	<b>Targets (2016)</b>
	a) ARV retention rate at 12 months	76%	80%
	b) TB Treatment success rate	86%	90%
	c) Proportion of population at risk potentially covered by LLINs distributed	47%	60%
	Proportion of population that slept under an ITN the previous night	42%	55%
	d) Percentage of adults and children living with HIV currently receiving ART	36%	50%
	e) Percentage of HIV positive pregnant women who received anti-retrovirals to reduce the risk of mother-to-child transmission	66%	90%
	f) Percentage of HIV-positive TB patients given ART during TB treatment	67%	90%
	g) Number of countries with validated population size estimates for Female Sex Workers, Men who have Sex with Men, and where applicable, Injecting Drug Users	n/a	2014: 35 countries 2015: 45 countries 2015: 55 countries
Reporting Frequency	Semi-annually		

<sup>1</sup> Initially quality of services and coverage of key interventions were included in the framework as separate indicators. However, two of the three recommended measures of *quality* were also recommended measures of *coverage*. The two indicators were therefore merged to give the proposed quality and coverage of services indicator.

Purpose	The indicator enables an assessment of quality standards and service coverage. It will also address the concern that the logical gap between the service delivery targets and impact goals of the 2012-2016 Strategy is too large for effective monitoring.
Limitations	<p>Measures a-c) are used to track service quality, and measures d-f) to track service coverage. Rates of service quality and coverage are measured at the national level and rates attributable to Global Fund support cannot be readily assessed. Interpretation of performance on this indicator should account for joint accountability. Adoption among major partners of a common contribution/attribution methodology will aid this interpretation. The KPI results will be complemented by analysis of the shifts achieved in improving the distribution of country coverage rates.</p> <p>A measure of ITN use has been included, but it should be noted that this data is collected every 3-5 years through major household surveys in a limited number of countries.</p> <p>Given the lack of validated data on access to HIV services among key populations inclusion of a coverage measure for these groups was not considered. However, measure g) was included to incentivize expansion and improvement of population size estimates to enable service coverage amongst key populations to be adequately assessed in the future. These estimates are validated using criteria on sampling and extrapolation techniques, as well as age of the data.</p>

Corporate KPI 3: Performance against strategic service delivery targets			
Measures	<ul style="list-style-type: none"> <li>a) Number of people alive on ARV therapy</li> <li>b) Number of TB cases treated according to the DOTS approach</li> <li>c) Number of LLINs distributed</li> <li>d) Number of HIV positive pregnant women who received anti-retrovirals to reduce the risk of mother-to-child transmission</li> <li>e) Number of Indoor Residual Spraying services delivered</li> <li>f) Number of cases with bacteriologically confirmed drug resistant TB treated with a second line regimen</li> <li>g) Number of people who received HIV testing &amp; counseling and know their results</li> </ul>		
Baseline & Targets	<b>Selected services</b>	<b>Baseline (2011)</b>	<b>Strategy targets (2012-16)</b>
	a) People on ARV therapy*	3.5m	7.3m
	b) TB patients treated	2.5m	21m
	c) LLINs distributed	62m	390m
	d) HIV positive pregnant women who received anti-retrovirals to reduce the risk of mother-to-child transmission	383K	2.7m
	e) Indoor Residual Spraying services delivered	7.7m	26m
	f) Cases with bacteriologically confirmed drug resistant TB treated with a second line regimen	12k	260k
	g) People who received HIV testing & counseling and know their results	34m	359m
	* Annual; other targets cumulative over 2012-2016		
Reporting Frequency	Semi-annually		
Purpose	The indicator enables progress against Strategy Targets for key interventions supported to be tracked and forecast over time.		
Limitations	<p>The 2012-2016 Strategy set targets for three prevention and treatment interventions supported by the Global Fund (measures a-c). For measure b) performance assessment will take into account the eligibility status of one specified country. This country, representing approximately 1 million TB cases per year, was included in the estimation of original strategy targets, but is no longer eligible for funding.</p> <p>For other services (d-g), targets are based on current service delivery forecasts. These targets are projections based on 2011-2013 results, and they are adjusted to reflect expected levels of funding for countries over the 2014-2016 period.</p>		

Efforts to come to an agreement with partners on a common contribution or attribution methodology for reporting service delivery results are ongoing. The Global Fund will continue using current methodology for the duration of the 2012-2016 strategy; and efforts to reach agreement with partners on a common reporting approach will form part of discussions on the post-2016 strategy.

Corporate KPI 4: Efficiency of Global Fund investment decisions	
Measure	Alignment between investment decisions and country "need"; with need defined in terms of disease burden and ability to pay
Baseline	2013 Alignment score: 0.65
Target	2014: 0.62 2015: 0.57 20% improvement in alignment over the 2014-2016 period
Reporting Frequency	Semi-annually
Purpose	The indicator assesses the extent to which, under the new funding model, the amount of funding reaching countries is better aligned with country needs. It is acknowledged that this measure addresses only part of the efficiency of investment decisions question. Further work is being undertaken to develop a viable complementary measure of within-program allocative efficiency.
Limitations	<p>A range of factors inherent in the design of the new allocation model and how the Global Fund manages grants will influence performance on the alignment measure. For example, maximum and minimum share constraints, other external financing, willingness to pay, incentive funding, absorptive capacity, performance and risk affect the level of funding allocated and then committed to countries. Interpretation of indicator performance will be informed by detailed analysis of the effects of these different factors.</p> <p>Baseline and target values have been updated from those proposed in November 2013 to incorporate the final disease burden data used in the Allocation Model and 2013 financials.</p> <p>Pilot work on methods to assess the efficiency of fund allocation decisions within country disease programs has shown considerable potential as a complementary measure of investment decision efficiency. Further methodological work has been conducted in 2014 and the response from TRP, countries and country teams has been positive. Work in 2015 will roll out the approach in at least 10 additional countries. Baseline data for 2015 and target for 2016 will be presented to the Board for approval in November 2015.</p>

Corporate KPI 5: Health System Strengthening	
Measure	HIV, TB & Malaria service availability and readiness rating: Proportion of countries in which the HIV, TB & Malaria SARA score improves by 5% points or more in the given period
Baseline	2013: 3 of 4 countries surveyed in 2013 showed an improvement of at least 5% points in HIV, TB & Malaria SARA score <ul style="list-style-type: none"> <li>▪ The range across the four countries was a 1-13% improvement over a period of 12-37 months</li> </ul>
Target	2014-2016: 60% of countries surveyed show an improvement of at least 5% points in HIV, TB & Malaria SARA score
Reporting Frequency	Annually
Purpose	The indicator enables assessment of whether Global Fund investments in health systems improve the extent to which services are capable of delivering prevention, treatment and care.
Limitations	<p>The ultimate outcome of Global Fund investments in health systems strengthening can be considered as whether these investments contribute to increased service coverage for key interventions. However, it was considered too early to focus the HSS KPI on such an outcome measure. Instead an intermediary measure of service availability and readiness was selected; and the general service SARA score was further developed to assess services for HIV, TB and malaria specifically.</p> <p>Comparison with the score of a previous SARA survey is required to assess an improvement in service readiness. 20 countries have been shortlisted for measurement before the end of 2016. However, resource constraints may mean that only 10 countries are surveyed and this may limit the potential to report this KPI on an annual basis.</p>

<b>Corporate KPI 6: Alignment of supported programs with national systems</b>	
Measure	Percentage of investments in countries where Global Fund support is reported on National Disease Strategy budgets
Baseline	2014: 87% of High Impact Countries reported Global Fund investments on a national budget, national disease strategy budget, or national health sector budget in mid-2014 when weighted by allocation
Target	2015: 90%
Reporting Frequency	Annually
Purpose	The indicator will enable the integration of Global Fund support into national systems and decision making processes to be tracked.
Limitations	Such integration of Global Fund investments, and key aid effectiveness principles more widely, are at the heart of the 2012-2016 Strategy. The procedures and processes of the new funding model have been designed to operationalize alignment with national systems and cycles. However, some countries may be mid-way through their planning cycle when the next opportunity for funding is launched under the new funding model. Performance against this indicator is therefore expected to improve over time as funding and planning cycles align.

Corporate KPI 7: Access to funding	
Measure	<p>Time from:</p> <ul style="list-style-type: none"> <li>• Final Concept Note submission to Grant Approval Committee recommendation</li> <li>• Grant Approval Committee recommendation to Grant Signing</li> <li>• Time from Grant Signing to first disbursement</li> </ul>
Baseline	<p>n/a</p> <p>Grant making under the NFM has evolved significantly and is not comparable to historical approval processes</p>
Target	<ul style="list-style-type: none"> <li>• For Concept Notes submitted in 2014, 75% of grants take 10 months or less*</li> <li>• For Concept Notes submitted in 2015, 75% of grants take 8 months or less from submission of final CN to first disbursement</li> </ul> <p>* Note for Wave 1 submissions actual performance against the 10 month target will be assessed in February 2015</p>
Reporting Frequency	Semi-annually
Purpose	The indicator will enable monitoring of the length of time required for countries to access new funding from the Global Fund.
Limitations	Careful consideration has been given in designing the measure to ensure that incentives do not encourage speed of grant development at the expense of grant quality. Special dispensation will be given to grants where first disbursement is delayed to align with parliamentary approval processes, national cycles, or for legal requirements.

Corporate	KPI 8: New Funding Model Transition [Temporary KPI]
Measure	Amount of grant expenses for the transition to the new funding model committed to annual schedule of country demands
Baseline	2013: USD 0.6 bn in grant expenses committed in 2013 against a forecast USD 0.4 bn
Target	2014: Up to USD 1.9 bn over the 2013-2014 period 2015: Indicator to be phased out
Reporting Frequency	Semi-annually
Purpose	The indicator enables progress in development of the necessary procedures for the new funding model implementation to be tracked. If allocated funds are to be committed to schedule the Secretariat will have to establish the necessary processes and systems to make this happen.
Limitations	The new funding model allows greater flexibility for countries to align the timing of funding decisions with national cycles. Thus some implementing countries participating in the new funding model transition may decide to delay the start of their grants beyond the 2 year transition period, e.g. in order to align with national planning cycles, leading to underperformance on this indicator. The calculation methodology will account for such country driven delays.

Corporate	KPI 9: Effective operational risk management
Measure	Portfolio Risk Index: QUART operational risk rating for eligible grants weighted by grant budget
Baseline	2013: 1.9 (High Impact Countries)
Target	2014: 1.9 (High impact countries) 2015: Portfolio Risk Index within 10% of 2013 baseline; range 1.7 to 2.1*
Reporting Frequency	Semi-annually
Purpose	A key component of grant implementation success is the ability of supported recipients to identify and mitigate potential risks.
Limitations	<p>The index is based on a scoring system applied to the grant level risk ratings of the operational risk management process. Such indices can suffer from important measurement error. Sensitivity of the measure to change and the level of index change that corresponds to a meaningful improvement in perceived operational risk will be assessed to inform interpretation of indicator results.</p> <p>*Proposed corporate position on applying risk differentiation provides guidance for the 2015 target (GF/B32/14)</p>

Corporate	KPI 10: Value for money
Measure	Spend reduction in commodity purchases made within Pooled Procurement mechanism for equivalent commodities at equivalent quality and volume
Baseline	2013: 13% reduction in spend
Target	Reduce spend by 8% per year 2013-2015 for equivalent commodities at equivalent quality and volume
Reporting Frequency	Semi-annually
Purpose	Given the share of Global Fund support invested in commodities, the indicator will track the extent to which these volumes can be leveraged to secure additional savings. Major concrete results have already been achieved in 2013.
Limitations	<p>Savings are calculated by comparing unit prices across years for equivalent commodities at equivalent quality and applying the difference to the current year's volume. Savings are not adjusted to account for wider market trends.</p> <p>This indicator focuses only on the cost component of value for money. Considerable other work is being undertaken to track the allocative efficiency of country level investments (see KPI4 above), to implement additional cost control measures, and to extend the scope of the spend covered by the sourcing initiatives. In addition, the value component of value for money continues to be measured through other indicators in the framework, for example those on impact, service delivery, quality and coverage of services.</p>

Corporate	KPI 11: Grant expenses forecast
Measure	Percentage of forecast grant expenses made to schedule
Baseline	2013 CER-Grant Expenses*: 1.44
Target	<p><i>At each reporting period (2014-16):</i></p> <ul style="list-style-type: none"> <li>• Actual grant expenses within 10% of forecast</li> <li>• CER-Grant expenses within range of 0.9 to 1.1</li> </ul>
Reporting Frequency	Semi-annually
Purpose	This indicator will monitor the accuracy of the grant expenses forecast. If grants are being effectively planned, managed and implemented the forecast of annual funding requirements should closely match actual grant expenses.
Limitations	<p>This indicator replaces the Volume of Funding indicator of the previous KPI framework, which was criticized for incentivizing a culture of disbursement without sufficient consideration of investment risk or impact. Shifting focus to a grant expenses based measure removes this negative incentive, but it no longer allows direct monitoring of whether funds are hitting the ground as scheduled. This will be more effectively monitored by the change in financial principles to a cash management basis. A series of tracking metrics have been developed and implemented to support these changes to grant financial management.</p> <p>* Corporate expenditure rate (CER-Grant expenses: Actual grant expenses / forecast grant expenses)</p>

<b>Corporate</b>	<b>KPI 12: Human rights protection</b>
Measure	Percentage of human rights complaints against Global Fund supported programs successfully identified through risk assessment tools; and resolved through Secretariat policies and procedures.
Baseline	To be submitted to March 2015 Board Meeting
Target	To be submitted to March 2015 Board Meeting for approval
Reporting Frequency	Annually
Purpose	The indicator will enable performance of the Global Fund on its Human Rights objective to be tracked on a regular basis.
Limitations	<p>The measure will compare risk of rights violations in supported programs, as assessed through the Operational Risk Management tool, against complaints successfully managed and resolved through Secretariat policies and procedures currently under development.</p> <p>To enable this assessment, minimum standards on human rights for grant recipients have been agreed, and grant agreement documents have been revised to incorporate these standards. Principal Recipients will be required to disclose to the Secretariat if there is a risk of these standards being violated in Global Fund-supported programs; and where disclosed, Principal Recipients and the Secretariat will cooperate in developing a work plan to mitigate these risks, or funds may be reprogrammed if necessary.</p> <p>It is proposed to complement the indicator with a broader Human Rights report published by the Office of the Inspector General.</p>

Corporate	KPI 13: Resource mobilization
Measure	a) Actual pledges as a percentage of the replenishment target b) Pledge conversion rate: Actual contributions as a percentage of forecast contributions
Baseline	a) n/a* b) 2013: 97%
Target	a) USD 15 bn in pledges b) 2014-2016: 100% of forecast contributions received at each reporting period
Reporting Frequency	Semi-annually
Purpose	This indicator will enable donor pledges to be set against the estimated resource needs required by the Global Fund; and subsequently enable tracking of donor contributions against stated pledges.
Limitations	<p>Various factors are known to affect the actual value of contributions made to the Global Fund, including timing of contributions, exchange rate fluctuations, and withholdings included as part of contribution agreements. In addition, some donors do not function on a pledge basis and instead make direct contributions. All such factors will need to be transparently accounted for in the contribution forecast.</p> <p>* No baseline has been set for part a) because no specific target was set for the 2010 replenishment. Out of the USD 13 billion lowest resource scenario, USD 9.2 billion were secured in pledges (71%).</p>

<b>Corporate</b>	<b>KPI 14: Domestic financing for AIDS, TB &amp; Malaria</b>
Measure	Percent of programs accessing funding where government contributions meet minimum counterpart financing thresholds.
Baseline	2013: 96% of renewals and early/interim applicants in 2013 met minimum counterpart financing thresholds
Target	2014: 90% of programs meet threshold 2015: 90% of programs meet threshold
Reporting Frequency	Semi-annually
Purpose	The indicator will enable monitoring of whether expectations on implementer government financial contributions to the three diseases are being met as the first step in increasing program sustainability.
Limitations	<p>For all programs that do not meet minimum threshold requirements, an action plan to increase and account for government contributions over the funding cycle will be agreed and implementation monitored over time.</p> <p>The target has been set at a level that takes into account the number of fragile states in the Global Fund's portfolio and the number of countries that transition between counterpart financing thresholds in any given year.</p> <p>This measure currently tracks whether or not countries are meeting counterpart financing threshold requirements. It should be noted that many countries meet their minimum threshold by a small margin. Over time, the indicator will shift to a measure tracking the extent to which countries meet pledges to increase domestic financing to the three diseases to ensure sustainability of programs.</p>

Corporate	KPI 15: Efficiency of grant management operations
Measure	OPEX rate: operating expenses as a percentage of grants under management
Baseline	2013: 2.3%
Target	2014: Below a 3% maximum 2015: Below a 2.75% maximum
Reporting Frequency	Semi-annually
Purpose	This long standing indicator allows the operating expenditure of the Global Fund to be benchmarked against similar organizations to ensure that grant management operations continue to represent value for money.
Limitations	<p>The ratio compares the operating expense budget to the volume of funding in grants under management. Efforts to bring operational expenses under control have resulted in the budget being stabilized over the past two years. Along with the forecast increase in grants under management, this has enabled a reduction in the target ceiling from the long held 3%.</p> <p>Performance against this more stringent target is dependent on maintaining recent operational expense budget levels and achieving forecast levels of grant commitments.</p>

<b>Corporate</b>	<b>KPI 16: Quality of management &amp; leadership</b>
Measure	Management and leadership index
Baseline	2013: 76% of items on 2013 manager quality survey received favorable responses
Target	2014: 78% for 2014 survey (2% point improvement) 2015: To be submitted to March 2015 Board Meeting for approval
Reporting Frequency	Annually
Purpose	The indicator will track staff perception of quality across key dimensions of management and leadership.
Limitations	Such indices can suffer from considerable measurement error. Sensitivity of the measure to change and the level of change that corresponds to a meaningful improvement in management and leadership quality still have to be determined for the Global Fund.  As this is a new measure for the Global Fund a conservative target was set for 2014. Analysis of the 2014 results, expected to be available in January 2015, will enable a more informed target for 2015.

## DECISION POINT

9. In response to GF/B30/DP7 approving the Global Fund Corporate Key Performance Indicator Framework for 2014-2016, this paper presents final indicator definitions and targets to the Thirty-second Board Meeting for approval.

**Decision Point GF/B32/DP10: The Global Fund Corporate Key Performance Indicator Framework for 2014 - 2016**

**1. The Board :**

- a. Notes the Global Fund Corporate Key Performance Indicator Framework for 2014 – 2016 (the “KPI Framework”), which was approved in November 2013 (GF/B30/DP07), required additional methodological work during 2014 to finalize certain indicators; and**
  - b. Recognizes the work by the Secretariat to complete the methodology of the KPI Framework in consultation with the relevant committees of the Board.**
- 2. Accordingly, the Board approves the updated KPI Framework, currently available performance targets for 2015, and the plan to present the remaining 2015 performance targets for approval at the Thirty-Third Board Meeting, as set forth in GF/B32/24.a – Revision 2.**