
Adjustments to the KPI Framework

44TH BOARD MEETING

GF/B44/15B

11-12 NOVEMBER 2020, *Virtual*

Adjustments to the KPI framework:

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Typology of adjustments

A number of adjustments to the KPI framework are proposed for Board approval which can be categorized into the following broad classifications:

Moving from an interim to a final indicator

- The indicator in the initial KPI framework was an interim indicator, supposed to cover only the first half of the Strategy and now needs to be replaced by the final indicator (KPI 5)

Resetting targets

- The targets defined in the initial framework do not cover the coming years; new targets for several KPIs have to be defined for the end of the Strategy, up to 2022 (KPI 3, KPI 5, KPI 6a, KPI 9b, KPI 12b)

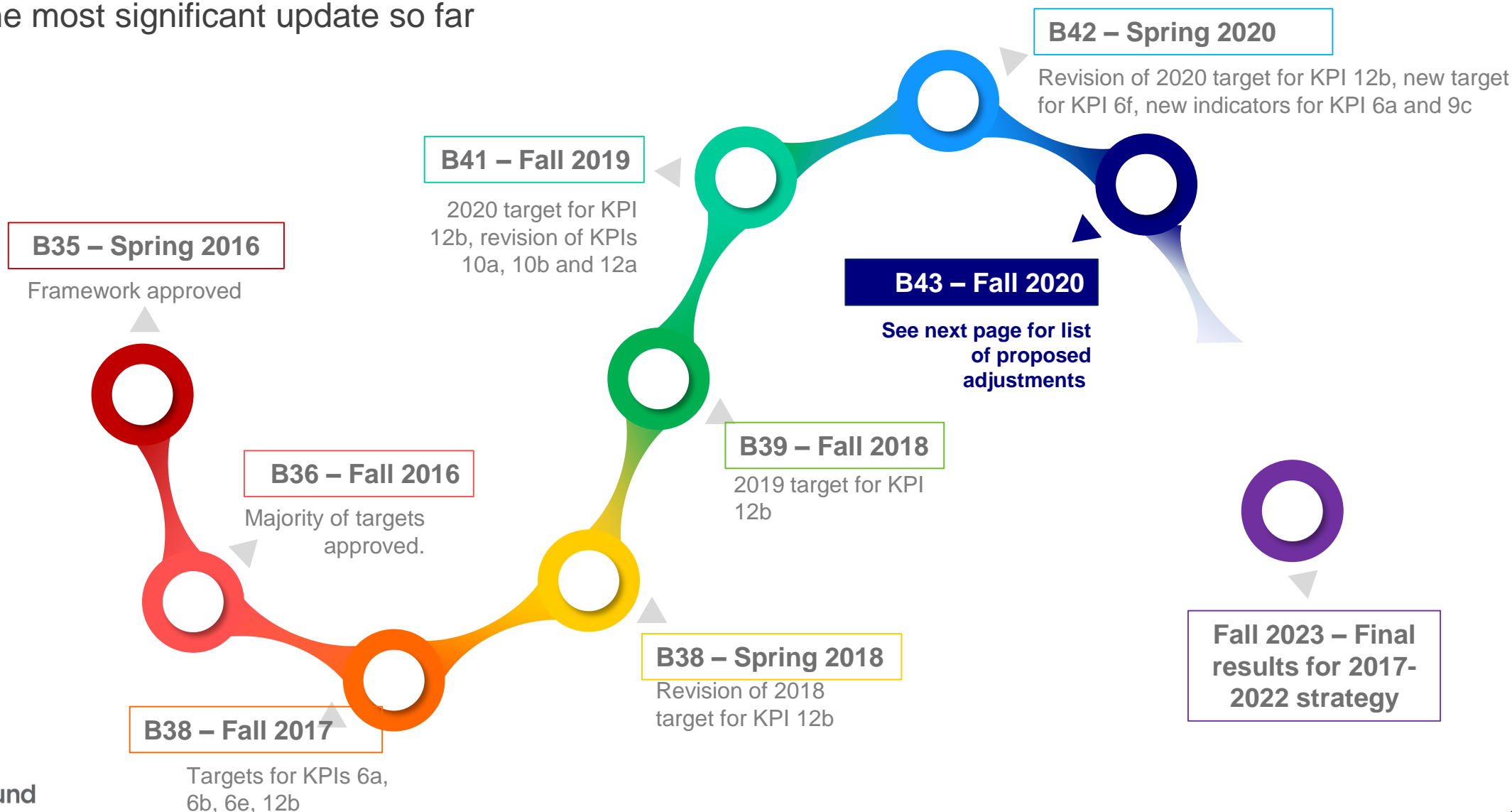
Strengthening existing indicators

- Improvements have been identified on the initial definition of the indicator, based on new developments (data, systems, processes, definitions) or as lessons learned from current reporting (KPI 5, KPI 6b, KPI 7a, KPI 9b)

*These adjustments are **not** the result of the COVID-19 pandemic and are based on scheduled adjustments from the start of the Strategy period or in response to strengthening KPI methodologies.*

History of KPI framework adjustments

The Secretariat continues to adjust the KPI framework to ensure it stays fit-for-purpose. Fall 2020 (this cycle) represents the most significant update so far

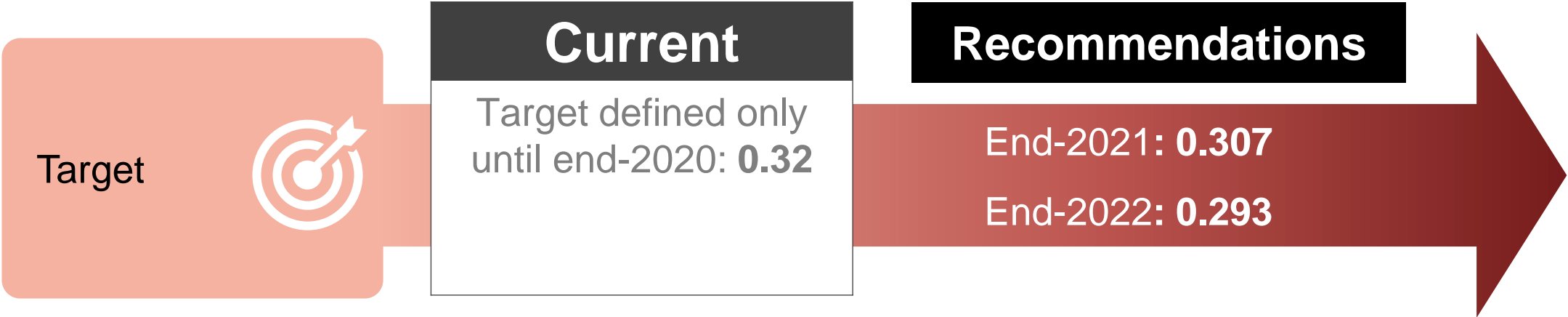


Summary of adjustments

The following adjustments are proposed for Board approval. They are described in more detail on the next pages

KPI	Definition	Recommendations
3	<i>Alignment of investment and need</i>	<input type="checkbox"/> Calculate using disbursements (not grant expenses) <input type="checkbox"/> Set end-2021 target=0.307; end-2022 target=0.293
5a	<i>Service coverage for key populations (investments)</i>	<input type="checkbox"/> Move HIV grants investment for key populations from 9b to 5a and focus on prevention activities <input type="checkbox"/> Expand cohort to full HIV portfolio; Set target at 10%
5b	<i>Service coverage for key populations (capacity to report)</i>	<input type="checkbox"/> Retain current (interim) KPI 5 as KPI 5b <input type="checkbox"/> Maintain title, calculation, cohort, and target (75%)
6a	<i>RSSH – Procurement Prices</i>	<input type="checkbox"/> Set end-2022 target=50%
6b	<i>RSSH – Supply Chains</i>	<input type="checkbox"/> Modify target to “ maintain current levels ” for On Shelf Availability when above 90% <input type="checkbox"/> Keep current target when not meeting 90% threshold
7a	<i>Allocation utilization</i>	<input type="checkbox"/> Calculate using disbursements (not grant expenses)
9b	<i>Human Rights investments</i>	<input type="checkbox"/> Focus only on Human Rights /move HIV KPs to 5a <input type="checkbox"/> Expand HIV cohort to all eligible countries ; TB cohort to countries in TB strategic initiative <input type="checkbox"/> Set HIV target=3% ; Keep TB target=2%
12b	<i>Affordable health technologies</i>	<input type="checkbox"/> Set 2021 target at \$154m

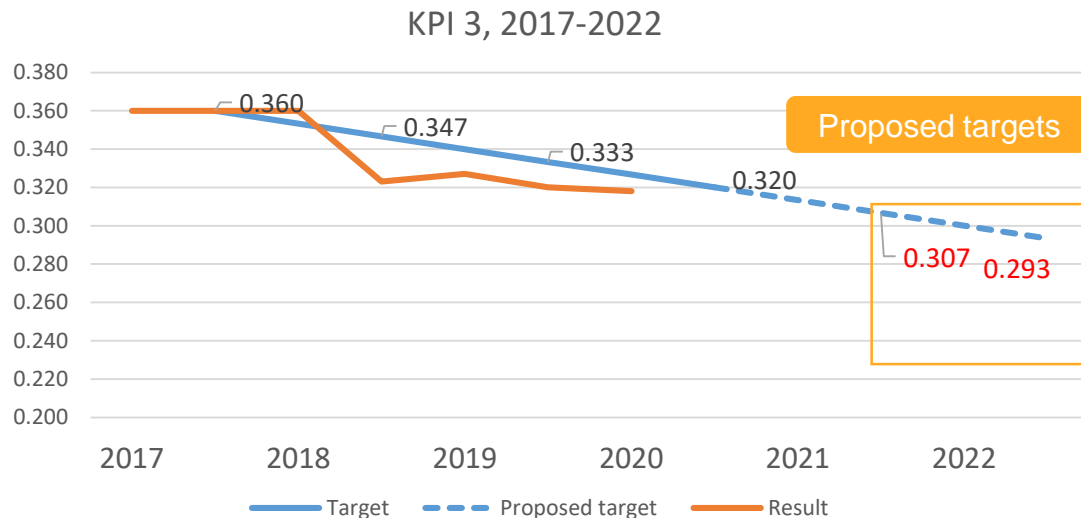
Proposed adjustments to KPI 3: setting 2021 and 2022 targets



Proposed adjustments to KPI 3: 2021-2022 targets

Background – extending targets until the end of the strategy cycle

- KPI 3 measures the alignment between investment decisions and country "need"; with need defined in terms of disease burden and country economic capacity through the allocation methodology
- Initially, the target was defined until **end-2020** only, when it is expected to reach a value of **0.32**. There is then a need to define targets for the two final years of this strategy cycle.
- The Secretariat proposes to extend the method used to define the interim yearly targets between 2017 and 2020, i.e., to continue extrapolating them over a straight line (see graph below)
- Using this method the final end-2022 target would be equal to 0.293 and the interim target at end-2021 would be 0.307



Key considerations

- The share of needs is based on data resulting from the allocation formula for a given period
- To ensure the most appropriate measurement, KPI 3 uses the data from the allocation formula that most closely matches the data used for share of funding.
- As of now, most of the funding originates from the NFM2 (2017-2019 allocation) period, this KPI uses the corresponding share of needs
- However, the calculation will switch to the 2020-2022 share of needs in mid-2021, when most of the funding will originate from NFM3 (2020-2022 allocation period). The corresponding KPI report will present the results obtained using either share of needs for comparison
- The Secretariat has run simulations using the 2020-2022 share of needs and confirms that the proposed targets are optimal: achievable but not too conservative.
- Fluctuations in the performance of this KPI are normal. It is expected that the performance will be high in the next reporting periods when needs and funding will be both purely based on NFM2 data but then decrease when funding will have an even representation of NFM2 and NFM3 data.
- Note that the Secretariat is also proposing to update the formulas in KPI 3 and KPI 7a to use disbursement data instead of grant expenses to define "funding". The two recommendations are independent and the KPI 3 targets proposed here would stay the same even when using grant expenses

For approval






Proposed targets:

- **0.307** at end 2021
- **0.293** at end 2022

Rationale

- *Same logic as target-setting for 2017-2020 allocation period*
- *Targets realistic, based on current info*

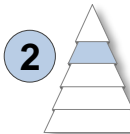
Proposed inclusion of KPI 5a: HIV grant investment in prevention for key populations

	Current	Recommendations
Focus 	Previously measured under KPI 9b	HIV grant investments in prevention activities for key populations to be part of KPI 5
Title 	Key populations and human rights in middle income countries	Investment in HIV prevention programs for key populations
Calculation 	% budget in signed HIV and HIV/TB grants dedicated to programs targeting KPs	% budget on KP prevention activities aligned to UNAIDS Global Prevention Coalition Pillars . Does not include testing and counselling
Cohort 	Middle Income Countries	Full HIV portfolio
Target 	39%	10%, from 8.1% baseline



Proposed adjustments to KPI 5: additional sub-indicator on grant investment

Level of Control



Background – Expanding KPI to include measure of Global Fund investment in Key Population prevention

- KPI 5 was developed to measure coverage of KP reached with an evidence-informed package of (HIV) treatment and prevention services. It is proposed (*under KPI 9b recommendations – see page 19*) that the sub-indicator on investments for KPs is moved to KPI 5 as KPI 5a.
- Presenting investments in KP prevention in HIV programming alongside service coverage (and countries ability to report on coverage) will allow for a more complete and progressive narrative of Global Fund investments from input to outcomes
- The Secretariat's Technical Advice and Partnership (TAP) department conducted a budget analysis to compare investment levels in HIV prevention between NFM1 and NFM2. A methodology for this analysis was developed in collaboration with the Secretariat's CRG, MECA, SPH and Finance teams.
- TAP will continue to conduct this budget analysis to track investment in prevention in HIV and HIV/TB grants signed in the 2020-2022 budget period, thus providing the required data and analysis to support KPI reporting on this sub-indicator.

Key considerations - methodology and target

- The methodology categorizes investment in KP prevention in alignment with the UNAIDS Global Prevention Coalition 5 pillars.
- Under this approach, the calculation methodology differs from the previous KPI 9b as the proposed KPI focuses strictly on prevention activities and excludes other activities, for example HIV testing and counselling.
All signed HIV and HIV/TB grants are also included in analysis - whereas the previous KPI 9b cohort only included grants in Middle Income Countries. It is also important to note that the methodology is based on budget periods rather than allocation periods
- The expansion of the cohort and removal of HIV testing and counselling causes the baseline for the proposed new indicator to be lower than the final KPI 9b result on KP grant investment reported end-2019 (36%).
- The new methodology calculated the budget dedicated to KP prevention for the 2014-2016 budget period at 6.7%, increasing to 8.1% by end of the 2017-2019 budget period. The increase between the two periods was 1.43% .
- Setting a target for the 2020-2022 budget period should reflect organizational commitment to increasing investments in KP prevention. Therefore it is proposed that the new target be set at 10% which reflects a 1.9% increase since NFM2.
- Note that the Secretariat is not making a declaration of optimal investment level and this is an ongoing discussion among technical partners. It is not possible at this time to set a target that can be applied equally to each country as this would lead to distortions considering different levels of domestic and international financing.

For approval

- KPI 5a: GF Investment in prevention programs for Key Populations
- New indicator, replacing previous KPI 9b (KP), focusing on prevention activities and including all countries
 - Name: Investment in HIV prevention programs for key populations
 - Proposed target: 10% for the 2020-2022 allocation period

Rationale

- *Cohort expanded to whole HIV allocation for more comprehensive oversight of investments in HIV prevention programs for KPs*
- *Clear definition aligned with prevention pillars*
- *Focus aligns to organizational prioritization of HIV prevention*



Proposed inclusion of KPI 5b: maintaining the KPI 5 interim indicator

	Current	Recommendations
<div>Focus</div> <div></div>	Interim KPI 5 indicator (2017-2019) measuring capacity to report	Keep interim as new KPI 5b
<div>Title</div> <div></div>	Countries currently reporting on comprehensive package of services for at least two key populations	Retain same title as interim KPI 5
<div>Calculation</div> <div></div>	% of target countries with data collection mechanisms in place to report on coverage of an evidence-informed package of services for at least two key populations	Retain same calculation as interim KPI 5
<div>Cohort</div> <div></div>	Eligible countries with adequate national key population size estimates that are supported by Global Fund	Retain same cohort approach as interim KPI 5
<div>Target</div> <div></div>	75%	Retain same target as interim KPI 5





Background – previous interim indicator remains an important measure of progress

- Recognizing the huge challenges in reporting on actual service coverage among Key Populations, an interim indicator was approved, for the 2017-2019 allocation period, which measured **the percentage of target countries with reporting on coverage of an evidence-informed package of services for at least 2 Key Populations**
- During this 3-year reporting period, the Global Fund, together with partners, deployed considerable efforts to increase the country capacity to report the results of services among Key Populations
- However, despite progress, the final result of the interim indicator was 64% against a target of 75%
- The inability to reach the target of the interim indicator reflects how measurement of coverage of services among Key Populations remains a great challenge, not least affected by the lack of updated key population size estimates (PSEs) in countries.
- In the process of monitoring this interim KPI, GF and partners jointly developed an approach for reporting the service package among HIV key populations with guidance on measuring the programmatic coverage of services. Sustained commitment to this work is crucial.
- It is proposed therefore to retain the interim indicator as KPI 5b to maintain the required momentum and ambition to report on national coverage of KP services
- Efforts to continue to report and deliver on this sub-indicator will help position GF to potentially adopt a national service coverage-focused KPI in post-2022 KPI Framework

Key considerations

- No change in methodology from the interim indicator will be required.
- The previous target for the interim indicator was set at an ambitious level, however the challenges with achieving progress remain the same, particularly with the fluid cohort as countries move in and out of the denominator based on whether they have appropriate and updated PSEs.
- Therefore it is proposed to maintain the same target for the remainder of the current Strategy period.

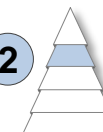
For approval

Continue to report on countries **ability to report** on coverage of key populations as KPI5b.

Maintain target at 75% for 2022

Rationale

- *Important to keep momentum of progress to date; success of this KPI is a prerequisite to quality and reliable reporting on KP service coverage.*
- *Previous interim indicator target was not achieved and was set at an ambitious level. Ambition should be maintained*



Background

- In the KPI Framework approved at the start of the Strategy period, the intent of KPI 5 was to measure the “coverage of key populations reached with evidence-informed package of treatment and prevention services appropriate to national epidemiological contexts” from 2020.
- This page describes the potential approach for establishing the final indicator. The final definition, methodology and target will be brought for Board decision in Spring 2021.
- At mid-Strategy, many grants have started to report on Key Populations reached with HIV programs, through the appropriate indicator in the modular framework (“KP-1”) measured either at national or subnational level. It is possible to leverage this information to report portfolio performance at the aggregate level
- However, the interim KPI 5 has established that only slightly more than half of countries have the capacity to report adequately on coverage for their two most important Key Populations. Any aggregate performance measure on coverage has to be considerate of this challenge
- GF is working closely with WHO to test a new concept with partners for national coverage estimation based on site level and survey data. However, still in the piloting phase, this approach will not be ready in time for the 2020-2022 KPI reporting needs

Considerations for new KP 5c KP coverage indicator

- Whilst GF and WHO continue to work on appropriate methodology for measuring national KP coverage, it is proposed that for the remainder of the strategic period the new KPI 5c coverage indicator is based on the indicator *KP-1* from the Global Fund modular framework, ensuring consistency across the grant’s performance frameworks
- Data will be sourced from grant results, with no need to implement parallel and duplicative reporting systems
- Given the challenges about reporting capacity identified in the interim indicator, it is also proposed that the KPI cohort will only include countries that are deemed “able to report” in the proposed KPI 5b (see previous page) over the previous 2 reporting periods . The cohort will therefore be fluid with countries added as soon as the proposed KPI 5b indicator establishes that they can adequately report. As of mid 2020, this corresponds to approximately 30 countries.
- As well as being deemed able to report in KPI5b, countries must have KP-1 indicator from the modular framework in their GF grant performance frameworks
- For performance measurement, it is desirable to ensure consistency across countries and key populations. Therefore the ability to set one global 2022 target is being explored.
- The Secretariat is in the process of undertaking a baseline analysis for NFM2 data to establish the baseline and tracking the grant targets in NFM3 to inform target setting.

Summary

- Whilst a concept is being tested with partners for national coverage estimation, it is proposed that the new indicator KPI 5c for the remainder of the current Strategy period, is based on data coming from GF grant performance frameworks
- To ensure quality of data it is also proposed that the cohort will include countries that have been deemed ‘able to report’ in KPI 5b at least once in the previous 2 reporting periods, with corresponding indicator on Key Populations their grant performance framework
- Work in ongoing for the baseline analysis and target setting in process

Next Steps

Following baseline analysis and consultations with relevant GF teams and partners on method and targets, the final metric and target will be proposed to the SC for recommendation in March 2021



Proposed adjustments to KPI 3 & 7a: revision of data source for GF investment

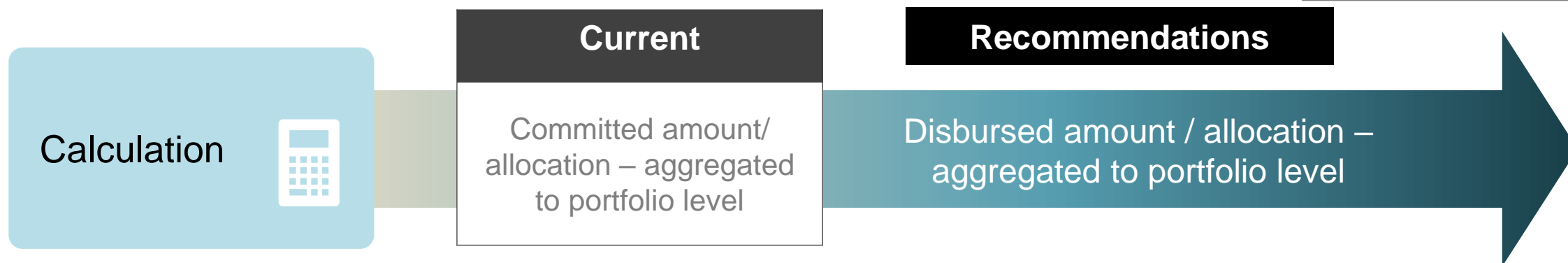
KPI 3: Alignment of Investment with Need

Recommended by SC



KPI 7a: Allocation Utilization

AFC decision in progress





Proposed adjustments to KPI 3 and 7a: revision of data source for GF investment

Background – replacing “grant expenses” (i.e. commitments) by “disbursements”

- KPI 3 measures the alignment between investment decisions and country “need”; with “*investment decisions*” defined as the actual and forecasted **grant expenses** from Global Fund grant finance system
- KPI 7a measures the allocation utilization, defined as *portion of allocation that has been committed or is forecast to be committed* as a **grant expenses**
- However, **disbursements** (actual and forecast) are now a more consistent and reliable measure of investment decisions than grant expenses, thanks to the continuous improvement of the Secretariat’s financial systems and processes since the KPI Framework was approved.
- They also better **reflect the situation in country** as they correspond to the actual funds available for the grant to implement activities
- The Financial Report of the CFO to the Board/AFC has been using disbursements (rather than grant expenses) for its measure of investment decisions and it is proposed that **KPI 3 and KPI 7a methodologies are aligned accordingly**

Key considerations

- Note that in its last few Strategic Performance Reports, the Secretariat has presented, as management information and in addition to the regular methodology, the result that these KPIs would have reached if they had used “disbursements” instead of “grant expenses”
- There has been no significant difference from the KPI perspective between the two sets of results. For instance, at end 2019, KPI 7a would have been at 92% whether it used grant expenses or disbursements. KPI 3 would have been equal to 0.323 using disbursements, instead of 0.327 for grant expenses - both meeting target of “0.33 or less”
- Using grant expenses also create challenges for KPIs that are based on calendar years (KPI 3 for instance) as commitments data is significantly impacted by when the commitment decision was made (for instance making it in December vs the following January) creating issues with consistency. These do not exist with disbursements that have a more steady flow.
- The proposed option would therefore not bring any material change in the indicator performance but would simplify reporting and reduce potential confusion by ensuring a consistent definition of financial measures across the Secretariat
- Note that the Secretariat is also proposing new KPI 3 targets for 2021 and 2022. The two recommendations are independent and the proposed KPI 3 targets would stay the same whether disbursements or grant expenses are used in its formula

For approval

Update the formulas for KPI 3 and KPI 7a, replacing any reference to “grant expenses” by “disbursements” instead

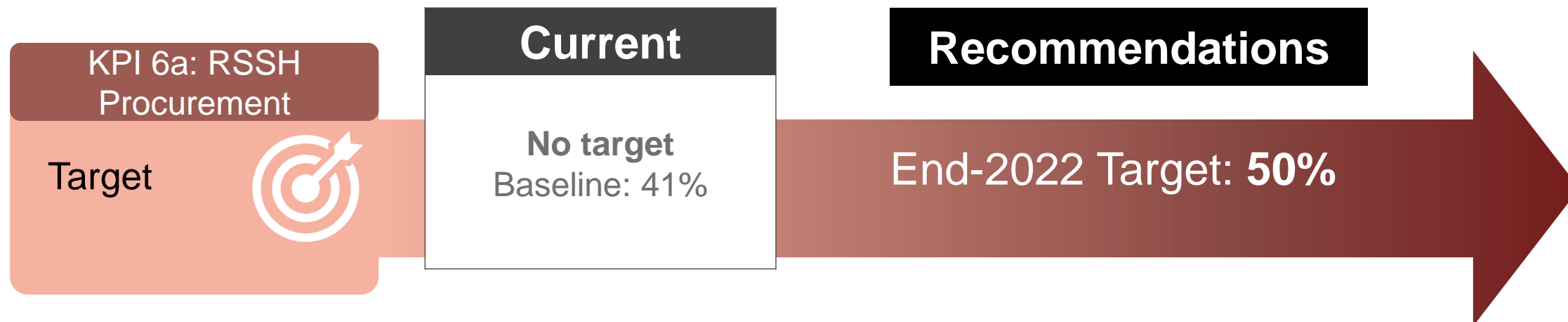
Rationale

- *Aligns to GF financial reporting, reduces risk of confusion*
- *Better indicator of actual funding available to grants*
- *More consistent, fewer “spikes”*
- *No material change to past KPI result*

Proposed adjustments to KPI 6a & KPI 6b

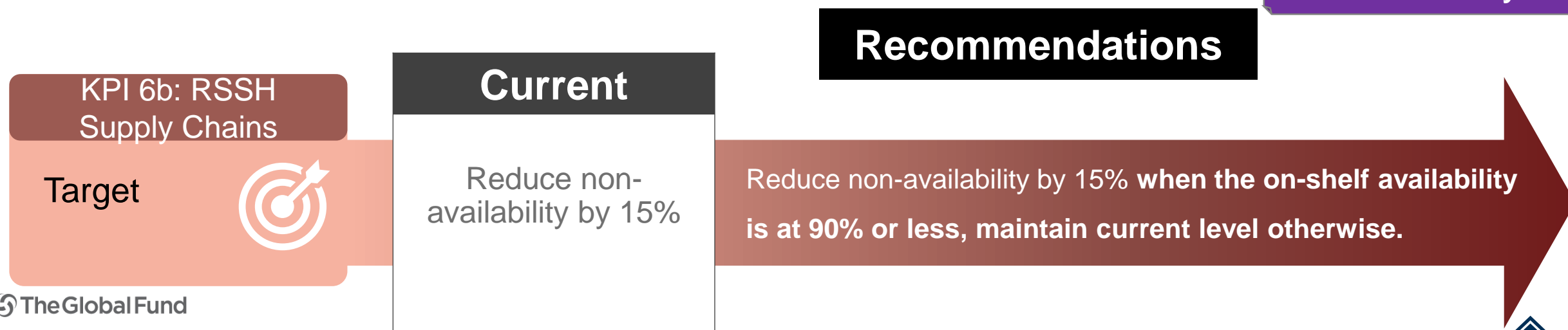
Recommended by SC

KPI 6a: baseline analysis and target for new indicator



KPI 6b: adjustment of target-setting methodology

Recommended by SC



Proposed adjustments to KPI 6a: target

Background – KPI was streamlined to focus on prices

- The initial version had 2 sub-indicators: admin lead time and On Time In Full (OTIF) that were not adequately measuring national procurement, were less reliable and were resource inefficient to generate
- NEW Definition: Improved outcomes for procurement conducted through countries national systems, **tracked via product prices**
- NEW Purpose: Ensures that procurement is delivering improved outcomes in a clean manner
- A baseline analysis using 2019 PQR data was performed. Please see the annex for details ([Annex, page 29](#))

Baseline analysis performed on PQR data with criteria

- Core PQR products with PPM reference price available
- Order year – 2019
- Clean + validated data (not Quarantined)
- Only national procurement channels – excluded PPM + other international suppliers, as well as multilateral PRs
- Ensure substantial level of domestic procurement and reliable data– total product cost must be >\$100k or >1% of GF yearly disbursement for corresponding grant (*reduces country cohort size but eliminates a few smaller, one-off orders that skew data and do not show domestic procurement capabilities*)

Learning from baseline analysis

- Only a few countries use national procurement channels - mainly for ARVs.
- In many cases the price paid is only slightly higher than the PPM reference price.
- Following the KPI methodology (*all products count the same within a country, all countries count the same in the overall result*), the total score (country average) is calculated as **41%** in the baseline analysis (see [Annex, page 30](#) for details). This low result is driven by countries/products with small volumes (but still meeting the selection threshold) and by low average for diagnostic tests
- However, this result is contextualized when looking at total cost. In total, more than half of the total product cost was purchased at PPM reference price or lower. The price differential was also small, and the total amount paid would have been almost the same if the countries procured at PPM reference price
- Challenging to get reliable OTIF data from PQR (where data entered at order, not consignment level); quality not sufficient to include in KPI but approximation from data indicates that OTIF through natnl procurement channels lower than PPM

For approval

Use a **50%** target for 2022 and ensure GF provides the adequate support to countries to improve access to affordable commodities

Rationale

- *Workable but ambitious and achievable target*
- *Low results in baseline allows GF to identify specific areas (countries / products) to prioritize support*

Proposed adjustments to KPI 6b: slight modification to the KPI formula

Background – refining the target to “maintain level” if OSA is already > 90%

- KPI 6b measures the capacity of supply chains through On-Shelf Availability (OSA), i.e., the percentage of health facilities with tracer medicines / diagnostic services with tracer items available on the day of the visit or as per LMIS status (for medicines)
- It is reported for each disease + item (medicine or diagnostic) level and each country is a separate data point.
- For each country, the KPI target is to **reduce non-availability by 15%** compared to the previous year. These targets are then averaged to obtain the overall target for each disease + item.
- Even though this approach is sensible at the portfolio level, it is challenging for countries that are already at a **very high OSA level to improve even further** and therefore to meet their own target.
- Due to the uncertainty range associated to the results of the facilities sampling, it is considered that having an OSA at 90% or above is already enough evidence of sufficient supply chains **capacity to deliver health products consistently**.
- The Secretariat proposes then to update the methodology for the target to “reduce non-availability by 15% when OSA is 90% or less; maintain it if OSA is greater than 90%”

Key considerations

- At the portfolio level, it is expected that this change would have minimal impact (see below table for the comparison on end-2019 data – there is no material difference for the overall KPI result)
- However, it is more sensible at the country level and would facilitate the performance management work of the Secretariat by ensuring more reasonable targets for countries with already high capacity. For instance at end 2019, the target would have been different (slightly reduced) in 18 cases, especially for HIV diagnostics where 7 countries were already at >90% OSA. Three countries that did not meet their target would have met them under the proposed definition.

For approval






Update the methodology, updating target from “*reduce non-availability by 15%*” to “*reduce non-availability by 15% **when the on-shelf availability is at 90% or less, maintain current level otherwise***”

						Rationale
Item	End 2019 KPI result %	End 2019 KPI target % (<i>current</i> methodology)	End 2019 KPI target % (<i>proposed</i> methodology)	# of countries where target would have changed with <i>proposed</i> methodology*	# of additional countries meeting their own KPI target under <i>proposed</i> methodology	<ul style="list-style-type: none"> • <i>More relevant and realistic for countries with high performance</i> • <i>No change for low performers</i>
Malaria diagnostics	92.6	86.4	86.3	1	+1	
TB diagnostics	86.1	77.2	77.0	4	0	
HIV diagnostics	93.8	91.2	90.7	7	+1	
Malaria first line drugs	81.6	83.4	83.3	3	0	
TB first line drugs	88.9	84.3	84.2	3	+1	
HIV first line drugs	93.2	92.0	92.0	0	0	

* This corresponds to the number of countries where OSA was already >90% for this item at end 2018

Proposed adjustments to KPI 9b: human rights grant investments

Recommended by SC

		Current	Recommendations
Focus		HIV and TB investment in human rights and key population programs	Discontinue indicator on grant funding for Key Populations and replace with new KPI 5a
Title		Key populations and human rights in middle income countries	Human Rights Investments in HIV, HIV/TB, and TB grants
Cohort		HIV cohort includes only Middle Income Countries	Expand cohort to all eligible countries receiving a HIV allocation
Cohort		TB cohort comprises 13 high TB burden countries	Align TB cohort to 20 countries in TB Strategic Initiative
Target		HIV: 2.85% TB: 2%	HIV: 3% TB: 2%



Proposed adjustments to KPI 9b: expansion of cohort and change in calculation methodology (1/3)

Background – KPI 9b on HIV grant funding for Key Populations

- In the 2017-2019 allocation period, KPI 9b measured the extent to which Middle Income Countries increased the percentage of HIV allocation dedicated to Key Populations (KP) and to Human Rights (HRts) programs.
- However, it is proposed that the measure of HIV grant funding for KPs is now reported under another KPI, i.e., KPI 5 measuring the coverage of KPs; whereas KPI 9 is generally more focused on HRts programs.
- The Secretariat suggests to reclassify this indicator as KPI 5b. This will be also an opportunity to increase the cohort of countries to the full GF portfolio and to clarify the definition of activities included in the calculation. Please refer back to [page 8](#), for the definition, methodology and proposed target of this new indicator

Key considerations for cohort and methodology – KP

- During Secretariat discussions on KPI revisions, it is considered more appropriate to track investment in prevention programs for Key Populations alongside measuring coverage of comprehensive Key Populations programs as part of the new approach to KPI 5, with its proposed sub-indicators
- It was also noted that the list of activities included in the previous KPI 9b calculation was sometimes confusing. The proposed definition under the new KPI 5b is clearer (focused on prevention) and aligned to the UNAIDS Pillars of Prevention

For approval

Discontinue this KPI, replacing it with the proposed new indicator KPI 5b

Rationale

- KPI 9 to be focused on Human Rights programs and consideration
- The proposed new KPI 5b would provide similar information as what was provided under this KPI 9b sub-indicator

Context – KPI 9b HIV grant funding (HIV Human Rights)

- In 2019, the OIG published an Advisory Report on Human Rights (HRts). The Management Response in June 2020 agreed to revise KPI 9b to expand coverage to the broader portfolio and review automated methods to calculate KPI 9b in consideration of the burden on the department monitoring this KPI.
- A statistical model was built to predict with high accuracy the probability of a budget line being allocated to reducing HRts barriers. (*details on model included in [Annex, page 34](#)*)
- The model was found to have a success rate of around 97% to predict if a budget activity is allocated to reducing HRts barriers. It has increased uncertainty once it is used at very granular level (for specific countries or grants for instance). At portfolio level and for KPI reporting, its results are considered accurate.
- Using this automated approach will free up resources for the Secretariat Human Rights team, keeping them focused on country support and results rather than on manual reporting for this KPI – while not compromising overall KPI results

Key considerations

- The model can provide estimates of grant investment at portfolio level. Further disaggregation on results is possible, for example on country income level, region and broad epidemiological contexts.
- Gains in efficiency and consistency from using the model outweigh the slight loss in accuracy in reporting country level results. It is suggested that qualitative deep dives are undertaken (using manual review) on specific countries, such as the Breaking Down Barriers countries, if more granular information is needed or to better understand drivers of progress
- The 2020-2022 target cannot be set too high compared to the 2017-2019 target due to the increase of the cohort size, with likelihood of a lower share of HRts funding for Low Income countries, (higher level of commoditization expected) as well as dilution of effects of matching funds catalyzing investments.
- The proposed target is **3%** for the 2020-2022 allocation period: an increase from the 2.85% target used in the 2017-2019 allocation period.
- The OIG Advisory estimates the overall HRts investment in 2017-2019 allocation period at USD 123 million. In absolute terms, 3% of the HIV allocation in the 2020-2022 allocation period constitutes USD 189.5 million, an increase of more than USD 66 million.

For approval

- Expand the cohort to include all eligible countries receiving an HIV allocation.
- Use the statistical model to provide portfolio level KPI results
- Set the 2020-2022 target at 3%

Rationale

- *The new approach is in line with the OIG recommendations*
- *The usage of a statistical model enables the increase of the cohort size*
- *However the increase in cohort is likely to bring lower results*
- *The new target cannot be set then much higher than the previous one*



Key considerations for cohort and methodology - KPI 9b TB grant funding (TB Human Rights)

- The target for KPI 9b on TB grant funding for Human Rights (HRts) related activities was valid for the 2017-2019 allocation cycle
- During the 2017-2019 allocation period the cohort for investments in TB included 13 countries with highest TB burden.
- In the 2020-2022 allocation cycle there is an opportunity to align KPI 9b to the Strategic Initiative (SI) on finding missing TB cases and to ensure synergies with this SI to address HRts related-issues.
- There are 20 priority countries in the TB SI initiative which represents 72% of the Global Fund TB investment.
- Aligning the cohort with the SI will result in the exclusion of two countries from the original cohort as they are not part of the SI (Eswatini and Papua New Guinea).
- Due to the more manageable cohort size compared to the size of the expanded KPI 9b HIV cohort, it will be possible to continue to perform the manualized review of budget lines to calculate investment levels. Therefore no statistical model is needed for this sub-indicator of KPI 9b, unlike for HIV grant funding for HRts
- The aspirational target of 2% used in the 2017-2019 allocation period was not met, despite a 14-fold increase in results compared to the 2014-2016 cycle. The Secretariat proposes to keep the same target for the 2020-2022 allocation period, even though it is still considered as ambitious. This is intended to continue to drive progress in increased human rights investment in TB grants.

For approval

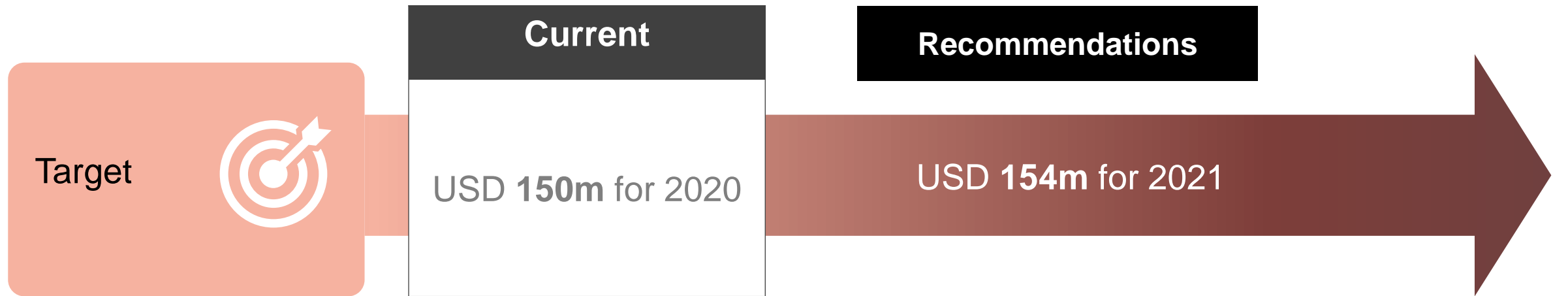
- Expand to a cohort of 20 countries. Final cohort: DRC, Ghana, Nigeria, Ethiopia, Kenya, Mozambique, South Africa, Tanzania, Uganda, Zambia, Bangladesh, Cambodia, Indonesia, India, Myanmar, Pakistan, Philippines, Vietnam, Cameroon, Ukraine
- Continue to calculate country level investment using same methodology and approach as in the 2017-2019 allocation period.
- Keep target at 2% of the total TB investment in cohort

Rationale

- *Align the cohort to match the list of TB priority countries*
- *Maintain same ambitious target to continue to drive progress*

Proposed adjustments to KPI 12b: setting the 2021 target

AFC decision in progress



Proposed adjustments to KPI 12b: 2021 target

Background – yearly target

- 2017-2022 Strategic Key Performance Indicator (KPI) Framework was approved by the Board in June 2016 (GF/B35/EDP05)
- Target for KPI 12b ‘affordability of health technologies’ is to be set annually at the Fall meeting, based on most recent data
- It was set at USD 150m for 2020

Key considerations

- The Board-approved methodology for target setting requires estimating Projected Volume and price differential between Baseline Price and estimated Price
- Estimating funded health product demand is particularly challenging for 2021, as most grants will be starting their new implementation period and there is low visibility on funded demand at present. In addition, the COVID-19 situation is likely to have an impact on prices. The Secretariat forecasts, for instance, negative savings on malaria products (RDTs and nets)
- The Secretariat proposes a 2021 target of **USD 154m**, following the approved methodology (see [annex](#) for details). However, taking into account these uncertainties, it is proposed to potentially reassess this target at the Spring 2021 Board meeting

For approval

Use a target of USD **154m** for 2021 to be reassessed at the Spring 2021 meeting

Rationale

- *Application of the approved methodology to derive target; but*
- *Uncertainties around target because of COVID-19 and start of new grant cycle – target proposed to be reassessed in Spring*

Annex: Detailed Analyses to support the KPI adjustments

Baseline analysis for KPI 6a	<u>p. 25</u>
Statistical model for KPI 9b – Human Rights Grant Funding	<u>p. 33</u>
Target setting methodology for KPI 12b: Affordability of Health Technologies	<u>p. 35</u>
Glossary	<u>p. 43</u>

Baseline analysis for KPI 6a – RSSH: Procurement Prices

KPI Adjustment: KPI 6a definition, approved by Board in May 2020

*)

Strategic Objective 2: Build Resilient and Sustainable Systems for Health	
KPI 6a	Resilient and Sustainable Systems for Health – Procurement
<i>Proposed revision</i>	
Name	Resilient and Sustainable Systems for Health – Procurement Prices
Definition	Improved outcomes for procurements conducted through countries' national systems, tracked via product prices.
Purpose	Ensures that procurement capacity is actually delivering improved outcomes in terms of prices.
Indicator	% of quality assured core products purchased at or below the PPM reference price
Level of disaggregation	Product category and country
Baseline	<i>[Will be provided as part of the baseline analysis, to be presented at Fall 2020 Board meeting]</i>
Targets	<i>[Numerical value to be defined as part of the baseline analysis to be presented at Fall 2020 Board meeting]</i>
Cohort	Core PPM products, compliant to the Global Fund Quality Assurance policy, for which prices are comparable (i.e., ARVs, bed nets, RDTs and ANTM) for country using a national procurement channel for these products that has either (a) a sufficiently high amount spent for these products; or (b) significant funding for RSSH-PSM in their grant. <i>[List of countries to be established in the context of the baseline analysis to be presented at Fall 2020 Board meeting, and to be revised subsequently on an annual basis]</i>

Data source	Global Fund Price & Quality Reporting system (PQR)
Calculation methodology	Binary score for whether each combination of countries and products in the cohort was purchased at or below the PPM reference price for the measurement year, aggregated by product category and by country. All products and countries will have the same weight in the final result.
Reporting frequency	Annually, Fall Board meeting
Availability of projections	No
Additional notes	Measure helps to focus procurement capacity-development efforts on delivery of results, rather than delivery of service. There is a risk that outcomes can be impacted by factors outside the procurer's control (e.g. changes in market conditions for active pharmaceutical ingredients can impact price). Country outcomes could be compared to international benchmarks to address this. Result for "On-time in full (OTIF) delivery" for purchases made both through national procurement channels and through PPM will be provided in the Strategic Performance Report as management information to provide additional context to KPI 6a.

KPI Adjustment: Data used for the baseline analysis for KPI 6a

The PQR data set was extracted in July 2020 to perform the analysis. The following parameters were used:

- **Purchase Order Year** = 2019 Recent purchases
- **Data Status** = not Quarantined Clean data
- **Available data** = have data entries in Quantity and Price (i.e., not just in Cost) Complete data
- **Product list** = in list of Core PQR products, with available reference price Comparable to PQR
- **Supplier** = is **NOT**: UN (included all UN agencies - *WHO, Unicef, PAHO, UNDP*); anything mentioning *PPM*; and other international procurement channels (*Clinton Foundation, Crown Agents Limited, GIZ, Global Drug Facility, i+ solutions, IDA foundation, Medical Export Group, MSF, Mission Pharma, Partnership for Supply Chain Management, Population Services International*) Procurement through national channels
- **Principal Recipient type** = not Multilateral or international organization (E.g., UNDP) Non- UN led procurement
- **Geographic focus** = Multi-country grants excluded RSSH-type KPI
- **Level of investment in procurement** = only include product cost >\$100K; or corresponding to at least 1% of GF disbursement for calendar year. *Note orders not meeting this threshold are too small to represent a meaningful insight into a countries domestic procurement capabilities* Substantial investment
- **Qualitative cohort review** = Remaining countries verified by HPMs as true National Procurement Validated cohort



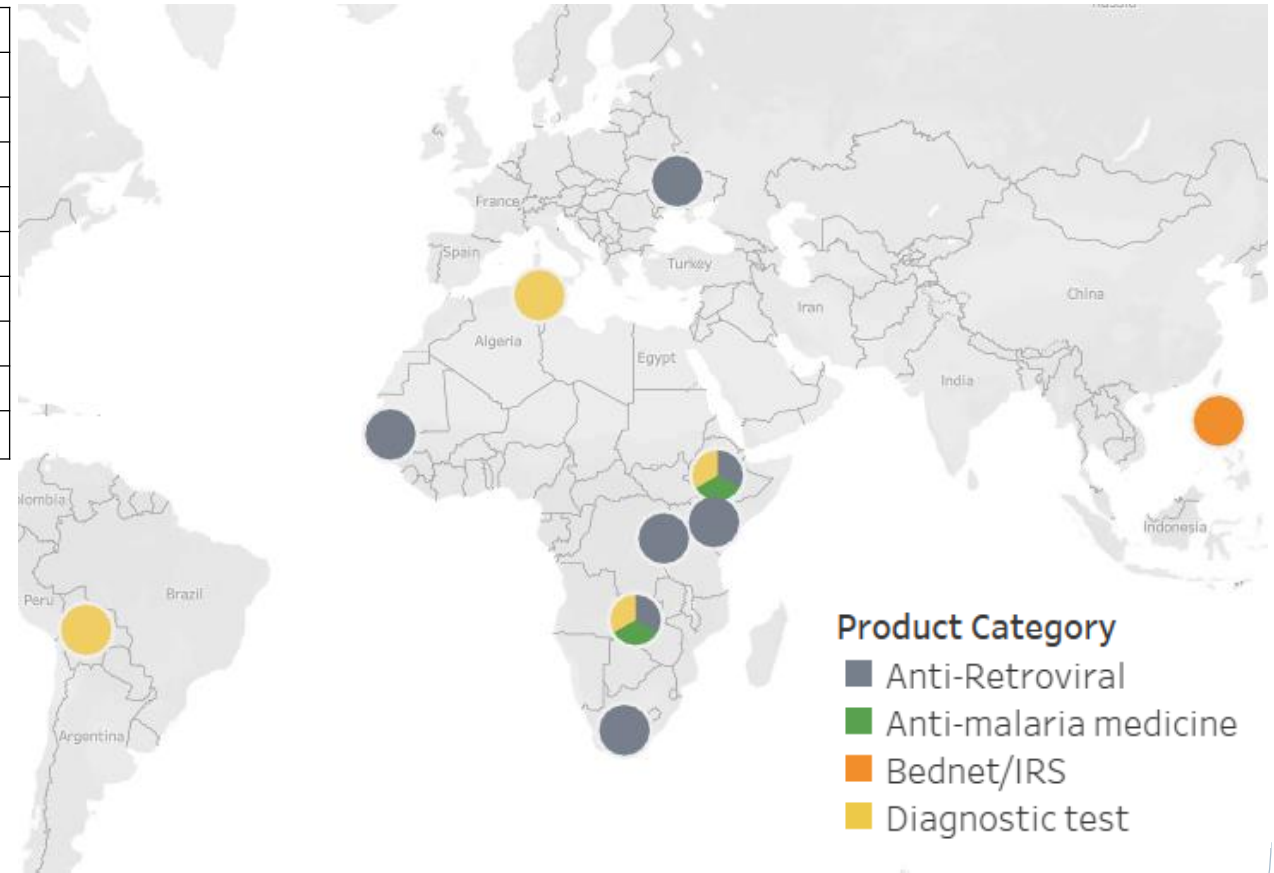
KPI Adjustment: Product and Country Cohort KPI 6a

Product list (ARVs, ANTMs, LLINs and RDTs in line with KPI 12a)*

TLE 300/300/600mg, 30 tablet
TLE 300/300/400mg, 30 tablet
TEE 300/200/600mg, 30 tablet
TLD 300/300/50mg, 30 tablet
Dolutegravir 50mg, 30 tablet
Abacavir/Lamivudine 120/60mg, dispersible, 30 tablet
Lopinavir/Ritonavir 100/25mg, 60 tablet
Lopinavir/Ritonavir 40/10mg, 120 pellets/granules
Atazanavir/Ritonavir 300/100mg, 30 tablet
Lamivudine/Tenofovir 300/300mg, 30 tablet
Emtricitabine/Tenofovir 200/300mg, 30 tablet
Lopinavir/Ritonavir 200/50mg, 120 tablet
Lamivudine/Zidovudine 150/300mg, 60 tablet
HIV tests
HIV self-tests
AL 20/120mg, 18 & 24 tablet
AL 20/120mg dispersible, 6 & 12 tablet
ASAQ 25/67.5mg, 50/135mg, 100/270mg, 3 & 6 tablet
Artesunate injectables
LLINs – PBO and Pyrethroid nets
Malaria RDTs (Pf)
malaria RDTs combo (Pf/Pv, Pf/Pan)

Country cohort for 2019 (based on criteria on previous slide)

Bolivia
Ethiopia
Kenya
Philippines
Rwanda
Senegal
South Africa
Tunisia
Ukraine
Zambia



10 countries total

How to read this map? Each country indicated by a circle is included in the cohort based on the criteria on page 100. The color of the circle identifies that included orders for that product type were part of the analysis. Multi-colored circles indicate availability of orders for multiple product types

KPI Adjustment: Overall stats on KPI 6a (PQR) dataset

Full data set

Based on filters – year (2019), Multi-country excluded, Data status (not quarantined)

77

Countries included

821

Total # orders

\$211M

Total product costs

Data included in baseline analysis

Same as above with PPM/international suppliers/multilateral PRs excluded and only significant costs (>\$100k or >1% of total disbursements)

10

Countries included

87

Total # orders

\$58M

Total product costs

For the baseline analysis data, OTIF* is estimated at **58%** for national procurement channels (vs 60% for international procurement channels and 76% for PPM)

(*) OTIF is not directly and consistently available from PQR as data is rarely recorded at the shipment level. For this study, OTIF was then estimated using PQR with data mainly at the order level and is likely to underestimate the “real” OTIF. This should not change the overall finding though, i.e., that OTIF is lower through national procurement channels compared to PPM however this data was deemed insufficient to calculate the KPI and ensuring the data system could accurately report on OTIF would require a substantial investment for upgrade that would result in little value beyond reporting on this KPI

ARVs	ANTMs	Bed nets/IRS	Diagnostic tests
89%	2%	1%	8%

- Procurement through national channels represent a lower volume than through PPM or international suppliers.
- The vast majority of the procurement through national channels is for ARVs
- OTIF(*) for national procurement channels is at par with international channels, significantly lower than OTIF for PPM purchases



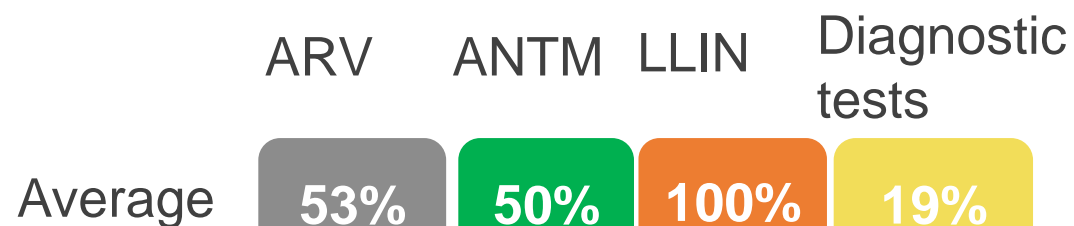
KPI Adjustment: Initial baseline results for KPI 6a and additional information

41%

Overall Result

Reminder: Calculated by using final average of all countries without any additional weighting

Product category results



Additional analysis

50%

of all **orders** in analysis were below or at PPM reference price

53%

of **total product cost** of orders included in the analysis was purchased at or below PPM reference price

How were these numbers determined?

- 1) Individual orders completed below or at the PPM reference price were calculated as a proportion of all orders. That means 50% of the 87 orders were completed below the PPM reference price
- 2) The total cost procured below or at the PPM reference price (using the same orders described above) were calculated as a proportion of the total order cost – 53% of the \$58M for the cohort was completed below the PPM reference price

KPI Adjustment: Key finding from KPI 6a baseline analysis

Result validated

Result driven down by various factors

Country composition

Data constraints

- Using Board approach and multiple validations a consensus baseline of 41% is arrived
- The lower score can be attributed to a number of factors: low volume products procured through national channels at higher prices and small data sample: small number of transactions in a specific category, smaller, more expensive orders for diagnostic tests bringing score down
- Analysis of total order volume and total product cost show that close to half of all orders and spending are below or at PPM reference price
- The OTIF using national procurement channels is lower than PPM and on par with procurement through international procurement channels
- Based on PQR data, few countries are using national procurement channels for Global Fund-funded health products and the number might reduce even further in the new grant cycle → instability in cohort composition
- There are likely to be different INCO terms associated with PPM reference price and prices reported in PQR, completely aligning INCO terms may not always be possible.



KPI Adjustment: KPI 6a target setting approach and proposed target

Set timeframe

- As current KPI framework only in place for 2 more years → **set one final target for 2022**

Determine top-down or bottom-up

- Cohort is small and does not have significant complexity to build differentiated / bottom up targets → **Take a top-down approach/set a single target**

Set numeric target

- Select a number that is potentially achievable plus easy to understand → **Select target of 50% (compared to 41% 2019 baseline)**

**50% by
2022**
*Proposed target for
KPI 6a*

- In interim cycles (Fall 2021) progress towards the 2022 target and expectations for its achievement will be reported.
- KPI reporting will enable the Secretariat to identify countries where support is needed to access products at better prices and will be working with corresponding grants improve to their situation.

Statistical model for KPI 9b – Human Rights Grant Funding

KPI 9b statistical allocation model: Methodology

Methodology

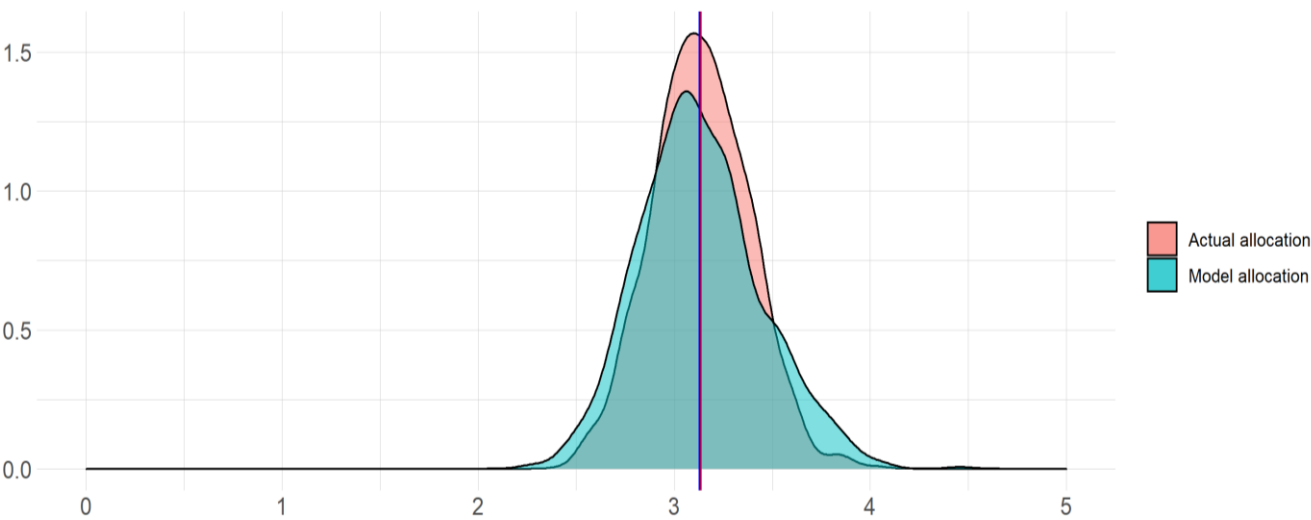
Results

The model was trained and tested through an iterative learning process running a Monte Carlo simulation with 1000 iterations to estimate firstly the density distribution of the actual and model allocation based on a random sample and secondly estimating the most efficient and accurate mean coefficients.

Model accuracy in terms of allocation difference

HRts actual allocation density compared to model density

Mean difference between model and actual allocation density is 0.01



Note: 1000 iterations run for the Monte Carlo simulation. Underlying data was used to train and test model, results not representative of KPI results.

Difference between aggregated actual allocation and model allocation around 0.01%, with slight underestimation of the actual HRts % by the model. Compared to previous methodology, the model marginally underestimates actual HRts amount, thus providing slightly more conservative estimates. Note that the Secretariat is still working at incrementally improving the model accuracy to have the final version ready once reporting on this KPI starts

Checking model on full 2017-2019 portfolio

To support the target setting exercise for the 2020-2022 allocation period by establishing a proper baseline, the model was re-run on the full budget data set for the 2017-2019 allocation period, including Low Income countries and the most recent version of the budget data. The results are, by income level

*LIC investment in HIV HRts for 2017-2019 estimated at **1.9% - 2.3%***

*MIC investment in HIV HRts for 2017-2019 estimated at **3.0 – 3.6%***

Note that the uncertainty around the results is linked to the denominator. As HIV/TB or multi-component grants were included, their budgets contain some activities linked to TB or malaria that have to be removed from the budget. The assumptions chosen for this explain the range of results. Once the model is used for actual KPI reporting, such cases will be examined in detail to define the correct denominator

Target setting methodology for KPI 12b: Affordability of Health Technologies

Updating the yearly target for **KPI 12b** (*Availability of affordable health technologies: Affordability*)

Context of Key Performance Indicator target proposal

- 2017-2022 Strategic Key Performance Indicator (KPI) Framework was approved by the Board in June 2016 (GF/B35/EDP05)
- Target for KPI 12b ‘affordability of health technologies’ is **to be set annually**

Proposal for 2021 target setting

- Based on most recent information, a 2021 target for KPI 12b of **USD 154 million** is presented to the Board for approval
- Due to uncertainties related to COVID-19 situation, it is proposed to potentially revisit this target in Spring 2021

Rationale

- *Same target setting methodology as for previous years*
- *Reflects COVID-19 uncertainties*
- *More detail in next pages*

Reminder: Board-Approved KPI Definition

KPI 12b Availability of affordable health technologies: b) Affordability

Strategic Vision

Market shaping efforts reduce prices for PRs accessing Pooled Procurement Mechanism (PPM) framework agreements, yielding savings which can be used to support unfunded programmatic needs

Aim of indicator

Measures the Secretariat's effectiveness in increasing the affordability of key medicines and technologies through strategic sourcing.

Reflects achievement of target savings based on tenders conducted and forecast demand, capturing price developments in the market, or mitigating price increases in an environment of rising prices.

Measure

Annual savings achieved through PPM* on a defined set of key products (mature and new)

* Savings achieved via product price reductions; Procurement Service Agent (PSA) fees; freight /logistics costs, etc.

Limitations & mitigation actions

- ☐ The measure does not capture affordability of products in countries that do not access PPM framework agreements
- ✓ KPIs measuring RSSH achievements will provide information for these countries
- ☐ If considered alone, the indicator could lead to negative incentives for product availability - driving reduced supplier base and reduced investment
- ✓ KPI 12a will be used to control for potential negative effects on availability



KPI 12b Savings calculation methodology*

Objective: Aims to measure the cost effectiveness of the strategic sourcing approach

Simplified Methodology⁺

$$\text{SAVINGS} = \left(\text{BASELINE PRICE} - \text{ACTUAL PRICE} \right) \times \text{ACTUAL VOLUME}$$

BASELINE PRICE

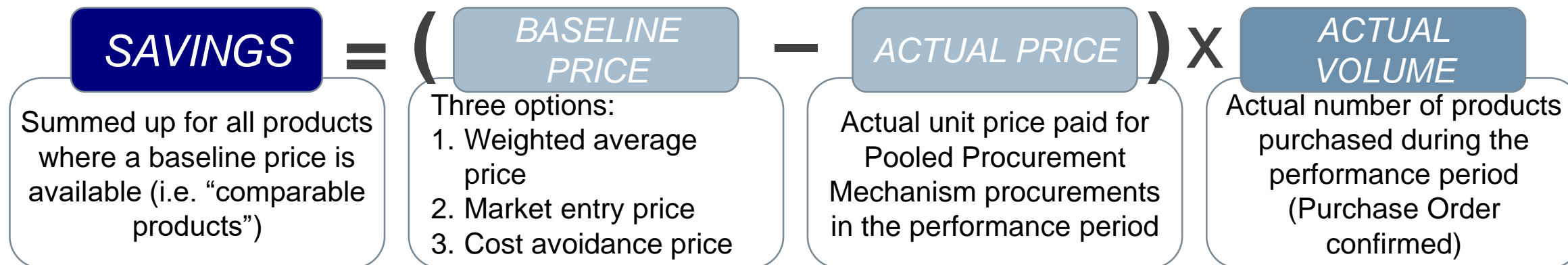
Baseline can be set in 3 possible ways depending on the situation:

1. **Default:** Weighted average price (WAP) actually paid during the course of previous contract or defined period. In the context of contract extensions, the baseline differs based on the length of the extension:
 - < 1 year, use the WAP actually paid of the full contract duration, inclusive of the extension
 - >= 1 year, use the WAP actually paid of the most recent period of the extension
2. **New product:** Based on the announced lowest Market Entry Prices (MEP) from vendors
3. **Environment of rising prices:** The increased price proposed by a current vendor when establishing a new contract (Cost Avoidance)



KPI 12b Savings calculation methodology*

More details on Methodology



Examples:

- Procurement Service Agent (PSA) fees, for a given product category

$$\text{Savings USD 0.28 million} = (\text{PSA fee 2016 4\%} - \text{PSA fee 2017 2.5\%}) \times \text{2017 product cost USD 18.8 million}$$

- Product, for Long Lasting Insecticidal Nets procured for Tanzania in 2017

$$\text{Savings USD 3.8 million} = (\text{Weighted Average Price previous tender period (2014-2015) \$3.11} - \text{Actual Price \$2.40}) \times \text{Order quantity 5.3 million nets}$$



KPI 12b Savings **Target Setting** methodology*

Simplified Methodology

$$\text{SAVINGS} = \left(\text{BASELINE PRICE} - \text{ACTUAL PRICE} \right) \times \text{ACTUAL VOLUME}$$

Target Setting: The same methodology is used, but with anticipated prices and volumes

$$\text{TARGET SAVINGS} = \left(\text{BASELINE PRICE} - \text{TARGET PRICE} \right) \times \text{PROJECTED VOLUME}$$

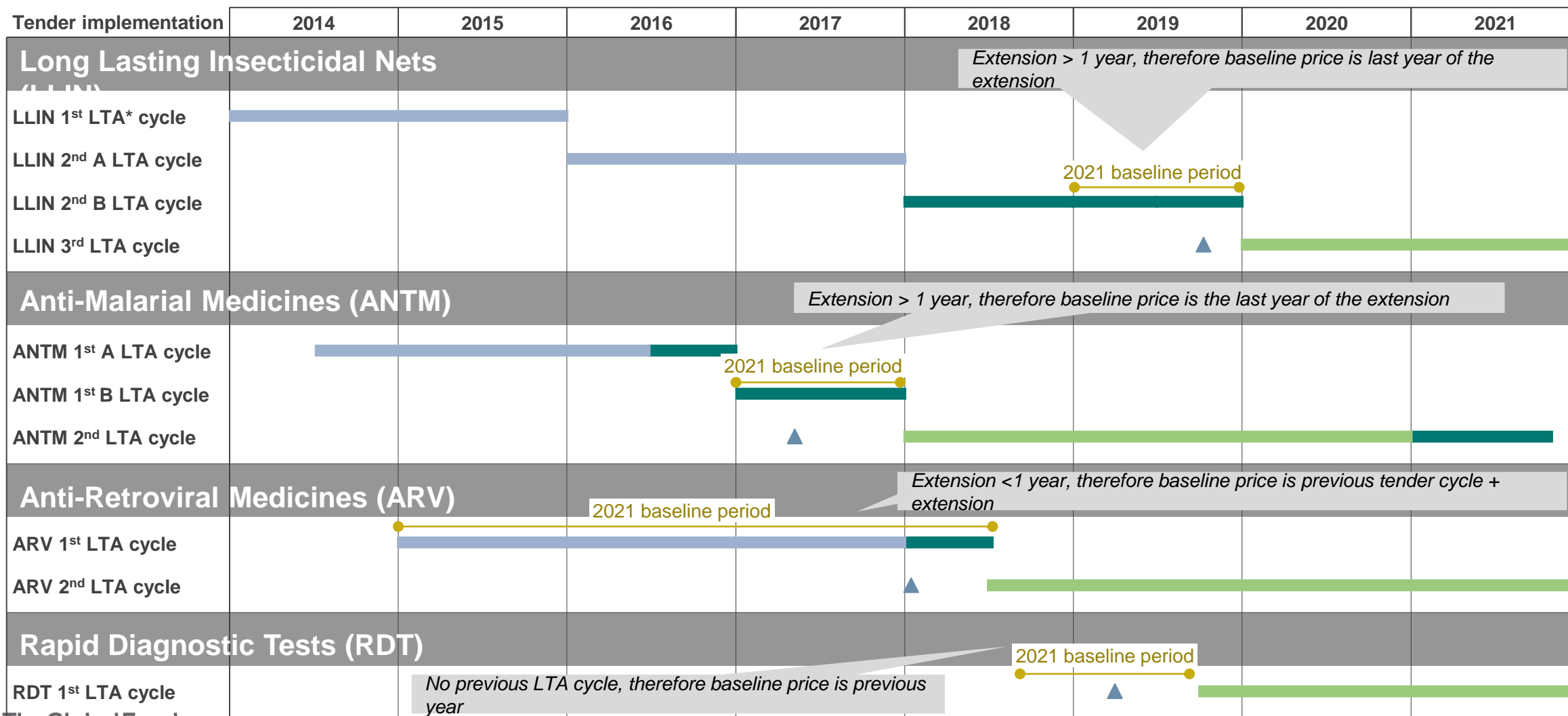
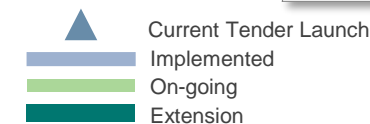
This presentation provides disaggregated savings targets, but target prices and volumes cannot be shared for proprietary reasons

Target price is based on current reference prices and the Secretariat's anticipation of market and price trends

Projected volumes come from the aggregated volumes within signed grants



Aligning baselines with competitive tender schedules affords capture of the total value delivered through multi-year, performance based, long term-agreements (LTAs). For products without these LTAs, the baseline is the prior calendar year.



KPI Adjustment proposed: 2021 target for KPI 12b

Level of Control



KPI 12b Proposed 2021 target: *despite COVID-19 situation, 3% savings target increase between 2020 and 2021*

Current 2020 target

savings of USD 150m

Proposed 2021 target

savings of **USD 154m**

$$\text{SAVINGS} = \left(\text{BASELINE PRICE} - \text{ACTUAL PRICE} \right) \times \text{ACTUAL VOLUME}$$

	Category	Target Savings mUSD	Summary
Health Products Under LTA	ARV	152	The proposed 2021 target links to implementation of the current ARV procurement strategy (2018-2021), with savings driven by: a) an anticipated price decreases of 1 st line regimen towards the target price and b) strategic sourcing activities, including allocation optimization across suppliers and regular supplier performance management and negotiations. Negative savings for 2 nd line ARVs. Key challenges: a) Savings are based on an optimistic demand estimate (i.e. full demand is taken into account despite reduced demand visibility related to transition between grant cycles) and b) uncertainty linked to COVID-19 situation
	ANTM	24	The proposed 2021 target links to implementation of the current ANTM procurement strategy (2018-2021), with savings driven by: a) reference price equalization of the preferred dispersible tablet (down to the non-dispersible tablet) and b) strategic sourcing activities, including allocation optimization across suppliers and regular supplier performance management and negotiations. Negative savings for lower volume ANTM (ASAQ). Key challenges: Savings based on an optimistic demand estimate (i.e. full demand is taken into account despite reduced demand visibility related to transition between grant cycles) and b) uncertainty linked to COVID-19 situation
	LLIN	- 9	COVID-19 situation: increased prices due to increased costs of raw materials and labor. Negative savings are driven by PBO LLINs.
	RDT	- 21	COVID-19 situation: increased prices due to increased costs of raw materials and labor. Negative savings are driven by MRDTs.
Not Under LTA	IRS, Diagnostics, Genexpert, Lab, condom, Essential medicines, COVID-19 products	0	New tenders in 2020-2021, detailed savings are not publicly available.
Others	PSA fees and freight	8	The proposed 2021 target links to implementation of the new PSA procurement strategy, with savings driven by competitively bidding the and selecting the best overall value PSAs per category, where technical and commercial capabilities were taken into account. Negative freight savings are anticipated due to COVID-19 situation.
	Total	154m	



Glossary of acronyms used in this report

AGYW	Adolescent Girls and Young Women	LMI	Lower Middle Income
ANTM	Antimalarial medicine	MIC	Middle Income Country
ART	Antiretroviral therapy	NFM	New funding model
ARV	Antiretroviral	OIG	Office of the Inspector General
BDB	Breaking Down Barriers	NSP	National strategic plan
CCM	Country Coordination Mechanism	OTIF	On time and in full
CDR	Case detection rate	OSA	Off shelf availability
COE	Challenging Operating Environment	PAHO	Pan American Health Organization
CPR	Country Portfolio Review	PLHIV	People living with HIV
CRG	Community, rights and gender	PF	Performance Framework
EECA	Eastern Europe and Central Asia	PMTCT	Prevention of mother-to-child transmission
EPR	Enterprise Portfolio Review	PPM	Pooled Procurement Mechanism
ERP	Expert Review Process	PQR	Price & Quality Reporting
ESA	East-Southern Africa	RDT	Rapid diagnostic tests
FLDs	First Line Drugs	RSSH	Resilient and sustainable systems for health
GAC	Grant Approval Committee	SC	Strategy Committee
GAM	Global AIDS Monitoring	SO	Strategic Objective
GF	Global Fund	SEA	Southern and Eastern Africa
HI	High Impact (countries)	SPH	Strategy and Policy Hub
HMIS	Health Management Information Systems	ST	Strategy target
HRts	Human Rights	STC	Sustainability and transition & co-financing
IPT	Isoniazid Preventive Therapy	TA	Technical Assistance
IPTp3	Intermittent preventive treatment in pregnancy	TRP	Technical Review Panel
IRS	Indoor residual spraying	TSR	Treatment success rate
ITP	Impact partnership	UNDP	United Nations Development Program
KP	Key Populations	UMI	Upper Middle Income
LAC	Latin America and the Caribbean	VMMC	Voluntary male medical circumcision
LLIN	Long lasting insecticidal net	WCA	West and Central Africa
MDR-TB	Multi drug resistant	WHO	World Health Organization