

GF/B30/7**Board Decision****Revision 1**

THE GLOBAL FUND
CORPORATE KEY PERFORMANCE INDICATOR
FRAMEWORK FOR 2014-2016

Purpose:

This paper sets out proposals for a Global Fund Corporate Key Performance Indicator Framework for 2014-2016. After extensive consultation with Board Committees and Constituencies this paper is provided to the Board for Decision.

INTRODUCTION

1. The first Key Performance Indicator (KPI) framework of the Global Fund was developed in response to a demand from the Executive Session of the Eighth Board Meeting (June 2004) for a clearly-defined and rigorous process to objectively evaluate the performance of the Executive Director (GF/B9/15). The aims of the framework were to enable an accurate assessment of the Executive Director's individual performance, and provide a simple method for the Board to monitor the performance of the Secretariat on an on-going basis.

2. At its Ninth Board Meeting in December 2004, the Board approved a framework of fourteen KPIs (GF/B29/07/Annex 1). The framework was modified at the Thirteenth Board Meeting in 2006 to align monitoring around revised corporate priorities (GF/B13/12). This framework remained in place until 2008, when the Policy and Strategy Committee (PSC) decided that a joint PSC/Secretariat working group should review the framework, to sharpen the focus and align with corporate priorities.

3. The revisions produced a framework of 24 indicators covering four dimensions of: operational performance; grant performance; system effects; and impact. With minor annual modifications this framework has remained in place since 2009 (GF/B29/07/Annex 2). In 2010, the PSC requested that the continued appropriateness of the framework for monitoring grant and secretariat performance at a high level be undertaken. An independent review was commissioned and the results reported in 2011 (GF/PSC16/07). The main findings were:

- The KPI framework should align with the Global Fund Strategy 2012-2016;
- Indicators should monitor performance against Goals, Targets, and Strategic Objectives of the strategy;
- Some existing indicators should be retained but others would require revision;
- New indicators will be required to measure progress in prioritizing and targeting resources to countries, most affected populations and most cost effective interventions

4. At its Twenty-Fifth Board Meeting in November 2011, the Board requested the Secretariat to submit a revised KPI Framework to the Board for approval (GF/B25/DP10).

PART 1: PROCESS OF FRAMEWORK DEVELOPMENT

5. In February 2013, the Board Coordinating Group requested the Chairs of the three Board Committees and the Chair of the Global Fund Technical Evaluation Reference Group (TERG) work with the Secretariat to develop a revised set of high level Corporate KPIs. This paper presents the revised KPI Framework, developed through extensive consultation with stakeholders, to the Thirtieth Board Meeting for approval.

6. Between February and May 2013 this group participated in a series of six face to face or telephone discussions to elicit input and review drafts of the work in progress. A draft of the framework was presented to each of the three Board Committees in April and May, and

further constructive written feedback was received from the Point 7 and Germany constituencies as a result of these presentations.

7. Internally, a small working group made up of representatives from the main Secretariat Divisions drove development of the framework and led consultations with senior management and other key stakeholders. Between March and June the framework was discussed by the Secretariat's Management Executive Committee (MEC) on five occasions.

8. Expert input from technical and funding partners, including WHO, UNAIDS, PEPFAR, PMI, CDC and the World Bank, on the disease related KPIs was sought on a continuous basis. Ongoing processes developing performance frameworks and modular tools for the new funding model, TERG meetings and dedicated working sessions with partners provided important contributions to framework development.

9. MEC agreed a Corporate KPI Framework of 15 indicators for discussion with the Board Coordinating Group ahead of submission to the June Board meeting. The Coordinating Group decided that further opportunity for the Board Constituencies to review the proposals was required. They requested that the Secretariat submit a full Board Paper setting out the proposals to the June Board Meeting for additional direction and input; and that a revised framework be further developed through the Committees and brought to the Board for a decision at the Thirtieth Board Meeting.

10. In light of feedback received during Board Meeting and pre-Board sessions on the proposals, further rounds of consultations were conducted with the Audit and Ethics Committee, the Strategy, Investment and Impact Committee, and the Implementer and Donor Blocs of the Board. Written feedback, coordinated through the Chairs of the Donor and Implementer Blocs, was requested of each constituency group and a consolidated response on behalf of each Bloc submitted to the Secretariat. Responses to each of the considerable (116 specific comments) and constructive inputs received were provided by the Secretariat, and issues requiring further discussion highlighted (Annex 1). These items were then discussed in detail during a teleconference with the Implementer Bloc and a full day face to face meeting with the Donor Bloc.

11. Based on this feedback a revised framework was developed and presented to each of the Board Committees for final input. These inputs led to further minor revisions and a final Corporate KPI framework proposal of 16 indicators, as set out in this paper, is submitted to the Board for final approval.

PART 2: GUIDING PRINCIPLES OF THE FRAMEWORK REVISION

12. Based on an analysis of the previous framework and input from stakeholders the following five principles were established in early meetings with the Board Committee Chairs and with MEC to guide the revision of the KPI framework:

Guiding Principle: Align the framework with the Global Fund Strategy 2012-2016.

13. The previous framework had no clear links to the strategic aims of the organization. As recommended by the independent review, the corporate level KPI framework should focus on the Goals, Targets, and Objectives of the Strategy (GF/B29/07/Annex 3). Indicators to monitor the Strategic Actions of the Strategy, the tasks required to achieve the Strategic Objectives, will be developed for Secretariat level operational KPIs once agreement has been reached on the corporate level framework. The Chair of Finance and Operational

Performance Committee (FOPC) requested that the framework of operational level KPIs be submitted to the FOPC for information in 2014.

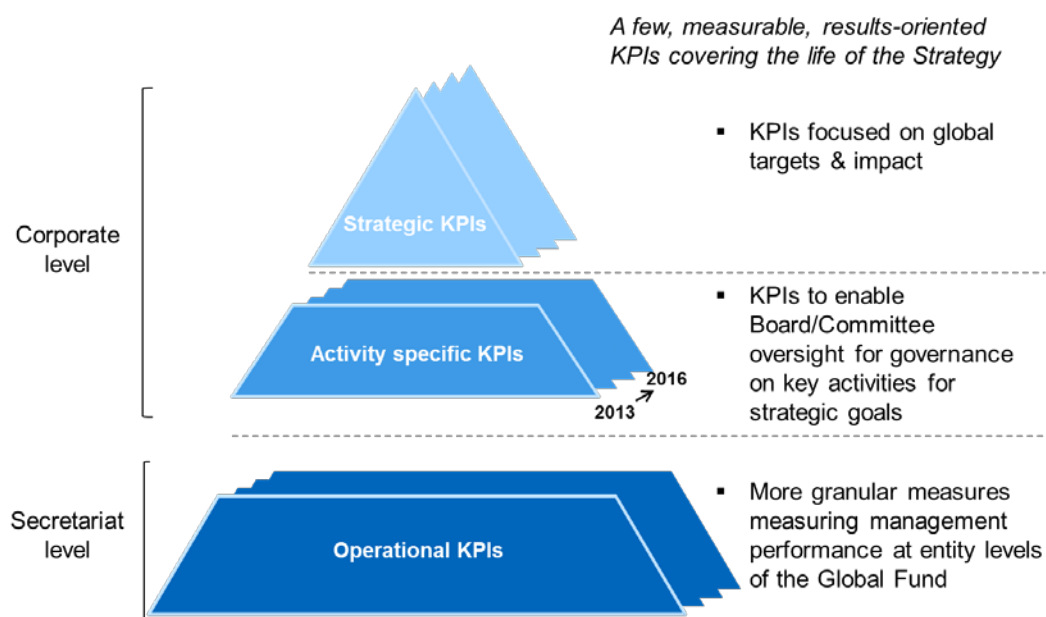
Guiding Principle: Define a clear hierarchy for the framework with logical links between levels.

14. The previous framework had become disjointed with a lack of clarity over ownership and accountability for a number of indicators. In addition, the focus of other indicators was pitched at too operational a level to effectively inform the Board on performance against strategic priorities. The revised framework has been developed around a three level hierarchy (Figure 1):

- I. **Strategic:** focused on the impact goals and service delivery targets of the strategy;
- II. **Activity specific:** focused on implementation of the key activities required to achieve strategic goals;
- III. **Operational:** measuring the operational performance of the Global Fund.

15. The Corporate Framework, designed to enable high level monitoring of strategic performance and effective governance, should be clearly delineated but logically linked to the more detailed Operational KPIs cascaded down to the Secretariat.

Figure 1



Guiding Principle: Reduce the number of KPIs.

16. The previous framework included too many indicators leading to a lack of focus on the strategic priorities of the organization. The revision process planned to reduce the number of indicators from more than 40 (24 at the Corporate level) to around 10 to 15. The previous framework had been described as a “shopping list” by stakeholders, with interest groups insisting on the inclusion of indicators on their area of interest as a way to get the attention of

the Secretariat. Many of the indicators included were not performance measures but rather useful information for stakeholder groups that was not available through other sources.

17. To avoid this situation recurring and to satisfy demands for a more comprehensive set of information on Global Fund operations it is planned to complement Corporate KPI reporting within a routine Quarterly Dashboard, which will also include information on financials, programmatic results and Operational KPIs. The consultations with Constituency groups reemphasized the strength of demand from stakeholders for an enhanced package of structured information describing Global Fund operations beyond the specific performance metrics of the Corporate KPI Framework. This gap is being addressed in the proposed reporting structure of the Secretariat's Finance 'Step-Up' initiative.

18. It should be noted that performance of the Global Fund is also assessed through Evaluations, overseen by the independent Technical Evaluation Reference Group. These provide in depth detailed analysis of more complex issues affecting the Global Fund and its operations. Over the next two years the Global Fund will conduct evaluations of the transition to the new funding model, the new funding model, and the ten-year evaluation of the Global Fund. Each of these evaluations will provide important information on Global Fund performance. The Corporate KPI Framework is designed as a complement, providing routine regular reporting on high level performance to enable effective governance and monitoring of strategic performance.

Guiding Principle: Ensure indicators are visible and measurable.

19. The previous framework included a number of indicators where the Global Fund had little or no influence over performance. For some indicators, notably those focused on impact, the Global Fund is only one of a number of actors supporting country efforts, and certain limitations on control are unavoidable. However, for indicators in other areas this represents a serious limitation, and as a principle indicators should be visible and measurable, and accountability should be clear. Where appropriate the measurement error of the measures developed should be quantified, so that real effects can be differentiated from natural variation when interpreting indicator results.

Guiding Principle: Set the framework for the lifetime of the Strategy.

20. Changes to previous frameworks were made on an ad hoc or annual basis contributing to a lack of focus on medium and long terms priorities. The revised framework should largely remain in place for the duration of the strategy and where possible performance targets should be set for the full three year period covered. It is proposed that business critical short-term activities underpinning longer term goals be included in the framework only as time limited temporary KPIs. Indicators focused on the implementation of the new funding model would qualify as appropriate temporary KPIs.

PART 3: FRAMEWORK SUMMARY

21. Constructive discussions held with stakeholders (Annex 1) resulted in broad consensus on the content of the final proposal. Four indicators were added to the framework presented to the Twenty-Ninth Board Meeting (GF/B29/07), important revisions made to a number of other indicators and two indicators were dropped.

22. This section of the paper provides an overview of each of the 16 proposed indicators; giving the rationale for selection and highlighting key issues that should be noted in interpretation. Performance targets are proposed for eight indicators. For the remaining eight indicators targets have yet to be proposed, or are proposed for only some measures. For two of these indicators performance targets will be strongly influenced by the results of the fourth Global Fund replenishment. The remaining six indicators represent new areas of measurement for the Secretariat and baseline performance will be assessed before a performance target is proposed.

Strategic	Strategic goals	Strategic targets	
	KPI 1 Performance against strategic goals	KPI 2 Quality and coverage of services	KPI 3 Performance against strategic service delivery targets

Activity specific	Strategic objective 1 – Invest more strategically		
	KPI 4 Efficiency of Global Fund investment decisions	KPI 5 Health System Strengthening	KPI 6 Alignment of supported programs with national systems
	Strategic objective 2 – Evolve the funding model		
	KPI 7 Access to funding		KPI 8 New Funding Model implementation [Temporary KPI]
	Strategic objective 3 – Actively support grant implementation success		
	KPI 9 Effective operational risk management	KPI 10 Value for money	KPI 11 Grant expenses forecast
	Strategic objective 4 – Promote and protect human rights		
	KPI 12 Human rights protection		
	Strategic objective 5 – Sustain the gains, mobilize resources		
	KPI 13 Resource mobilization		KPI 14 Domestic financing for AIDS, TB & Malaria
	Implementing operational excellence		
	KPI 15 Efficiency of grant management operations		KPI 16 Quality of management & leadership

Strategic Goals	
KPI 1	Performance against strategic goals
Measure	a) Estimated number of Lives Saved b) Estimated number of Infections Prevented
Target	a) 10m lives saved between 2012-2016 b) 140m new infections prevented over 2012-2016
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 programmes 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). Work is underway with partners to review the evidence on the effectiveness of additional interventions and integrate these effects into the methodology where possible. Agreement has been reached to add the effects of PMTCT, Indoor residual spraying and malaria treatment to the lives saved model. Decisions on the remaining indicators (HIV/TB, MDR-TB, ITNs for adults and ITNs outside Africa, and IPTi/IPTc) will be made in Q1 2014. There is currently no agreed methodology to estimate the number of infections prevented and work with partners to develop this methodology is ongoing. For malaria the lives saved methodology can be adapted to provide estimates of infections averted due to vector control, and agreement has been reached with partners to estimate the effect of PMTCT and HIV activities in concentrated epidemics for selected countries. The targets set in the strategy for lives saved and infections prevented will require recalibration to account for the results of the fourth replenishment, new scientific advances, trends in commodity costs, the cancellation of Funding Round 11 and changes in the modeling methodology.</p>
Note	See Annex 2: Exceptions to June 2014 Finalization

Strategic	Targets
KPI 2	Quality and coverage of services
Measure	<p>a) ARV retention rate at 12 months</p> <p>b) TB Treatment success rate for all new cases</p> <p>c) Proportion of population at risk potentially covered by LLINs distributed*</p> <p>d) Percentage of eligible adults and children currently receiving ART</p> <p>e) Percentage of HIV positive pregnant women who received anti-retrovirals to reduce the risk of mother-to-child transmission</p> <p>f) Percentage of HIV-positive TB patients given ART during TB treatment</p> <p>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</p> <p>* Supplemented by ITN use measure: Proportion of population that slept under an ITN the previous night</p>
Target	<p>a-f) Targets to be set once result of replenishment is known</p> <p>g) 2014: 35 countries; 2015: 45 countries; 2016: 55 countries</p>
Purpose	The indicator will enable an assessment of what share of service delivery results come from programs that meet agreed quality standards; and by assessing 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) will be used to track service quality, and measures b-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.</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. A portfolio review has identified what share of the Global Fund portfolio meets recommended quality/coverage standards. The level at which ambitious but realistic targets can be set for improvement over the duration of the strategy will be affected by national scale up plans and the results of the Global Fund replenishment.</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.</p>
Note	<p>See Annex 2: Exceptions to June 2014 Finalization</p> <p>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.</p>

Strategic	Targets
KPI 3	Performance against strategic service delivery targets
Measure	<ul style="list-style-type: none"> a) Number of people alive on ARV therapy b) Number of TB cases treated according to the DOTS approach c) Number of LLINs distributed d) Number of HIV positive pregnant women who received anti-retrovirals to reduce the risk of mother-to-child transmission e) Number of Indoor Residual Spraying services delivered f) Number of cases with bacteriologically confirmed drug resistant TB treated with a second line regimen g) Number of people who received HIV testing & counseling and know their results
Target	<ul style="list-style-type: none"> a) 7.3m people on ARV therapy in 2016 b) 21m TB treatments between 2012-2016 c) 390m LLINs distributed between 2012-2016 d-g) Targets to be set once result of replenishment is known
Purpose	The indicator will enable progress against Strategy Targets for key interventions supported to be tracked and forecast over time.
Limitations	The Strategy set explicit targets for only three prevention and treatment interventions supported by the Global Fund. Agreement has been reached with partners to set high level targets for four other supported interventions. Currently there is no common methodology among major funders on how service delivery results should be reported. Results reporting methodology including a common approach to reporting on a contribution or attribution basis will be agreed with partners. The targets set in the 2012-2016 Strategy for service delivery will require recalibration to account for the results of the fourth replenishment, new scientific advances, the cancellation of Funding Round 11 and trends in commodity costs.
Note	See Annex 2: Exceptions to June 2014 Finalization

Activity	Strategic objective 1 – Invest more strategically
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.
Target	22% improvement in alignment over the 2014-2016 period
Purpose	The indicator will assess 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>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, but this work is not sufficiently developed to be included in the KPI framework at this stage. Further methodological work will be conducted in 2014 to develop a within-program measure.</p>

Activity	Strategic objective 1 – Invest more strategically
KPI 5	Health System Strengthening
Measure	HIV, TB & Malaria service availability and readiness rating
Target	TBC
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	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, given that the new Health System Strengthening (HSS) Strategy has yet to be approved, let alone implemented, 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. Such a measure does not assess whether services are used, but in time an indicator focused on coverage will be introduced to better assess this.

Activity	Strategic objective 1 – Invest more strategically
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
Target	TBC
Purpose	The indicator will enable the integration of Global Fund support into national systems and decision making processes to be tracked.
Limitations	Such integration, and key aid effectiveness principles more widely, are at the heart of the 2012-2016 Strategy and the procedures and process 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.

Activity	Strategic objective 2 – Evolve the funding model
KPI 7	Access to funding
Measure	a) Time from final Concept Note submission to Grant Approval Committee recommendation b) Time from Grant Approval Committee recommendation to Grant Signing c) Time from Grant Signing to first disbursement
Target	Experience with the new funding model roll-out in 2013 will be used to determine targets for 2014-16
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. Analysis of the new funding model roll-out will assess the level at which time targets should be set and what share of the portfolio can be expected to meet these standards.

Activity	Strategic objective 2 – Evolve the funding model
KPI 8	New Funding Model implementation [Temporary KPI]
Measure	Amount of grant expenses for the transition to the new funding model committed to annual schedule of country demands
Target	USD 1.9bn over the 2013-2014 period
Purpose	The indicator will enable 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.

Activity	Strategic objective 3 – Actively support grant implementation success
KPI 9	Effective operational risk management
Measure	Portfolio Risk Index.
Target	Baseline index: 2.01 (High Impact Countries mid-2013) 2014-2016: Targets will be set once the sensitivity of the index to change over time has been assessed
Purpose	A key component of grant implementation success is the ability of supported recipients to identify and mitigate potential risks.
Limitations	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.

Activity	Strategic objective 3 – Actively support grant implementation success
KPI 10	Value for money
Measure	Savings gained through leveraging of Global Fund purchasing power
Target	Reduce spend by 8% per year for equivalent commodities at equivalent quality and volume
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	This indicator focuses only, at this stage, on the cost component of value for money. Plans are in place to further develop Value for Money monitoring to bring in service unit cost benchmarks and a greater focus on value in 2014-2016. In the meantime, the value component will be measured through other indicators in the framework, for example those on impact, service delivery, quality and coverage of services. The full impact of a reduction in spend is dependent on the proportion of spend covered by the indicator. A complementary Operational KPI will track spend penetration, with a target of a 20% increase in penetration per year over the next three years.

Activity	Strategic objective 3 – Actively support grant implementation success
KPI 11	Grant expenses forecast
Measure	Percentage of forecast grant expenses made to schedule
Target	Actual grant expenses within 10% of forecast
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	This indicator replaces the Volume of Funding indicator of the previous 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.

Activity	Strategic objective 4 – Promote and protect human rights
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.
Target	TBC
Purpose	The indicator will enable performance of the Global Fund on its Human Rights objective to be tracked on a regular basis.
Limitations	<p>A clear consensus developed during consultations in favor of focusing the indicator on managing the risk of human rights violations. 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>An operational KPI will be used by the Secretariat in 2013 and 2014 to assess internal progress on developing human rights guidance and tools for grant management. This will include tracking of funds invested in programs that address human rights barriers to accessing services at the operational level.</p> <p>The longer-term impact of Human Rights protection on access to services by key populations has now been incorporated elsewhere in the framework as a coverage measure (KPI 2) – focusing firstly on availability of population size estimates for key populations, before moving to a service coverage measure.</p>
Note	See Annex 2: Exceptions to June 2014 Finalization

Activity	Strategic objective 5 – Sustain the gains, mobilize resources
KPI 13	Resource mobilization
Measure	a) Actual pledges as a percentage of the replenishment target (Replenishment years only) b) Pledge conversion rate. Actual contributions as a percentage of forecast contributions
Target	a) USD 15 bn in pledges b) 100% of forecast contributions received
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	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.

Activity	Strategic objective 5 – Sustain the gains, mobilize resources
KPI 14	Domestic financing for AIDS, TB & Malaria
Measure	Percent of programs accessing funding where government contributions meet minimum counterpart financing thresholds.
Target	80% of programs meet threshold
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>An initial conservative target has been set based on current levels of government spending. It is possible that under the new funding model many countries will see an increase in support from the Global Fund which means that current levels of government funding will represent a lower share under the counterpart funding criteria.</p> <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 performance on this indicator can be expected to improve over time.</p>

Activity	Implementing operational excellence
KPI 15	Efficiency of grant management operations
Measure	OPEX rate: operating expenses as a percentage of grants under management
Target	3%
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	The ratio of operating expenses to the volume of funding in grants under management is sensitive to two factors. Currently the organization retains a large number of grants “in closure” with many remaining in this status for 18 months or more. The efficiency of the grant closure process is expected to improve with the introduction of new financial systems and processes. The upcoming replenishment could result in a significant rise in the funding available for investment in new grants. Both of these factors will influence performance on this indicator and the level at which the target ratio should be set in future years.

Activity	Implementing operational excellence
KPI 16	Quality of management & leadership
Measure	Management and leadership index
Target	TBC
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 in index score that corresponds to a meaningful improvement in management and leadership quality will have to be considered. To account for these limitations and enable comparison with performance in similar organizations the Towers Watson Manager Quality scale was selected as the benchmarked index.

23. A decision was made not to include an aggregate indicator on Implementer Satisfaction as a Corporate KPI. The Secretariat will monitor this important issue at the operational level where there is strong relevance on a country by country basis; and as part of comprehensive country level reviews planned as part of the transition to the new funding model and new funding model evaluations overseen by the independent Technical Evaluation Reference Group.

24. Two indicators were dropped from the list of 15 indicators presented to the Twenty-Ninth Board Meeting. Given the delay to the KPI framework approval, the proposed indicator on Establishing the Foundations for NFM implementation is no longer relevant. Most of the required systems will have been implemented through the Step-Up initiative by the end of 2013. The proposed Optimization of Cash Management indicator was also dropped. Until it is possible to measure and manage cash balances at the implementer level, the proposed indicator had the potential negative incentive of increasing unnecessarily levels of unused cash held by implementers.

PART 4: REPORTING SCHEDULE

25. Reporting on corporate KPIs will be integrated into the routine Dashboard from Q1 2014 onwards as data becomes available and new systems are rolled out. Most corporate KPIs will be monitored on an annual basis. The first formal reporting to the Board and Board Committees will report KPI performance for the year 2014. It is proposed that one annual KPI report be submitted to the spring Committee sessions and Board Meeting. This reporting cycle will start in 2015.

PART 5: DECISION POINT

26. In response to the Board Coordinating Group request for a revised framework of high level Corporate KPIs aligned with the Global Fund Strategy 2012-2016; this paper presents the proposed revisions to the Thirtieth Board Meeting for approval.

GF/B30/DP7: The Global Fund Corporate Key Performance Indicator Framework for 2014-2016

1. The Board:

- a. Notes and approves the Global Fund Key Performance Indicator Framework for 2014-2016 (the “KPI Framework”), as set forth in GF/B30/7 – Revision 1;**
- b. Directs the Secretariat to report annual key-performance-indicator results to the Board Committees and to the Board, and where available, interim results will be made available through the routine information dashboard;**
- c. Acknowledges that further methodological work is required to extend the scope of specified indicators, as described in GF/B30/7 – Revision 1, and requests the Secretariat to submit indicator revisions to the Board for approval, with a complete KPI framework, including baselines for each measure, finalized by June 2014 (subject to agreed exceptions set forth in Annex 2 to GF/B30/7 – Revision 1);**
- d. Directs the Secretariat to complement indicator results with sex and age dis-aggregated data where feasible; and**
- e. Requests the Secretariat to regularly review performance targets to drive effectiveness and efficiency and submit any proposed changes to the Board for approval.**

2. Budgetary implications of this decision will be included in the operating expenses budget of the Secretariat.

Constituency & Committee Feedback Summary

This Annex provides a brief summary of the feedback elicited from stakeholders during the consultations held after the Twenty-Ninth Board Meeting in June 2013.

A total of 116 specific written comments were submitted to the Secretariat by Constituency groups. These included requests for the addition of 21 new indicators and the removal of eight proposed indicators. After a first round of clarifications from the Secretariat, it was agreed that 14 issues be discussed in detail during the meetings with the Implementer and Donor Blocs.

Responses to the following ten points are included body of the paper above:

1. Revise the Efficiency of Investment Decisions indicator
2. Revise the Value for Money indicator
3. Remove the indicator on Establishing the Foundations for NFM implementation
4. Revise Strategy Service Delivery targets and add an indicator on intervention coverage rates
5. Add an indicator on Domestic Funding for the three diseases
6. Add an indicator on Implementer Satisfaction
7. Revise the Human rights protection indicator
8. Remove the Optimization of Cash Management indicator
9. Add an indicator on Health Systems Strengthening
10. Add an indicator on grant alignment with national strategies and budget cycles.

The remaining four points were addressed as follows:

11. Add an indicator on proportion of Global Funds going to low-income, high-burden countries – agreement reached that this issue was better dealt with under KPI4.
12. Add an indicator on graduation strategies for middle-income countries – agreement reached to monitor this issue at the operational level.
13. Add an indicator on proportion of Global Funds going to high-impact, cost-effective interventions– agreement reached that this issue be dealt with under KPI4.
14. Add an indicator on measured impacts at the strategic level e.g. declines in incidence/reductions in mortality – agreement reached to monitor this issue at the operational level.

Final input from the three Board Committees resulted in four further changes to the proposals:

- Revision of the Domestic Financing KPI to focus on whether countries fulfill their commitments on counterpart financing; thus increasing the focus of the indicator on factors the Global Fund can be held accountable for.
- Merger of the Coverage of Key Interventions and Quality of Services KPIs. Two of the three measures of the Quality of Services KPI overlapped with the measures proposed for the Coverage of key interventions KPI.
- Revision of the Alignment with national systems KPI to incorporate a weighting by size of portfolio.
- A decision to drop the requested Implementer Satisfaction KPI and monitor this important issue through in depth evaluation (overseen by TERG) and through operational level monitoring on a country by country basis.

Exceptions to June 2014 Finalization

During discussions at the Thirtieth Board Meeting, the Secretariat noted that it may not be possible to finalize the following indicators by June 2014:

- **KPI 1:** Performance against strategic goals
- **KPI 2:** Quality and coverage of services
- **KPI 3:** Performance against strategic service delivery targets
- **KPI 12:** Human rights protection

Setting baselines and targets for indicators 1-3 will be subject to reaching agreement with partners on a common methodology for attributing service delivery results. Given the range of actors involved agreement will require more time than the June 2014 deadline will allow.

For the Human Rights KPI the Secretariat is still putting in place the processes and procedures to enable rights violations to be reported and managed. In addition, considerable consultation will be required to define and reach agreement on the standards and norms against which supported programs will be held accountable.
