



Independent observer
of the Global Fund

KPI TARGETS REVISED AGAIN, NEW TARGETS APPROVED

Following a review of why The Global Fund was at risk of not meeting five corporate key performance indicators (KPIs) in the coming year, the Board has approved 10 targets for 2016, two of which have been revised since they were first proposed in November last year.

The Global Fund has 16 KPIs, 13 of which were due to be reported to the Board at its 34th meeting last November. The Board was scheduled to vote on proposed targets for 2016 at that meeting but declined to do so because several board members requested further information on some of the targets.

In a 77-page document prepared for the Board, the Secretariat provided the information and noted that “recent analysis by the Secretariat has led to revision of the performance targets for two indicators.” Having reviewed this information, the Board has now voted electronically to approve all the recommended targets for 2016 for 10 KPIs (see table). (The other KPIs already had 2016 targets.)

Table: Approved 2016 targets for 10 KPIs

| Corporate KPIs | | 2016 Target |
|----------------|--|--|
| 2 (g) | Number of countries with validated population size estimates for key populations | 55 countries have validated population size estimates for female sex workers, men who have sex with men, and, where applicable, injecting drug users |
| 4 | Efficiency of The Global Fund's investment decisions | Alignment between investment decisions and country “need” of 0.52 (20% improvement over 2014-2016) |

| | | |
|----|--|---|
| 5 | Alignment with national reporting systems | 94% of investments in countries where support to date by The Global Fund is reported on national disease strategy budgets |
| 7 | Access to funding | 75% of grants submitted in 2015-2016 take 10 months or less from submission to first disbursement |
| 9 | Effective operational risk management | Portfolio risk index within range of 1.7 to 2.1 |
| 10 | Value for money | 7% reduced spending on equivalent commodities at equivalent quality and volume |
| 11 | Grant expenses forecast | F2 2015 Grant Expense / Grant Expense Corporate Budget: within a range of 0.9 – 1.1 |
| 12 | Human rights protection | Year-on-year improvement with a 100% aspiration |
| 14 | Domestic financing for AIDS, TB, and malaria | 90% of programs meeting minimum counterpart financing thresholds |
| 15 | Efficiency of grant management operations | Operating expenses as a percentage of grants under management (using F2 reforecast) below a maximum of 2.75% |

Of the two targets that have been revised, KPI 7 (access to funding) has been lowered so that the target allows a longer time from grant submission to first disbursement, while KPI 10 (value for money) has been raised and now targets reduced spending that is three percentage points higher than that recommended at the November Board meeting.

KPI 7 – Access to funding

Although it will only be clear later this year how The Global Fund measures up against this target, the organization has already acknowledged it is unlikely it can be met (see [GFO article](#)).

This target is one of the measures intended to assess The Global Fund's progress on its 2012-2016 strategic goal of evolving its funding model so that it is more flexible and effective, and provides predictable funding opportunities. It gauges the time from submission of the concept note to receipt of the first disbursement.

The 2016 target presented to the Board in November last year called for 75% of grants emanating from concept notes submitted in 2015-2106 to be approved in eight months or less. That has now been revised to 10 months or less.

According to the document presented to the Board, the 10-month target was not met for 2014 submissions. To achieve the 8-month goal would mean cutting back current times from submission to approval by 3.5 months.

The Secretariat has recommended various ways in which The Global Fund's management could improve the organisation's performance in this area, which, it says, could cut 6-8 weeks from the approval process. These actions include allowing small and low-risk grants to follow a different track, and improving digital grant-making tools so that bugs are fixed and they become more user-friendly.

Although the performance for this KPI has received a lot of attention, the Board has been assured the Fund's failure to meet this target has had no effect on its programs. According to the Secretariat's analysis, country teams are able to anticipate grant delays and offer grant extensions so that interventions are not disrupted.

KPI 10 – Value for money

This target has fluctuated up and down in the past year. The Fund invests heavily in commodities needed to support its programs, so this target was put in place to drive savings by using the organisation's purchasing power to lower those costs.

The 2015 target was set at 8% savings on commodities the Fund buys, but when the second quarter results suggested that would not be met, a 4% target was proposed for this year.

Now it appears that the full year results for 2015 will show a 7% savings, so the target for 2016 has been raised to the same level.

The analysis provided by the Secretariat points out that the timing of tenders for various commodities has a significant impact on how well the Fund performs on this target. For example, the 2014 agreements for bed net procurement, which sets prices for two years, showed savings in the first year of the scheme, but none in the second year because only savings compared to the year before count.

Additional information on underperformance

A key reason for using KPIs is to help the Board track the Secretariat's performance. It was noted in the Strategic Review 2015, however, that understanding the data revealed by the KPIs and in particular understanding changes in an indicator, requires significant understanding of context. (See [GFO article](#).)

The Board's request for further information about the areas in which The Global Fund is not meeting its KPIs suggests they also see a need for members to better understand what the data presented to them reveals about the Fund's performance.

In addition to the two KPIs detailed above, the Board asked for more information on the three other areas that show potential underperformance – strategic service delivery, health system strengthening, and human rights protection.

KPI 3 – Strategic service delivery

The data presented at the November meeting for this indicator suggested the Fund would not meet its targets for three of the seven services measured – TB cases treated, bed nets distributed, and HIV-positive pregnant women receiving antiretroviral therapy. The Fund argued, however, that much of this is a case of under-reporting and work not being correctly attributed to The Fund, rather than underperformance.

At that meeting, the Board asked to know how severely the projected results had been affected, and requested country-by-country analysis of why the Fund had underperformed.

In response, the Secretariat now says new analysis has allowed it to update its projections, and that "all service targets now exceed 90% of expectation." That would still mean those three services are at risk of missing their 2016 target, but not by nearly as much as previously reported to the Board.

The number of TB cases treated is now expected to hit 14.7 million, missing the target of 15.45 million. More than 378 million bed nets are expected to be distributed, still short of the 390 million target. And more than 2.4 million HIV-positive pregnant women are expected to receive antiretroviral therapy, slightly less than the target of 2.7 million.

One reason offered to the Board for the improved projections is that concept note targets had been used instead of finalized grant targets, causing them to be overestimated.

The Secretariat's explanation for why these targets are likely to be missed include one target being

unrealistic because an overestimation was made for one high burden country; some countries' results not being attributed to the Fund's support because their reporting cycles are not aligned; and weak supply chains.

The Secretariat has suggested addressing these issues by taking steps such as improving oversight of target setting and attribution; and addressing problems with procurement.

KPI 5 – Health system strengthening (HSS)

This KPI uses a World Health Organization scoring tool to measure improvement in the ability of countries to deliver prevention, treatment, and care to people affected by HIV, TB, and malaria. The target was for 60% of countries to show an improvement by 2016, but obtaining a result has been repeatedly delayed. In 2014, data was expected to be available for two countries, with a further five reporting in 2015. By November last year, however, data was only available for one country, with only one more expected by the end of 2015.

To address the lack of information on this issue, the Board asked in November for an overview of the health system strengthening portfolio. The Secretariat has responded with details of how the Fund's resilient and sustainable systems for health (RSSH) investments have increased from 38% of the portfolio to 40% under the new funding model, with cross-cutting HSS interventions doubling from 6% to 12%.

The Board also requested a "standard portfolio for performance monitoring" that could be used in the Implementation Through Partnership initiative, and a list of other proposed tracking indicators that could be used for the remaining period of the current strategy.

The Secretariat has explained that most NFM grants started in 2015, so the first reports from those programs will come in this year, and the first measurement of HSS indicators will be done by the end of the year. It also provided the list of HSS indicators requested; and noted that "considerable work" is being done to develop RSSH indicators for the next KPI framework (2017-2022), but that only one of the indicators on the HSS list was being considered for inclusion in that framework.

KPI 12 – Human Rights protection

At the November meeting, the Board asked for a full report on investments in key populations, gender and human rights activities to be produced by April 2016. It has also requested details of plans for the development of real-time tracking of investments in these areas.

The Secretariat's response notes that it is working to enhance these investments. It says a framework approach is being developed so that regular reporting will be possible, but adds that this data is dependent on the reporting systems of the relevant countries and the Fund's implementers.

According to the document provided to the Board, "a review of the existing modules and interventions related to human rights will be undertaken and further enhancements to track progress in the human rights area will be pursued."

Information for this article was taken from Board Document GF/B34/ER03 entitled "Mid-Year 2015 Corporate KPI Results and 2016 Targets." This document is not available on The Global Fund website.

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