

37th Board Meeting

End 2016 Corporate Key Performance Indicator Results

For Board Information

GF/B37/ 26

Kigali, Rwanda

03-04 May 2017

High level overview: End-2016 Results

■ On track
 ■ Risk of not meeting target
 ■ Below expectation
 ■ Not scheduled for reporting

Strategic corporate KPIs	Strategic goals			Strategic targets			
	1 Performance against strategic goals	2 Quality and coverage of services	3 Performance against strategic service delivery targets				
Strategic Objectives	Invest more strategically	Evolve the funding model	Actively support grant implementation success	Promote and protect human rights	Sustain the gains, mobilize resources	Strategic enablers	
Corporate KPIs	<p>4 Efficiency of Global Fund investment decisions</p> <p>5 Health system strengthening</p> <p>6 Alignment with national reporting systems</p>	<p>7 Access to funding</p> <p>8 New Funding Model transition</p>	<p>9 Effective operational risk management</p> <p>10 Value for money</p> <p>11 Grant expenses forecast</p>	<p>12 Human rights protection</p>	<p>13 Resource mobilization</p> <p>14 Domestic financing for AIDS, TB & Malaria</p>	<p>15 Efficiency of grant management operations</p> <p>16 Quality of management and leadership</p>	<ul style="list-style-type: none"> Implementing operational excellence Enhance partnerships

End-2016 KPI Results: Context and Summary

Context

- End-2016 results are presented here for Board review

Performance summary

- Performance assessments are provided for 15 KPIs
- **Strong performance on 10 KPIs**
- 4 KPIs did not achieve 2016 targets
- 1 KPI is at risk of not meeting 2016 targets

Strategic Goals and Targets

Overview

- Impact and Service delivery targets for 2016 projected to be on track
- Projected underperformance on coverage of PMTCT and HIV/TB services being further analyzed with partners

KPI 1: Performance against strategic goals ●

End 2015 results

- 2016 Infections Averted target has been achieved
- Lives Saved projections on track

Pg. 11

KPI 2: Quality and coverage of services ○

Parts a-f *End 2015 results*

- Potential underperformance on PMTCT & HIV/TB measures
- 2016 Insecticidal net coverage and use targets have been met

Part g

- 2016 target for valid key population size estimates achieved

Pg. 12-15

KPI 3: Performance against strategic service delivery targets ●

Mid-2016 results

- 2016 ARV, DOTS, and IRS service delivery targets have been achieved
- Updated projections suggest at least 95% of targets will be met on all indicators

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Strategic Objective 1- Invest more strategically

Overview

- Good performance maintained in rebalancing the portfolio & aligning with national systems
- Availability of data to track HSS performance remains a major challenge

KPI 4: Efficiency of Global Fund investment decisions

- 2016 target has been achieved

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KPI 5: Health system strengthening

- 2016 target not achieved
- Data available for only four countries
- All show a steady improvement over time, but not at the rate anticipated

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KPI 6: Alignment with national reporting systems

- 2016 target has been achieved

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Strategic Objective 2 - Evolve the funding model

Overview

- The 'Grant making' and 'Board approval to disbursement' phases of the access to funding process are taking longer than anticipated
- Analysis indicates a strong association between external risk ratings and longer times

KPI 7: Access to funding

- 2016 target not achieved
- Management actions have not improved performance for this funding cycle
- The next funding cycle will benefit from differentiation and information systems improvements
- Analysis indicates that external risk is the main driver of performance

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KPI 8: New Funding Model transition

- N/A

Strategic Objective 3 - Actively support grant implementation success

Overview

- Portfolio risk levels remain stable
- Strong performance on procurement savings after underperformance in 2015
- Forecast Grant expenses remain within target range

KPI 9: Effective operational risk management

- 2016 target achieved
- Portfolio Risk Index remains stable

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KPI 10: Value for money

- 2016 target exceeded
- Strong performance on savings

Pg. 23-24

KPI 11 Grant expenses forecast

- 2016 target achieved
- Forecast grant expense ratio remains within target range

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Strategic Objective 4 – Promote & protect human rights

Overview

- Breaches of the Human Rights Minimum Standards are not being reported to the Global Fund

KPI 12: Human rights protection

- Below expectations
- Few Human Rights related complaints have been made to the Global Fund
- None qualified as breaches of the Human Rights Minimum Standards

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Strategic Objective 5 – Sustain the gains, mobilize resources

Overview

- Forecast 4th replenishment contributions are expected to be fully met in 2017
- Continued high rates of compliance on counterpart financing

KPI 13: Resource mobilization

- 2016 contributions target achieved
- 4th replenishment pledges fell short of ambitious USD 15 bn target

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KPI 14: Domestic financing for AIDS, TB & Malaria

- 2016 target achieved

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Strategic Enablers – Enhance partnerships, and Improve governance, operations and controls

Overview

- Continued strong performance controlling Secretariat costs
- No improvement in management and leadership index

KPI 15: Efficiency of grant management operations

- 2016 target achieved

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KPI 16: Quality of management and leadership

- 2016 target not achieved
- Target improvement not achieved, but performance remains comparable to external benchmarks

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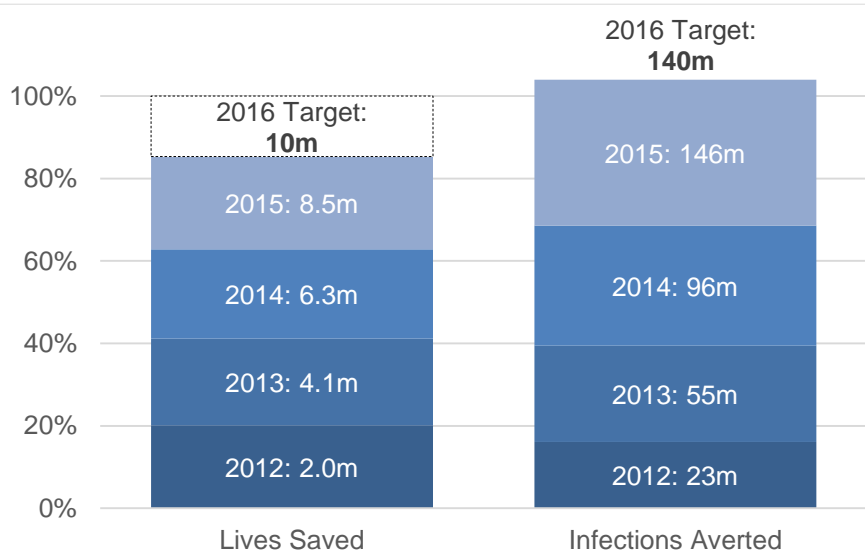
Detailed indicator view

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KPI 1 Performance against strategic goals

Measure

- Estimated number of Lives Saved
- Estimated number of Infections averted



Performance

2012-16 Target: 10m lives saved

2012-15 Result: 8.5m lives saved

2012-16 Target: 140m new infections averted

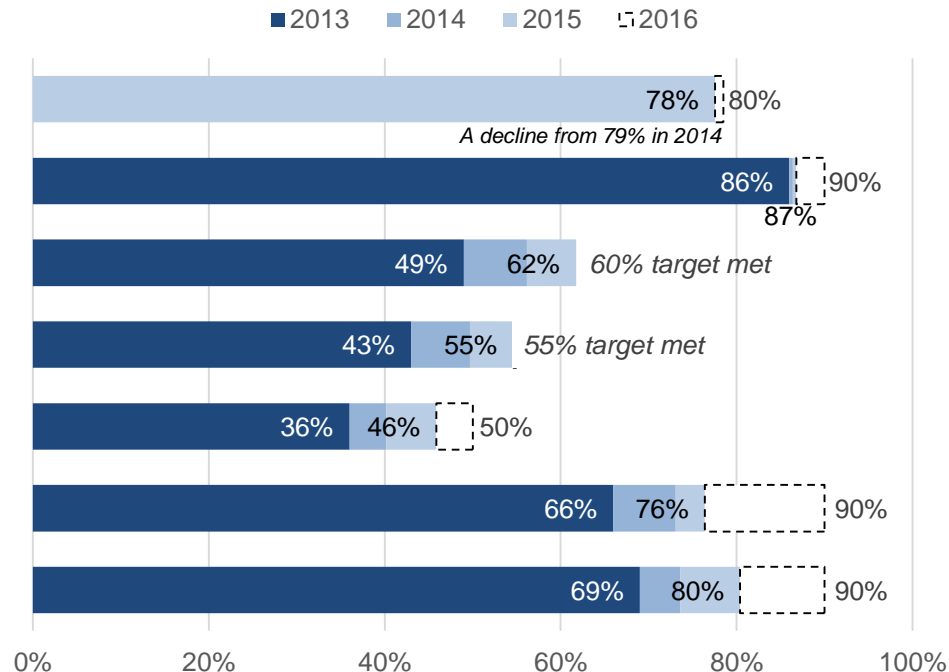
2012-15 Result: 146m new infections averted

- 2016 target for Infections averted has been achieved
- Current projections suggest the 2016 target for lives saved will be met
- Strong performance on infections averted is driven by malaria. Target assumes continuation of the 3% rate of decline seen for 2006-2010. However, rate of decline has accelerated to 4% per year over 2011-2015

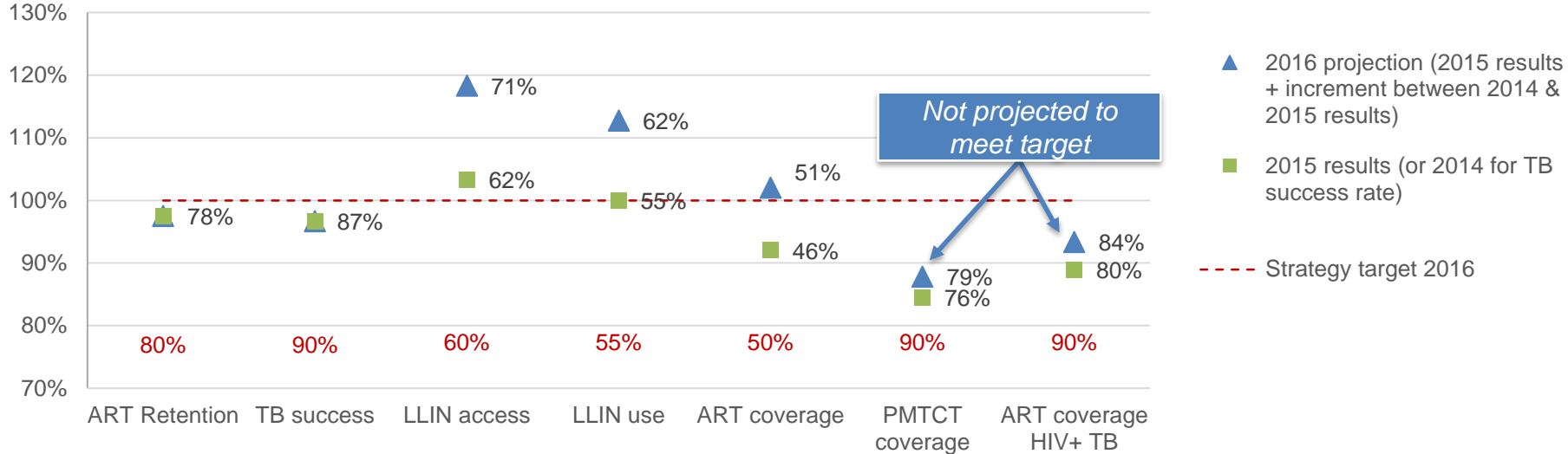
KPI 2 Quality and coverage of services

Measure

- a) ARV retention rate at 12 months
- b) TB Treatment success rate for all new cases (2014)
- c) Proportion of population at risk potentially covered by LLINs distributed
- Proportion of the population that slept under an ITN the previous night
- 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 mother-to-child HIV
- f) Percentage of HIV-positive TB patients given ART during TB treatment



KPI 2 Quality and coverage of services



- Note: the quality and coverage indicators report national performance and not just the performance of Global Fund grants
- The 90% target for PMTCT coverage, TB treatment success rate and ART coverage of HIV/TB co-infected patients were set based on the Global Plan aspirational targets, without link to funding or grant-specific targets, therefore, their ambitious level should be taken into account
- The Secretariat is working with Technical Partners to better assess and understand the drivers behind projected underperformance, see following slides for further detail

Same data as reported in Mid-2016 – data only available once per year

KPI 2 Quality and coverage of services

Challenge

- ART coverage of HIV+ TB patients & PMTCT coverage are projected not to meet 2016 targets; TB treatment success & ART retention may also miss targets
- Country A is the main driver of the observed drop in ART retention rate, with retention rates declining from 77% to 73%, which the country attributes to incomplete reporting
- Country B drives 45% of the performance gap in PMTCT following a drop in results from 61,000 women in 2014 to 53,000 in 2015
- Key causes of underperformance in ART coverage of HIV+ TB patients, unknown TB treatment outcomes, and poor PMTCT coverage are being investigated

Actions agreed by the HIV & TB situation room partners

Original Deadline

Status Update

HIV/TB performance

- | Actions agreed by the HIV & TB situation room partners | Original Deadline | Status Update |
|---|-------------------|--|
| <ul style="list-style-type: none"> Conduct further analysis on the countries contributing to underperformance | Nov 2016 | High level analysis complete, more specific country analysis ongoing |
| <ul style="list-style-type: none"> Hold joint TB and HIV Situation Room review, involving country partners & Ministries of Health to better understand the reasons behind underperformance | Dec 2016 | Partners consulted - Joint TB/HIV Situation Room delayed to Q2 2017 |
| <ul style="list-style-type: none"> Develop action plan (follow-up actions incorporated into program reviews and Country Dialogues) | Dec 2016 | Delayed to March 2017 |
| <ul style="list-style-type: none"> Regular Situation Room check points and follow-up | 2017 | Ongoing |

PMTCT performance and ARV retention

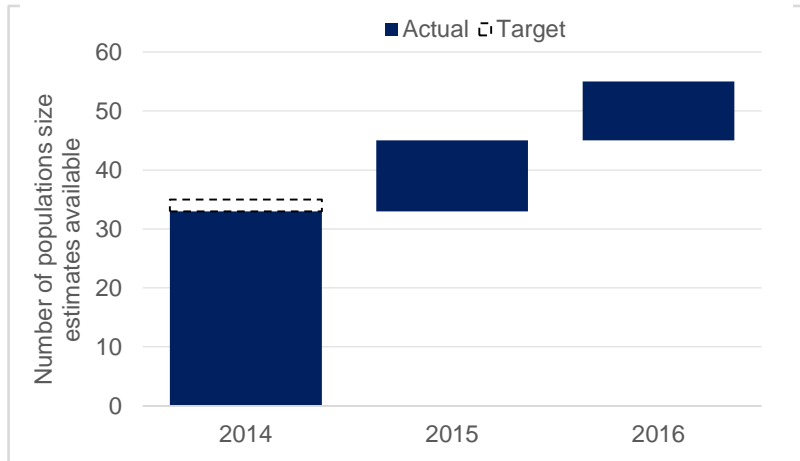
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|--|--------------------|--|
| <ul style="list-style-type: none"> Conduct further analysis on the countries contributing to underperformance | Dec 2016 | High level analysis complete, more specific country analysis ongoing |
| <ul style="list-style-type: none"> Hold HIV Situation Room to review analysis with partners and country teams & assess support required | Dec 2016 & Q1 2017 | Consultation with partners ongoing |
| <ul style="list-style-type: none"> Develop action plan (follow-up actions incorporated into program reviews and Country Dialogues) | Q1 2017 | Delayed to Q2 2017 |
| <ul style="list-style-type: none"> Regular Situation Room check points and follow-up | 2017 | Ongoing |

TB TSR

- | | | |
|--|----------|--|
| <ul style="list-style-type: none"> Analysis of TB TSR in High Burden Countries conducted | Nov 2016 | High level analysis complete, more specific country analysis ongoing |
| <ul style="list-style-type: none"> Results discussed with Technical Partners in TB Situation Room and also with Country Team | Dec 2016 | TB Situation Room complete |
| <ul style="list-style-type: none"> Intervention/activities to improve TB TSR to be discussed with countries during country dialogue | 2017 | Ongoing |

KPI 2 Quality and coverage of services (part g)**Measure**

- 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

**Performance**

2016 Target: 55 countries (cumulative)

End-2016 Result: 55 countries to date

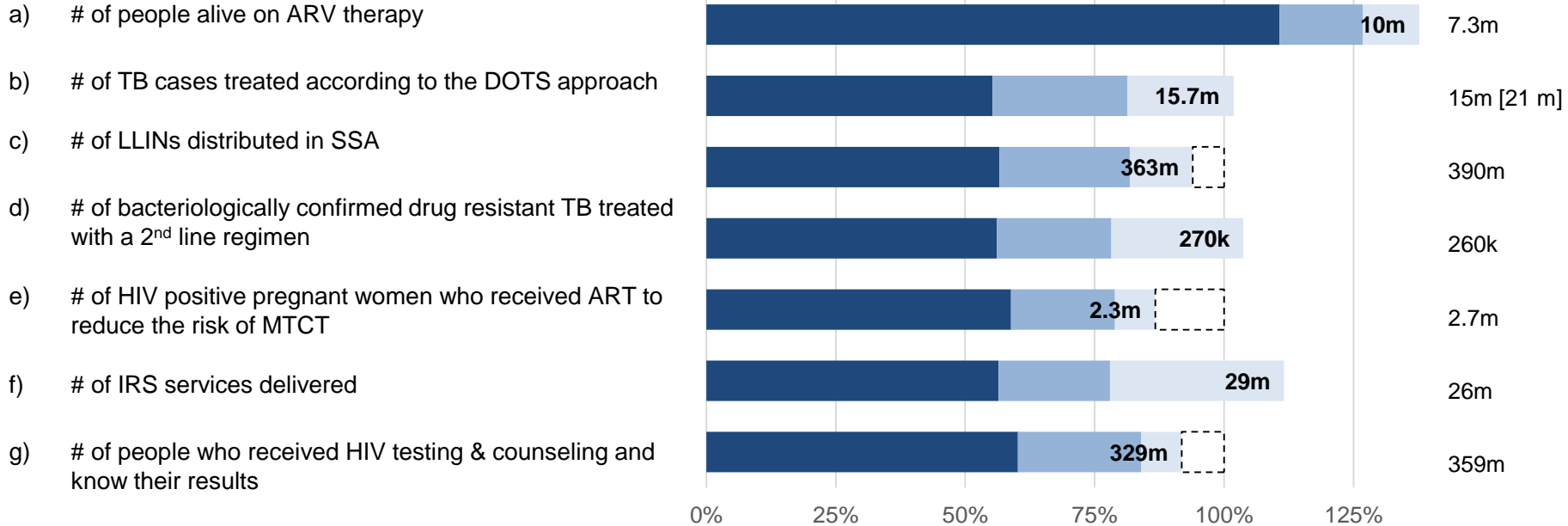
Interpretation

- End 2016 target has been fully achieved
- 19 countries have a clear plan to collect key population size estimates in 2017

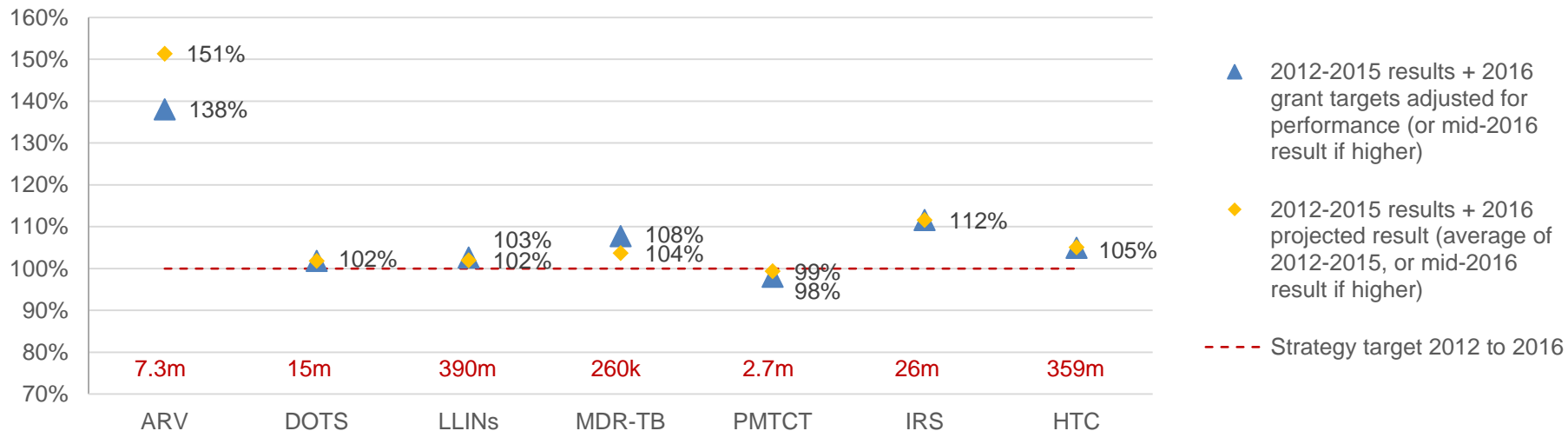
KPI 3 Performance against strategic service delivery targets

Measure

■ 2012-2014 Result ■ 2015 Result ■ Mid-2016 Result □ Remainder to 2012-2016 Target



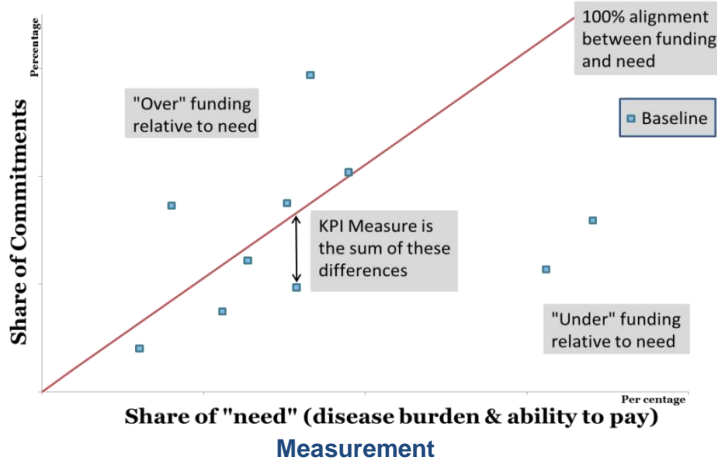
KPI 3 Performance against strategic service delivery targets



KPI 4 Efficiency of Global Fund investment decisions

Measure

- a) Alignment between investment decisions and country "need"; with need defined in terms of disease burden and ability to pay

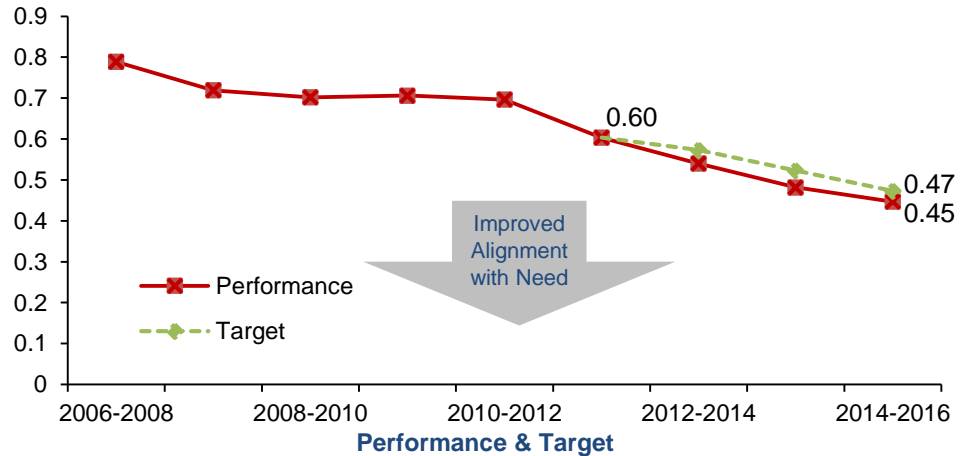


Performance

2016 Target: 0.47

22% improvement in alignment from 2013 baseline

End-2016 Result: 0.45 (26% improvement from baseline)

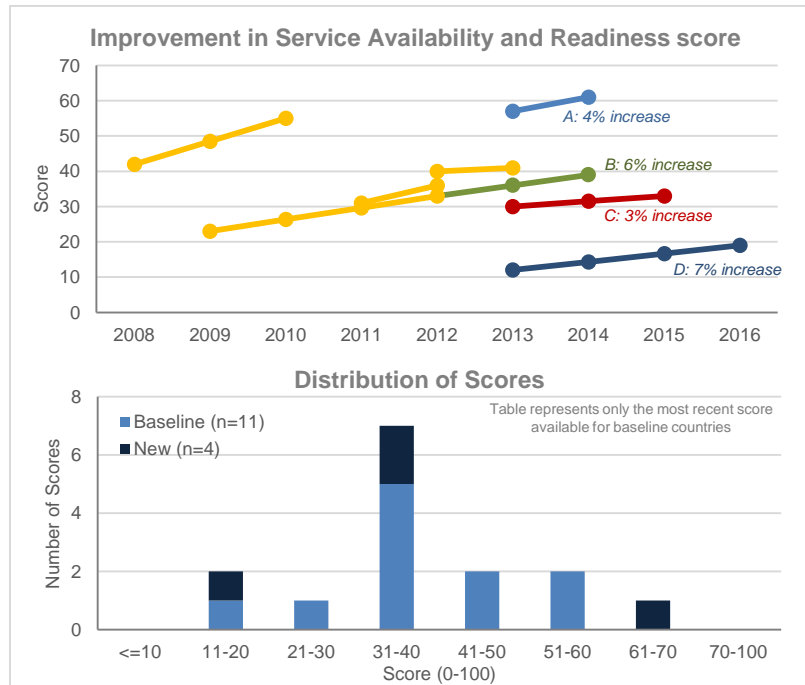


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KPI 5 Health System Strengthening

Measure

Service availability and readiness score



Performance

2014-2016 Target: 60% of countries surveyed show an improvement of at least 5% points in service availability rating

End-2016 Result: 50% (2/4 countries surveyed show at least 5% improvement in service availability rating)

- All countries show an improvement in service availability and readiness, though only half show an improvement meeting the 5% benchmark
- 80% of the countries surveyed have half of the basic elements available to deliver a quality service for HIV/TB or malaria
- Limited improvement in Country (c) is due to low levels of service provision for TB diagnosis and treatment, perhaps as a result of discontinued WHO support to TB-reach. CT is aware of these challenges and a comprehensive set of actions to address this are underway with support from in-country partners
- Country (a) started from a high baseline: both initial and follow-up score are higher than scores from all other countries surveyed

Summary of management actions

- Survey results for five additional countries are now being finalized by countries, one of these would provide a repeat score to enable KPI calculation. Approximately 13 new HFAs/DQRs have been initiated in 2016, with results expected in 2017

KPI 6

Alignment of supported programs with national systems

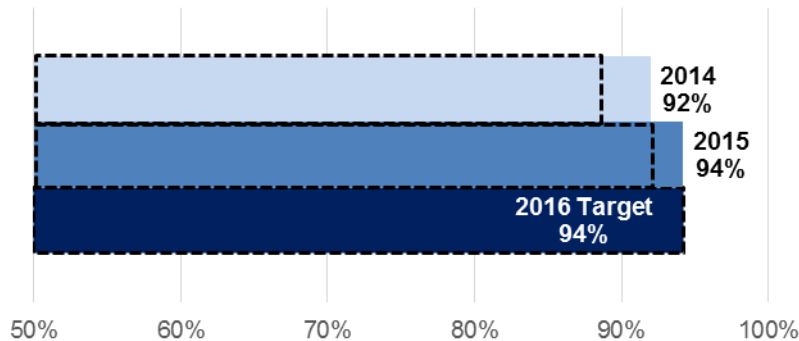
Measure

Percentage of investments in countries where Global Fund support is reported on National Disease Strategy budgets

Performance

2016 Target: 94%

End-2016 Result: 94%



Interpretation

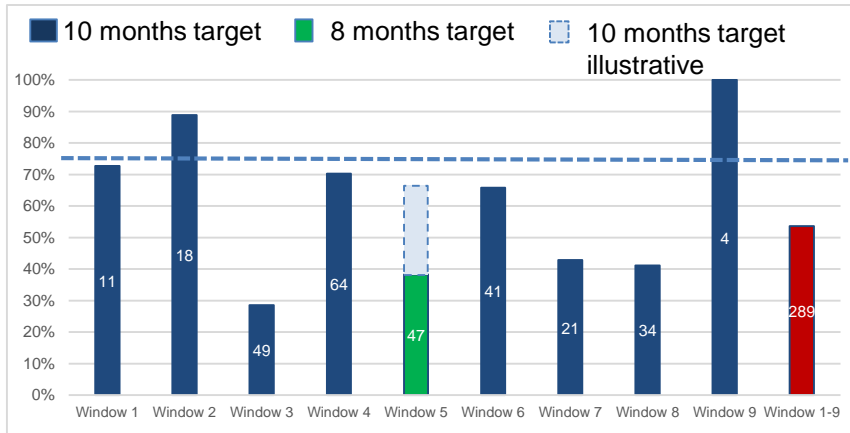
- Two high impact countries did not report Global Fund support on budget in 2016
- Both countries will report on budget for 2017

KPI 7 Access to Funding

Measure

Time from final Concept Note submission to first disbursement

Board approved KPI definition includes the following clause:
Special dispensation will be given to grants where first disbursement is delayed to align with parliamentary approval processes, national cycles, or for legal requirements



NOTE: Excludes Early Applicants/non-NFM submissions. Changes to historical data from Q2 attributable to Window 4: Country A HIV/TB split into 2 additional grants, Window 6: Country B HIV split into an additional grant, Window 7: Country C Malaria split into 2 grants

Performance

2016 Target: 75% of grants submitted in 2015-2016 take 10 months or less

End-2016 result: 54%

Interpretation

- 289 grants were eligible for KPI 7 assessment; 155 met target (54%). Average duration for windows 1-9, as of Q4 2016 is 10.7 months
- A multivariate analysis identified a statistically significant association between increased time to first disbursement and increasing levels of external risk

Summary of management actions

- Development of a differentiated application and review process, as well as providing some portfolios access to the “program continuation approach”, is expected to streamline access to funding
- ‘Submission to GAC 1’ and ‘GAC 2 to Board approval’ stages, which are under direct Secretariat control, have performed in line with target and have improved over time
- ‘Grant-making’ and ‘Board approval to grant signing’ suffer from a lack of Secretariat control, and have proven difficult to accelerate. Low capacity within countries remains a key challenge. Plans to address this through mobilization of TA have experienced delays
- ‘Grant signing to disbursement’ is under direct Secretariat control, but has not improved. AIM system improvements are expected to clarify the ADMF creation process and simplify workflow

KPI 9 Effective operational risk management**Measure**

Portfolio Risk Index

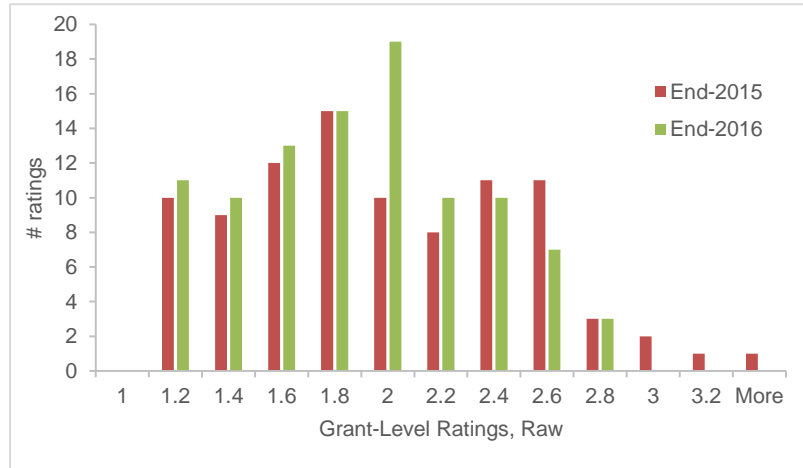
Index based on a scoring system applied to the grant level risk ratings of the QUART operational risk management framework

Performance

2016 Target: Within range 1.7 to 2.1

End-2016 Result: 2.0

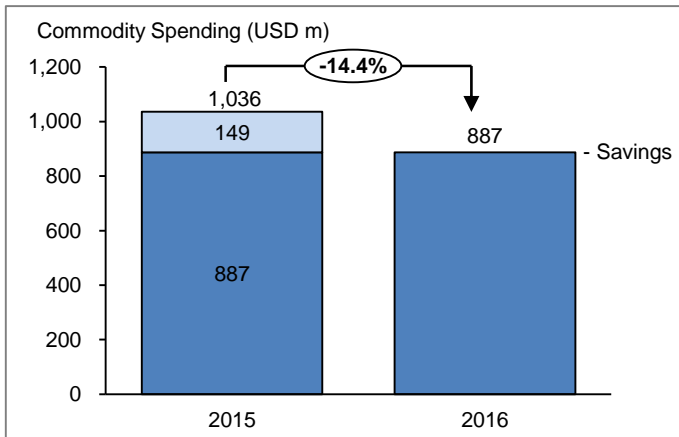
- Portfolio risk level slightly higher than previous 1.9 average



KPI 10 Value for money

Measure

Savings gained through leveraging Global Fund purchasing power



NOTE: Indicator measures year-on-year savings gained through Pooled Procurement Mechanism (PPM & AMFM). \$ Savings = (Unit Price 2015 – Unit Price 2016) * 2016 volume. KPI = (savings 2016 / 2016 spend + 2016 savings).

Performance

2016 Target: 7% reduced spend on equivalent commodities at equivalent quality and volume

End-2016 Result: 14.4% savings (\$149m)

Interpretation

- USD 149m in savings driven by LLINs (81m), ARVs (56m), and Copayment Mechanism (CPM) ACTs (6m)
- Additionally, USD 9m was saved in PSA fees due to negotiation of more favorable rates for 2016 through insourcing of further key activities
- PPM ACTs savings were much lower: 2.2% vs. 7.6% for CPM ACTs due to 71% of ACT orders being placed late in 2016, which resulted in lost savings through having to procure higher priced products and higher freight costs than otherwise to mitigate stock-out risks
- Better demand visibility (volume and time) and timely order placement can increase savings going forward
- Lower antimalarial savings largely due to injectable artesunate, which saw a spending increase of 3.4% due to a Q4 2015 price increase; Q1 2016 negotiations achieved 7% unit price reduction, thereby mitigating the loss from 6.8% in Q1/Q2 2016 to 3.4% in Q3/Q4 2016

Management Actions

- Improved demand planning (better visibility and timely order placement) is one of three key deliverables for Sourcing in 2017

Strategic Goals & Targets

Strategic Objective 1
Invest more strategically

Strategic Objective 2
Evolve the funding model

Strategic Objective 3
Actively support grant implementation success

Strategic Objective 4
Promote and protect human rights

Strategic Objective 5
Sustain the gains, mobilize resources

Strategic Enablers
Enhance partnerships & Improve operations

KPI 10 Value for money

Challenge

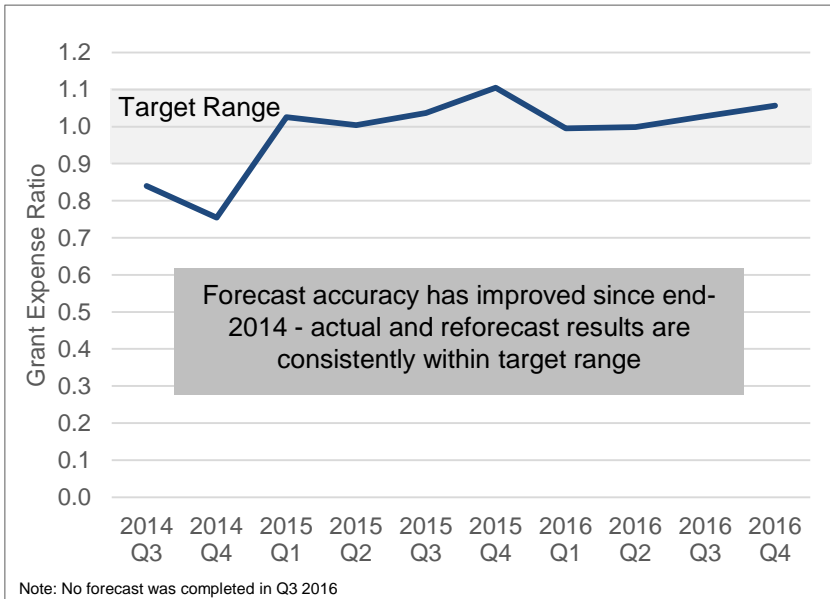
- Projecting savings through leveraging purchasing power has been difficult primarily due to the long-standing challenge of poor demand visibility
- Current savings methodology does not reflect the multiple year saving generated by global tenders to establish multi-year Framework Agreements – the KPI definition has been revised for the next strategy cycle
- Demand forecasting challenges create risks beyond the poor projection of savings, including:
 - Financial risks – uncertainty about financial commitments and cash-flow required
 - Programmatic risks – increased risk of stock-out due to poor volume projections and timing
 - Diminishes value for money – poor planning can lead to lost value opportunities, more expensive emergency procurements

Progress on Management Actions

- Not yet fully implemented – Accountability: Improved alignment within the Secretariat on demand management to maximize value for money at the portfolio and individual grant level
- Medium-term – Improving country demand visibility: procedures and systems for improved information on demand for health products under development
- Longer-term – Improved country level data: Efforts to improve country-level data by strengthening Logistic Management Information Systems will be implemented under the Supply Chain Strategy

KPI 11 Grant expenses forecast**Measure**

Corporate Expenditure Rate (CER): Proportion of forecast grant expenses made to schedule

**Performance**

2016 Target: 0.9 - 1.1

End-2016 Result : 1.06 (USD 3.9bn / 3.7bn)

(2016 Actual Annual Grant Expense / 2016 Grant Expense Corporate Budget)

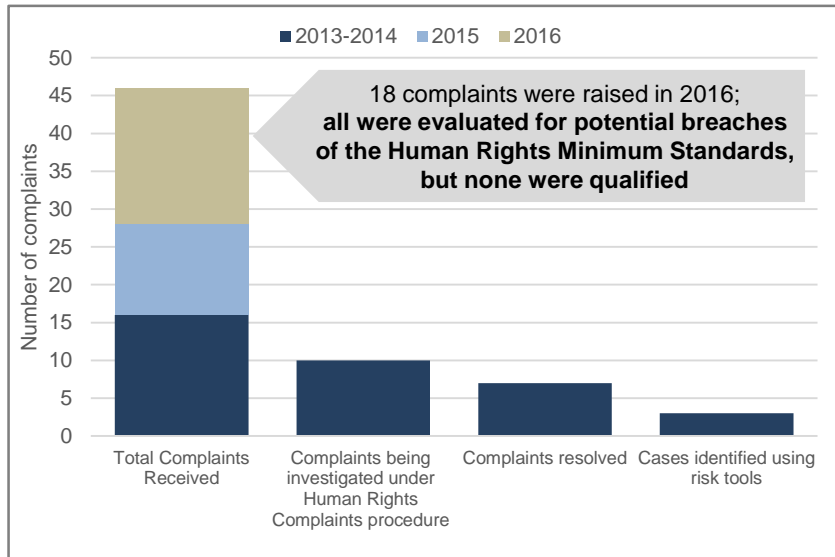
Interpretation

- Continued strong performance
- Though actual YTD expenditure rate was 71% at Q2 due to PPM timing shifts and technical delays in processing ADMFs, delayed budgeted commitments were finally realized as expenditure in the second half of the year
- 100% of grant expenses in 2016 are managed under NFM

KPI 12 Human Rights Protection

Measure

Percentage of human rights complaints against Global Fund supported programs successfully identified through risk assessment tools; and resolved through Secretariat policies and procedures



Performance

2013-2014 Result: 30% / 2015 Result: No qualifying complaints

2016 Target: year on year improvement with a 100% aspiration

End-2016 Result: No qualifying complaints

- Of the 108 allegations received by the OIG in 2016, 18 had Human Rights issues indicated as a feature (a core complaint for 2, and a sub-category of complaint for 16)
- All of these complaints were made by in-country whistle blowers, and no complaints were received from the Secretariat
- After OIG's assessment of the 18 complaints, none met the Global Fund Human Rights five minimum standards criteria to warrant an OIG intervention
- The two core human rights complaints were referred to the Secretariat for awareness and comment. The Country Teams were fully aware of the issues raised and were dealing with the programmatic aspects within ongoing program management actions

KPI 12 Human Rights Protection

Challenge

- No complaints were made to the OIG in 2015 or 2016 that qualified as breaches of the Global Fund's Human Rights minimum standards
- The following management actions were agreed to better understand why complaints have not been received:
 1. In 2016, OIG to conduct intelligence-led, proactive assessment into mechanisms used by implementers to monitor human rights violations. Specifically, this exercise will also review awareness and understanding of the human rights component of the grant agreement to ensure processes in place are sufficient to escalate issues as they arise
 2. Secretariat, with OIG support as sounding board, to commission an independent evaluation of the Global Fund's Human Rights complaints procedures

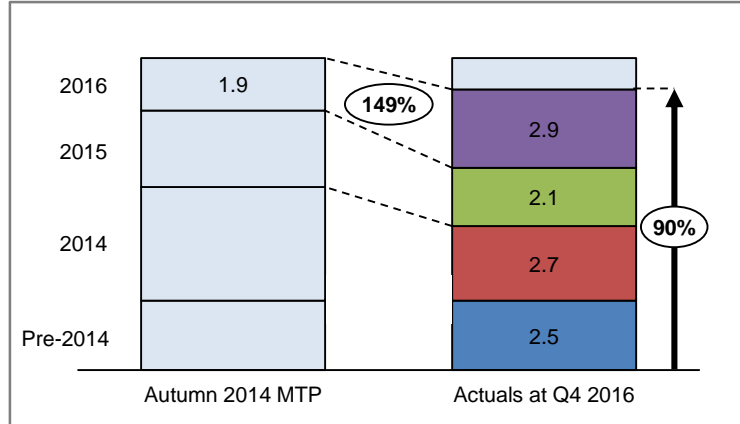
Progress on Management Actions

1. OIG conducted a proactive investigation mission to Ukraine in March 2016 that included potential human rights issues and reporting channels. Interviews with users of harm reduction services identified that they did not know of the Global Fund's whistleblowing mechanism
2. CRG and OIG have jointly commissioned an independent assessment of the Global Fund's Human Rights complaints procedures, with consultation at three levels 1) The Secretariat and the OIG, 2) Partners and civil society groups in-country, and 3) Implementers and beneficiaries in-country. The assessment will focus on:
 - Why we are not seeing the procedure used for the purpose it was primarily designed for; and why initial enthusiasm among beneficiaries and service providers did not translate into uptake
 - A contractor has been selected, has commenced with telephone interviews and review of background documentation. Missions delayed to April at the request of the selected countries, as they are busy with the development of funding requests. May 2017 report will inform follow-up action plan. [Note: Report originally expected October 2016, as noted in Q1 2016 KPI reporting]

KPI 13 Resource Mobilization

Measure

- Actual pledges as a percentage of the replenishment target
- Pledge conversion rate. Actual 4th replenishment contributions as a percentage of forecast



NOTE: 4th replenishment pledges only. Actuals & MTP at accounting FX rates. Actuals include any contributions from post-replenishment pledges.

Performance

2014-2016 Target: USD 15 bn
 2014 Result: USD 12.2 bn (81%); End-2015 Result: USD 12.4 bn (83%)
End-2016 Result: USD 12.4 bn (83%)

2014-2016 Target: 100% annually of forecast contributions received
End-2016 Result: 149% (USD 2.9bn 2016 forecast / 1.9bn MTP)

Part (a) Interpretation

- Reflects additional pledges of USD 40m received in 2016
- The end-2016 result is revised down from USD 12.7 bn reported mid-2016 due to:
 - Exclusion of an unconfirmed pledge
 - Reclassification of an additional pledge to the fourth replenishment, as a pledge to the fifth replenishment

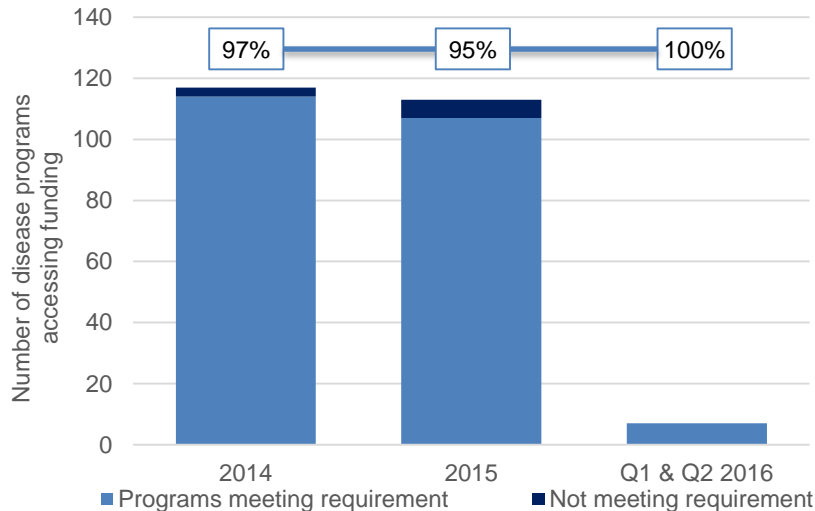
Part (b) Interpretation

- 149% of forecast 2016 contributions were converted in 2016
- 90% of forecast 4th replenishment contributions were converted by end 2016
- Remaining forecast contributions are expected to be fully converted in 2017
- Higher than expected 2016 performance is due to large shifts of contributions from 2015 to 2016

KPI 14 Domestic financing for AIDS, TB & Malaria

Measure

Percent of programs accessing funding (concept note submissions) where government contributions meet minimum counterpart financing thresholds



NOTE: Excludes Exemptions, Reiterations, and Reprogramming Requests of programs that had previously submitted CNS

Performance

2016 Target: 90%

End-2016 Result: 100% (7/7 programs) in 2016

Interpretation

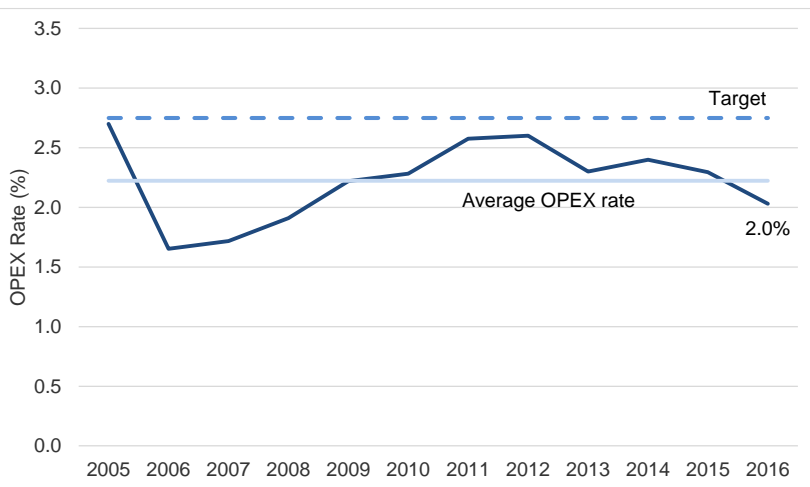
- Additional domestic commitments of USD 6bn leveraged for 2014-16 allocation implementation period
- Currently improving 1) internal process for tracking expenditures through Project AIM and 2) country level reporting through support for institutionalization of NHA through WHO and grants
- Realization of these commitments will be reported through KPI-11 of the new strategy framework

Same End-2016 data was reported in Mid-2016

KPI 15 Efficiency of grant management operations

Measure

OPEX rate: operating expenses as a percentage of grants under management



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Performance

2016 Target: Below a maximum of 2.75%

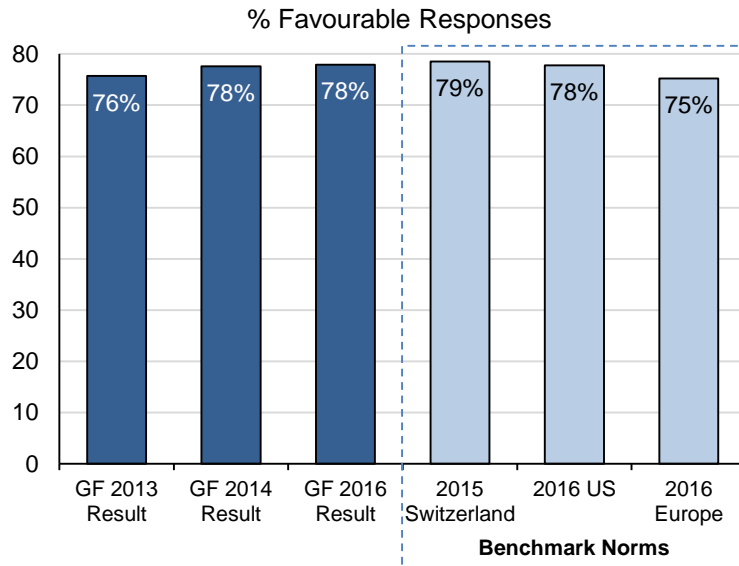
End-2016 Result: 2.0%

Interpretation

- OPEX rate has stabilized after a six year period of growth
- Drop in ratio due to an increase in the volume of grants under management
- To account for the changes brought by the shift from an annual rounds-based system to the current 3-year allocation system, the current measure of grants under management will need to be revised
- Going forward, grants under management will be redefined as grants payable plus contingent liability, rather than the average of cumulative grant portfolio

KPI 16 Quality of management and leadership**Measure**

Management and leadership index
Towers Watson Manager Quality scale selected as the benchmarked index

**Performance**

2016 Target: 80% of items on manager quality survey received favorable responses (2% increase from 2015 result)

2016 Result: 78% favorable responses

Interpretation

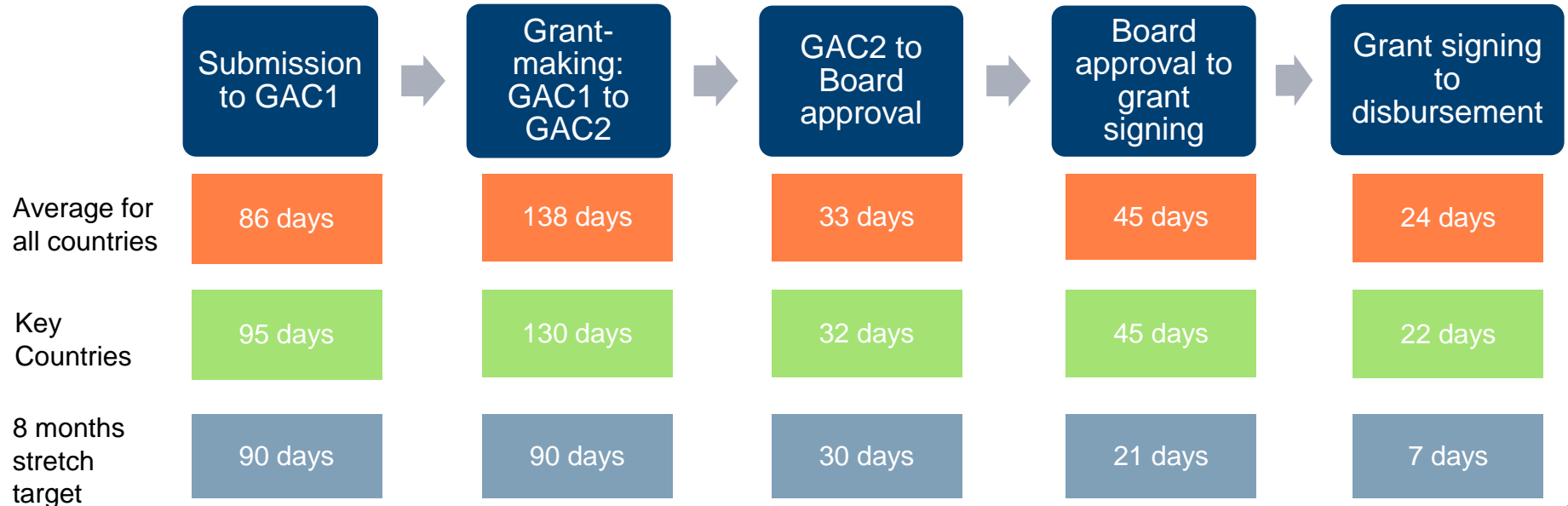
- No substantial change in results from 2015; Average score of favorable responses across all 46 items in the survey remained stable at 78%
- However, Global Fund outperforms the European norm, meets the US norm, and falls slightly below the 2015 Swiss norm
- Analysis to assess whether a change in demographics or tenure has affected results was not possible
- Important variation in performance across departments provides opportunities for improvement; Components of the People Strategy and Integrated Performance Management will address key issue areas

Backup

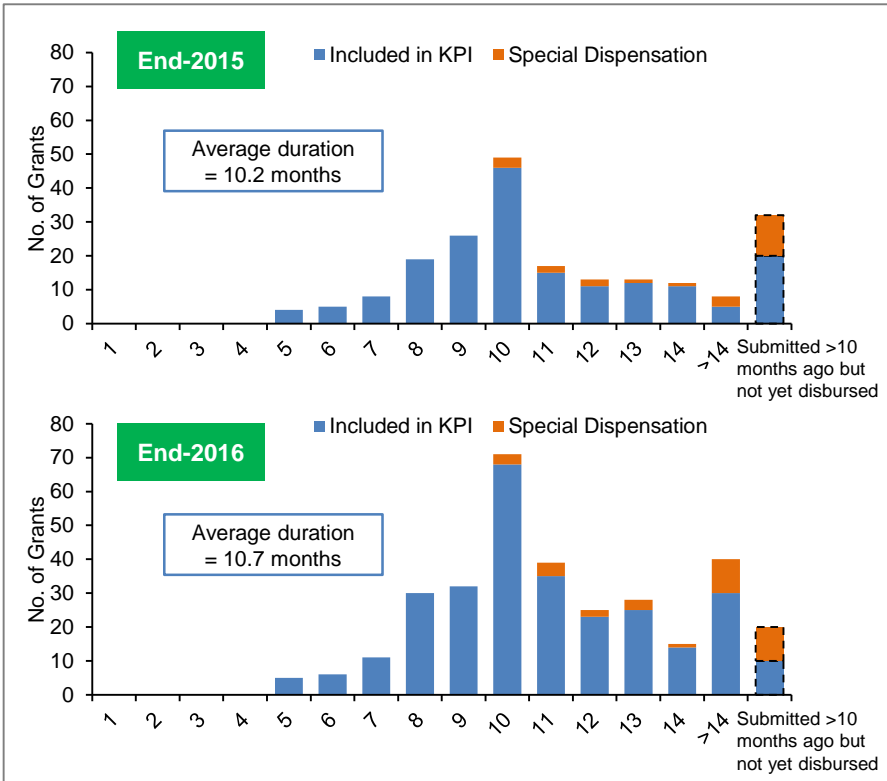
KPI 7 Access to Funding

Allocation period 2014-2016 outcomes:

- Average time of submission to disbursement is 10.7 months



KPI 7 Access to Funding



Interpretation

- Though, fewer grants submitted >10 months ago are still awaiting disbursement, many were disbursed upon after a period longer than 14 months from submission

KPI 7 Access to Funding

