



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Thirteenth Board Meeting
Geneva, 27 - 28 April 2006**

GF/B13/12

**REPORT ON THE 2006 KEY PERFORMANCE INDICATORS FOR THE EXECUTIVE
DIRECTOR**

Outline: This document contains the proposed Key Performance Indicators for the Executive Director for the calendar year 2006.

Summary of Decision Points:

The Board approves the proposed 15 Key Performance Indicators for the Executive Director and associated 2006 targets (see Annex 1).

Part 1: Background and Context

1. At its Ninth Board Meeting in December 2004, the Board considered and approved a set of fourteen Key Performance Indicators (KPIs) and associated 2005 targets for the Executive Director. Developed with the assistance of McKinsey, these KPIs formed the center of a framework to more systematically measure the performance of the Secretariat and the Global Fund as a whole in advancing the core objectives of the organization during the year.
2. The performance of the Secretariat, and in some cases, the Board in meeting the specific targets set for these KPIs for 2005 is reported on separately in GF/B13/5.
3. To similarly measure the performance of the organization in 2006, the Secretariat has developed a proposed set of KPIs and associated targets (see Annex 1) which track the five corporate priorities set at the beginning of the year:
 - a. Develop the Global Fund's strategy and business model
 - b. Scale-up interventions, ensure grant performance, and increase alignment and harmonization of investments
 - c. Manage for results and measure the impact of investments
 - d. Secure resources to meet 2006-2007 needs
 - e. Enhance internal systems to ensure a high-performing, well-managed, and efficient Secretariat
4. Of the 15 indicators proposed for 2006, 11 are the same as in 2005. Three of the new indicators seek to measure areas which are becoming an increased focus for the organization as it matures, including mobilizing effective technical assistance for underperforming grants through the Early Alert and Response System (EARS), harmonizing processes and procedures with other donors, and ensuring recipients measure the impact of Global Fund investments on the burden of the three diseases. The indicator measuring the performance of EARS is taken verbatim from the Soft Performance Indicators for the Global Fund developed by a working group in conjunction with the Replenishment Process last year and presented at the final conference in September. The indicator regarding harmonizing programmatic assessments with other donors closely tracks a recommendation made in the final report of the Global Task Team on Improving AIDS Coordination Among Multilateral Institutions and International Donors.
5. The fourth new indicator is a revised measurement of the Secretariat's performance in executing the Global Fund's performance-based disbursement model. Instead of measuring inputs to the disbursement process, such as documentation of expenditures and results, as the 2005 indicator did, the new indicator measures output, that is the relative levels of disbursements made to well-performing grants compared to poor-performing grants.
6. Of those indicators which are the same as last year, the 2006 targets for three, including grant performance and overall level of disbursement, have increased in ambition from 2005. The target for one indicator, measuring the time from first Board approval of a proposal to first disbursement to a signed grant, has decreased in ambition based on analysis on the time required to complete the Technical Review Panel (TRP) clarification process. This analysis and the subsequent rationale for altering this target is included in Annex 2.
7. As with the 2005 KPIs, the responsibility for a number of the proposed 2006 indicators is shared jointly between the Secretariat and the Board.

Decision Point 1:

The Board approves the proposed 15 Key Performance Indicators for the Executive Director and associated 2006 targets (see Annex 1).

Proposed 2006 Key Performance Indicators For the Executive Director

 Shared responsibility with Board

Corporate Priority	Metric (KPI)	Target 2006	Weighting	Responsibility
<ul style="list-style-type: none"> 1) Develop the Global Fund's strategy and business model 	<ul style="list-style-type: none"> Completion of well defined 4- year strategy 	<ul style="list-style-type: none"> Nov. 2006 	20%	Board, OED
<ul style="list-style-type: none"> 2) Scale-up interventions, ensure grant performance, and increase alignment and harmonization 	<ul style="list-style-type: none"> % of agreed targets reached by grants in Phase I (based on 18 months performance evaluation)¹ % of grants addressed successfully out of those identified by EARS prior to Phase 2 evaluation.² 	<ul style="list-style-type: none"> 80% across the portfolio 60% 	20%	Operations, SIE
	<ul style="list-style-type: none"> Amount \$ disbursed to Rounds 1-5 grants Average time between grant approval and first disbursement Funding follows performance: Well-performing grants receive higher % of expected disbursements than poor-performing grants⁴ # of countries where annual reviews carried out with partners are used in grant evaluations⁵ 	<ul style="list-style-type: none"> \$1.5 billion 8 months³ A grants receive 30% more than B2/C. 20 	40%	
<ul style="list-style-type: none"> 3) Managing for results and measuring the impact of investments 	<ul style="list-style-type: none"> % of grants during Phase 2 which measure impact as part of performance All grant reports, scorecards, performance frameworks, GPRs, updated and available on the web within defined time limits 	<ul style="list-style-type: none"> 90% 95% 		External Relations
<ul style="list-style-type: none"> 4) Secure resources to meet '06 and '07 needs 	<ul style="list-style-type: none"> % of '06 funding needs contributed % of '07 needs pledged 	<ul style="list-style-type: none"> 100% 70% 		
<ul style="list-style-type: none"> 5) Enhance internal systems to ensure a high-performing, well-managed, and efficient Secretariat 	<ul style="list-style-type: none"> % of staff with defined objectives and annual reviews of results and development Internal staff survey on professional satisfaction and motivation Operating expenses as % of grants under management and as a % of total expenditures Performance against 3 agreed diversity targets (gender, ethnicity, communities)* 	<ul style="list-style-type: none"> 90% 70% rating "high" or "very high" < 3%, <10% 80% of targets met 	20%	Admin, HR, All units

Detailed Diversity Targets

Indicator	2004	2005	2005 Result	2006	Current (Apr. 2006)	2007
% women in management (P5+)	29	33	21	37	30*	40
% staff from regions						
- E Europe	5	7	8	9	8	10
- MENA	4	6	5	7	5	8
- EA & Pac.	4	6	14	7	14	8
- LAC	3	4	4	5	4	6
Recruitments per year from communities affected by the pandemics, esp. PLWAids		2 - 3	2	2 - 3	1	2 - 3

* 7 positions graded P5 and above are scheduled to be filled by the end of 2006, which may significantly alter this figure.

Notes

- 1 Average achievement of targets for the Global Fund's top ten indicators for all grants that have reached Phase 2 review.
- 2 A successful grant is one that was identified by EARS as underperforming (B2/C) within its first year of operation and subsequently receives an A or B1 rating during Phase 2 review. In practice, this indicator measures the number of the poorest performing grants, which, through successful intervention, are among the best performing by their Phase 2 review. Given the challenge of this task, the initial target of 60% is ambitious.

This is also a Soft Performance Indicator, which was agreed to during the September Replenishment Conference and will be measured and reported under the terms of those indicators.

- 3 See Annex 2
- 4 A-rated grants receive a greater percentage of their scheduled disbursements as set out in the grant agreement than grants which are rated B2/C consistent with underperformance in service delivery.
- 5 Increased use of joint annual reviews was a core recommendation of the Global Task Team (GTT). The recommendation of the GTT reads: "The Global Fund, the World Bank, and other multilateral institutions and international partners will participate in joint annual reviews of national AIDS programs (where relevant) and subsequently accept these joint annual reviews as their primary evaluations (within governance structures of each)."

Clarification of Key Performance Indicator

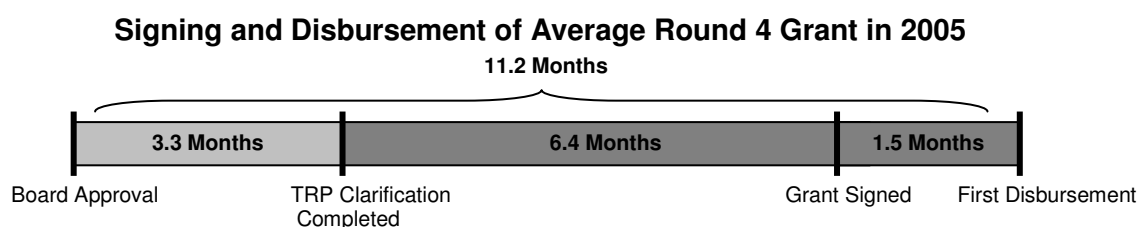
Background

At its ninth meeting in November 2004, the Board of the Global Fund approved a set of Key Performance Indicators (KPIs) to measure the Executive Director's progress in achieving the core objectives of the organization in 2005. A corresponding target was set for each KPI.

One such KPI was set as *"average time between grant approval and first disbursement."* The target was set as *"6 months or less."*

Data Analysis

It became clear through the year that the target of six months was unrealistic. The average time between grant approval and first disbursement for Round 4 grants (the only outstanding grants with a few exceptions) was 11.2 months. However, as the figure below indicates, 30 percent of this time was occupied by the TRP clarification process.



The deadline for the TRP clarification process, which all Round 4 proposals had to undergo, is 5.5 months. This process is driven by the TRP, an independent body, and is outside the control of the Secretariat and its Fund Portfolio Managers (FPMs). FPMs began negotiations for many grants during the TRP process, but LFAs and PRs were focused on clarification and little progress was made until its completion. The portion of the grant process managed by the Secretariat – from completion of TRP clarification to first disbursement – was completed, on average, in 7.9 months.

2006 Target

This information has been provided as context for the measurement of the 2005 indicator and, more importantly, to assist in developing a suitable target for 2006. This target should serve as an impetus for and measurement of improved Secretariat performance in this area of work. Accordingly, it should be ambitious. But it also must take into account the time required for aspects of the process which are outside of the control of the Secretariat.

The Secretariat therefore proposes that the target in 2006 be set as **eight** months from Board approval to first disbursement, including **three** months for TRP clarification, **four** months for grant signing, and **one** month for disbursement. This represents an improvement of three months in Secretariat controlled processes from 2005.

Proposed 2006 Target Board Approval to First Disbursement

