

38th Board Meeting

2017-2022 Strategic KPI Framework: Proposed Performance Targets

GF/B38/05A

14-15 November 2017, Geneva, Switzerland

Board Decision

Purpose of the paper: To set out proposed performance targets for the 2017-2022 Strategic Key Performance Indicator Framework, and to approve performance targets for Key Performance Indicators 3, 6a, 6b, 6e, and 12b.

Decision

Decision Point: GF/B38/DP08: Targets for Key Performance Indicators 3, 6a, 6b, 6e and 12b

- 1. Based on the recommendation of the Audit and Finance Committee contained in GF/AFC05/DP01, the Board approves the 2018 performance target for Key Performance Indicator 12b as presented in GF/B38/05A and notes the review of the 2018 target planned for Q1 2018.**
- 2. Based on the recommendation of the Strategy Committee contained in GF/SC05/DP04, the Board:**
 - a. Approves the performance targets for Key Performance Indicators 3, 6a i, 6a ii, 6b and 6e as presented in GF/B38/05A; and**
 - b. Agrees to postpone its review and approval of the performance target for Key Performance Indicator 6a iii, until such time as a baseline is available.**

This decision has no budgetary implications.

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 2.

Executive Summary

Context

1. The Global Fund's 2017-2022 Strategic Key Performance Indicator Framework (the "Framework") was developed directly in line with the Global Fund's 2017-2022 Strategy, *Investing to End Epidemics*, incorporating significant inputs from Board constituencies and technical partners. The Framework was approved by the Board via electronic decision point following the 35th Board Meeting (GF/B35/EDP05)¹.

2. The 2017-2022 Strategic Key Performance Indicator Targets (the "Targets"), as well as interim indicator definitions for Key Performance Indicators ("KPI") 5 and 9c, were approved by the Board through electronic decision point following the 36th Board Meeting (GF/B36/EDP09)². This followed a four month consultation process with Board-nominated technical experts to review the fitness and ambition of each KPI Target. The Board also approved the postponement of its review and approval of Targets for KPIs 6a, 6b and 6e until the final Board meeting of 2017. Approved Targets for KPI 3 and 12b were for 2017 only, so require revision for use beyond 2017.

Questions this paper addresses

3. What are the baselines, calculation methodology, and recommended targets for KPIs 3, 6a, 6b, 6e and 12b?

Conclusions

4. Targets for KPIs 3, 6a i, 6a ii, 6b, 6e, and 12b are recommended by the Audit and Finance Committee (the "AFC") and the Strategy Committee (the "SC") for Board approval as detailed in paragraph 9. The AFC noted that the KPI 12b Target will be reviewed and potentially revised in Q1 2018, based on improved demand visibility. The SC recommended that the Board postpone its review and approval of the Target for KPI 6a iii, until such time as a baseline is available, and will discuss this KPI at its next meeting.

Input Sought

5. Decision Point: GF/B38/DP08: Targets for Key Performance Indicators 3, 6a, 6b, 6e and 12b.

Input Received

6. The recommended Targets are the product of extensive AFC and SC committee discussion, deliberating on methodology, targets, assumptions, and level of ambition. AFC and SC input has been incorporated into the accompanying PowerPoint presentation (GF/B38/05B) to address their requests for information and for increased clarity of messaging.

¹ <https://www.theglobalfund.org/board-decisions/b35-edp05/>

² <https://www.theglobalfund.org/board-decisions/b36-edp09/>

What is the need or opportunity?

7. This paper proposes Targets to 2019 for KPIs 6ai, 6aii and 6e, annual Target for KPI 6b, 2020 Target for KPI 3 based on the revised allocation model, and 2018 Target for KPI 12b. The KPI 12b Target will continue to be set annually based on best available demand and price projections. These proposals have been reviewed and recommended by the AFC and SC.

8. The AFC and the SC, have each been allocated responsibility for recommending different Targets, according to their respective committee mandates, as follows:

- a. The AFC is responsible for overseeing and recommending Targets for KPIs 7, 10 and 12; and
- b. The SC is responsible for overseeing and recommending Targets for KPIs 1, 2, 3, 4, 5, 6, 8, 9, and 11.

What do we propose to do and why?

9. Proposed performance targets for the Framework are outlined below for Board approval. Further detail regarding methodology and assumptions, including cohort, target time period, indicator calculation methodology, frequency of reporting, and anticipated challenges are included in the accompanying PowerPoint presentation (GF/B38/05B).

| Key Performance Indicator | Measure | Target |
|--|--|---|
| Strategic Objective 1: Maximize Impact Against HIV, TB and malaria | | |
| 3 | Alignment of investment with need | Alignment between investment decisions and country "need"; with need defined in terms of disease burden and country economic capacity |
| Strategic Objective 2: Build resilient & sustainable systems for health | | |
| 6 | Strengthen systems for health | |
| | a) Procurement | Improved outcomes for procurements conducted through countries' national systems: <ol style="list-style-type: none"> i. Price ii. On-time in full ("OTIF") delivery iii. Administrative lead time |
| | b) Supply chains | <ol style="list-style-type: none"> i. Percentage of health facilities with tracer medicines available on the day of the visit ii. Percentage of health facilities providing diagnostic services with tracer items on the day of the visit |
| | e) Results disaggregation | Number and percentage of countries reporting on disaggregated results |
| Strategic Objective 4: Mobilize increased resources | | |
| 12 | Availability of affordable health technologies | 50% by 2019 |

| | | |
|------------------|--|------------------------------|
| b) Affordability | Annual savings achieved through the Pooled Procurement Mechanism on a defined set of key products (mature and new) | USD 50m in 2018 ³ |
|------------------|--|------------------------------|

What do we need to do next to progress?

10. Board approval of the Targets will allow the Secretariat to continue with development of data systems and protocols to begin reporting on the Framework. First reporting against this Framework is scheduled for the first Board meeting of 2018.

Recommendation

11. The AFC and the SC recommend the Decision Point presented on page 2 to the Board.

³ Target set annually based on demand and price projections.

Annexes

Annex 1 – Summary of Committee Input

Audit and Finance Committee Member input on KPI 12b included:

Excerpt from Draft Meeting Report

1. Technical information on KPI 12b. The AFC acknowledged the rigor undertaken by the Secretariat in developing KPI 12b and the role of the KPI team in independently setting the targets. Further technical information was requested [and has been provided in the Board documents] on how KPI 12b is calculated and how the target was set, for AFC members to gain additional insight when recommending the associated target.
2. Planned review of KPI 12b target: The AFC sought to understand the rationale for reviewing and potentially revising the KPI 12b target in Q1 2018.
3. Selection of KPI 12b target: The AFC discussed whether the proposed target for KPI 12b was sufficiently ambitious, given the Global Fund's track record of facilitating improved availability of affordable health technologies and the potential for future savings.

The Secretariat responded:

1. Technical information on KPI 12b. The Secretariat offered to circulate a technical memo to the AFC, providing detail on the methodology used to calculate KPI 12b and the assumptions used in setting its proposed 2018 target [this information is provided in GF/B38/05B and the attached KPI 12b calculation guidelines]. It was noted that the questions on this topic highlight the challenges of the current performance management process, with significant focus on the setting of KPIs and targets, often at the expense of performance management and reporting.
2. Planned review of KPI 12b target: The Secretariat noted that KPI 12b is a function of both price and demand. Demand visibility is currently limited as Principal Recipients are in the process of signing new grants. As a result, assumptions have been made in setting the proposed 2018 target using demand figures from previous implementation periods. These assumptions will be reviewed as more information becomes available in 2018.
3. Selection of KPI 12b target: The Global Fund plays an important role in enabling the availability of affordable health products. The proposed 2018 target for KPI 12b is not less ambitious than previous years. Instead, the target uses a baseline price to which current prices are compared; baseline prices are "reset" when a new tender is completed. The Sourcing team at the Secretariat has achieved and reported significant savings on the three major health products since 2014. A new tender cycle will be launched in 2018 for these product categories, therefore the proposed saving target is less than 2017. In addition, it was stated that KPI 12a (Availability) was established to balance price pressures with product availability. [Additional information on how the target was developed is provided in the Board documents.]

Strategy Committee Member input included:

Excerpt from Draft Meeting Report

1. Improving clarity and accessibility of KPI information. Further information was requested for some of the KPIs discussed, particularly on how metrics are chosen and how targets are set. Noting that the Global Fund's KPIs are used by a broad audience beyond technical experts and the Board, suggestions were provided on how to more clearly

communicate performance information. Specifically, the SC suggested improvements for how KPI 3 could be explained (including through visual displays), recommended the inclusion of the list of indicators to be monitored for KPI 6e on disaggregation, and identified the need to provide more information on the cohort number of countries for each KPI. In addition, SC members raised the possibility of publicly reporting on progress against KPI targets in an annual report to stakeholders.

2. Selection of targets. The SC sought a deeper understanding of the rationale for setting some of the targets under review. In particular, the SC inquired as to whether the target for KPI 6a ii. was suitably ambitious, given the reported baseline, and whether the KPI 6e target was achievable, given the time required for countries to roll out systems and processes necessary for reporting of disaggregated data. In addition, the SC discussed in detail what KPI 3 measures, what the baseline is, and how this informs the target.
3. Finally, the SC acknowledged the need to wait to set a target for KPI 6iii until a baseline is available, and this is noted in the decision point.

The Secretariat responded:

4. Making KPI information accessible and clear. The Secretariat welcomed the Committee's concrete suggestions on how to better convey information on KPIs and targets, and indicated that it will incorporate these recommendations in future reporting to the Board and to the Committee.
5. Selection of targets. For KPI 3, the Secretariat explained to the SC that funding alignment with 2017-2019 final allocations (post-qualitative adjustments) would yield a 2020 result of 0.27, which represents the feasible limit of KPI 3 performance. On KPI 6a ii, the Secretariat shared its view that the target is indeed ambitious, given limitations in calculating the baseline data. The Secretariat plans to further explore needs and options to address data availability and quality concerns, and to provide the Committee with an update in spring 2018. For KPI 6e, the target is ambitious, but is aligned to the DHIS roll-out plans that form the basis of the KPI 6d 2019 interim target. The proposed KPI 6e target should be achievable given significant investments in M&E systems by Global Fund and other partners.

Annex 2 – Relevant Past Decisions

| Relevant past Decision Point | Summary and Impact |
|---|---|
| GF/SC05/DP04: Performance Targets for Key Performance Indicators 3, 6a, 6b, and 6e (October 2017) | The SC agreed to recommend the following to the Board for approval: (i) performance targets for KPIs 3, 6a i, 6a ii, 6b and 6e; (ii) postponement of the review of performance target for KPI 6a iii, until such time as a baseline is available. |
| GF/AFC05/DP01: Performance Targets for Key Performance Indicator 12b: Availability of affordable health technologies: Affordability (October 2017) | The AFC agreed to recommend the 2018 performance target for KPI 12b to the Board for approval. The AFC noted that the target will be reviewed in Q1 2018. |
| GF/B36/EDP09: Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator Framework⁴ (March 2017) | The Board: (i) approved the performance targets where proposals were complete; (ii) approved the proposed interim indicator proposals for KPIs 5 and 9c; and (ii) agreed to postpone its review and approval of performance targets for KPIs 6a, 6b and 6e until the final Board meeting of 2017. |
| GF/SC02/EDP06: Recommendation on Performance Targets for the 2017-2022 Strategic Key Performance Indicator Framework (March 2017) | The SC agreed to recommend the following to the Board for approval: (i) performance targets for KPIs 1, 2, 3, 4, 6c, 6d, 6f, 8, 9a, 9b and 11; (ii) interim indicator proposals (i.e., definitions and performance targets) for KPIs 5 and 9c; and (iii) postponement of the review of performance targets for KPIs 6a, 6b and 6e. |
| GF/AFC02/EDP04: Recommendation on Performance Targets for the 2017-2022 Strategic Key Performance Indicator Framework (March 2017) | The AFC agreed to recommend performance targets for KPIs 7, 10 and 12 to the Board for approval. |
| GF/B36/DP09: Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator Framework (November 2016) ⁵ | The Board requested a further opportunity to review the proposed performance targets. Board constituencies were requested to submit a final round of feedback to the Secretariat, and the leadership of the AFC and SC were requested to: (i) determine the performance targets to be addressed by each committee based on their respective mandates; and (ii) establish an advisory group to work with the Secretariat to present revised performance targets to the AFC and SC for recommendation to the Board. |
| GF/SC02/EDP03: Recommendation on Performance Targets for KPIs 1, 2 and 8 the 2017 – 2022 Strategic Key Performance Indicator (October 2016) | The SC reviewed the Secretariat's proposed performance targets for the 2017 – 2022 Strategic Key Performance (KPI) Framework and agreed to recommend the performance targets for Strategic KPIs 1, 2 and 8 to the Board, expressed as point estimates together with uncertainty ranges. In doing so, the SC acknowledged the approach for deriving the performance targets for Strategic KPIs 1, 2 and 8, including the modelling assumptions and key inputs. |
| GF/AFC02/DP05 and GF/SC02/DP05: Recommendation on Performance Targets for the 2017 – 2022 Strategic Key | The AFC and SC reviewed the Secretariat's proposed performance targets for the 2017 – 2022 Strategic Key Performance (KPI) Framework and agreed to recommend the performance targets that were complete and presented at the Committees' October 2016 meetings, including |

⁴ <http://www.theglobalfund.org/Board-Decisions/B36-EDP09/>

⁵ <http://www.theglobalfund.org/Board-Decisions/B36-DP09/>

| Relevant past Decision Point | Summary and Impact |
|---|---|
| Performance Indicator (October 2016) | interim proposals for Strategic KPI 5 and 9c. The Committees agreed that the SC would then review the performance targets for Strategic KPIs 1, 2, 8 and 9b prior to the November 2016 Board meeting to discuss and issue a recommendation to the Board on these targets. The Committees also agreed to recommend deferring the performance targets for the measures associated with Strategic KPIs 6a, 6b and 6e until 2017. |
| GF/B35/EDP05: 2017 – 2022 Strategic Key Performance Indicator Framework (June 2016) ⁶ | The Board approved the Strategic KPI Framework for 2017 – 2022, as presented in Annex 1 to GF/B35/ER05. The Board directed the Secretariat to present the Board with the Strategic KPI Framework’s performance targets for approval at the final Board meeting in 2016. |
| GF/B34/EDP04: Approval of 2016 Targets for the 2014 – 2016 Corporate Key Performance Indicator Framework (January 2016) ⁷ | The Board approved the 2016 performance targets, noting specific revisions to the performance targets for KPI 7 (Access to Funding) and KPI 10 (Value for Money). Having acknowledged the Secretariat’s response to requests by the Board for additional analysis on certain indicators, the Board directed the Secretariat to implement proposed management actions to improve performance, and to continue towards identifying lessons that could inform the development of the next Corporate Key Performance Indicator Framework. |
| GF/B33/DP07: Remaining Targets for the 2014 – 2016 Corporate Key Performance Indicator Framework (March 2015) ⁸ | Under the 2014 – 2016 Corporate Key Performance Indicator Framework, the Board approved updated performance targets for Key Performance Indicators 6, 12 and 16 after additional analysis conducted by the Secretariat following the Board’s approval of the updated 2014 – 2016 Corporate KPI Framework. |
| GF/B32/DP10: Approval of the Global Fund Corporate KPI Framework 2014-2016 (November 2014) ⁹ | The Board approved the updated Corporate KPI Framework, acknowledging the methodological work required to finalize certain indicators as agreed. The Board also approved the available performance targets for 2015, as well as 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. The decision point to approve the updated performance targets contained in GF/B33/04B completed the remaining action item from GF/B32/DP10. |
| GF/B30/DP7: The Global Fund Corporate Key Performance Indicator Framework for 2014-2016 (November 2013) ¹⁰ | The Board approved the KPI Framework for 2014-2016 as set forth in GF/B31/7 – Revision 1. The Board asked for annual reports on these indicators, and where available, for interim results to be made available through the information dashboard. |

⁶ <http://www.theglobalfund.org/Board-Decisions/B35-EDP05/>

⁷ <http://www.theglobalfund.org/Board-Decisions/B34-EDP04/>

⁸ <http://www.theglobalfund.org/Board-Decisions/B33-DP07/>

⁹ <http://www.theglobalfund.org/Board-Decisions/B32-DP10/>

¹⁰ <http://www.theglobalfund.org/Board-Decisions/B30-DP07/>