



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Fourteenth Board Meeting
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GF/B14/11

INTERIM REPORT OF THE PERFORMANCE ASSESSMENT COMMITTEE

Outline: This document contains an interim report by the Performance Assessment Committee on progress against the performance objectives and targets for 2006 and the establishment of a revised list of competencies.

Part 1: Background and Context

1. At its Thirteenth Board Meeting, the Board approved a set of fifteen Corporate Key Performance Indicators (KPIs) and associated targets for 2006. These KPIs have two main aims. Firstly, they are to systematically measure the performance of the Secretariat and the Global Fund as a whole in advancing the core priorities of the organization year by year. Secondly, they are part of the criteria against which the performance of the Executive Director is measured.
2. Additionally, at the Thirteenth Board Meeting, the Board requested the Chair and the Vice-Chair to appoint a Performance Assessment Committee (PAC), consisting of four Board Members (or Alternates)¹. The PAC was tasked with compiling an interim report for the Board's Fourteenth meeting that detailed progress to date on corporate priorities and targets for 2006 (Corporate KPI), and a revised list of competencies against which the Executive Director's performance could be measured in addition to these targets. Furthermore, the PAC was tasked with overseeing and guiding the development of revised Corporate (and therefore ED) KPIs for 2007. These have been submitted to the Board as a separate document (GF/B14/15). The responsibility for the 2007 Corporate KPIs will be taken up by the new Executive Director.
3. This document provides an interim update by the PAC on the mid-year KPI results (June 30, 2006) and results as of August 31, 2006. These results were also submitted to the Finance and Audit Committee in September 2006 which found the progress satisfactory (page 6, GF/B14/9). The PAC will review performance for the entire 2006 period at the end of this year.
4. The PAC will further develop a revised list of competencies and assessment framework for the Executive Director with the pro-bono support of McKinsey and Company. It expects to complete this work by the end of this year.
5. A final report by the PAC on performance against the 2006 KPI for the Executive Director together, along with the revised list of competencies, will be presented at the Fifteenth Board Meeting in April 2007.
6. To measure the performance of the organization in 2006, the Secretariat developed a draft set of KPIs and associated targets which track the five corporate priorities. The five corporate priorities link to 15 indicators and targets for measuring progress.
7. Of the 15 targets set for 2006, 10 have been achieved or are on track to be achieved by end of 2006. There are 5 targets that are either unlikely to be achieved or where data will not yet be available by the end of the year. These are covered in detail below:
8. **KPI:** Percentage of grants addressed successfully out of those identified by EARS prior to Phase 2 evaluation. **Target:** 60%
 - This target, which is new in 2006, is measured retrospectively and is associated with a time lag of approximately 6 – 10 months between identification by EARS and Phase 2 evaluation. By the end of August EARS had identified 12 grants for further support (the figure for October stands at 20 grants). None of these grants will have Phase 2 review until 2007. Therefore they will be reported on in the 2007 KPI report. The majority of grants identified by EARS in 2007 will be reported on in 2008 and so on.
9. **KPI:** Amount \$ disbursed to Round 1-5 grants. **Target:** \$1.5 billion
 - The Secretariat expects that the amount disbursed by the end of the year will be approximately \$1.4 billion and thus slightly below the target. The main reason for the expected difference between target and actual disbursement amounts is the late

¹ The Board subsequently approved the following composition of the Performance Assessment Committee by email; Brian Brink (Chair; Private Sector) Lucia Fiori (Italy); Elizabeth Mataka (Developed Country NGO); and Broto Wasisto (South East Asia).

signing (and thus disbursement) of a number of Round 5 grants and the delay in some Phase 2 disbursements due to Conditions Precedent needing to be addressed before disbursement.

10. **KPI:** Average time between grant approval and first disbursement. **Target:** 8 months

- The current calculable figure is on target but by end of year is likely to be slightly behind target (estimated average time: 9 months). Grant signing has been the rate limiting step (rather than Secretariat disbursement which takes an average of one month).

11. **KPI:** Funding follows performance: Well-performing grants receive a higher % of expected disbursements than poor-performing grants. **Target:** A grants receive 30% more than B2/C

- This figure is subject to fluctuation at a single point in time, as can be seen from the difference between June and August figures. While the results for June were on target, the results for August fell below for the reasons described in the relevant footnote to Table 1.

12. **KPI:** Internal staff survey on professional satisfaction and motivation. **Target:** 70% rating 'high' or 'very high'

- The next staff survey will only be conducted early in 2007 as the last survey was conducted in April 2006.

13. Additionally, there is one KPI which, while it will be met, has proved to be as effective in measuring harmonization as expected (KPI: the number of countries where annual reviews carried out with partners are used in grant evaluations). An alternative indicator is suggested for KPI 2007 (GF/B14/15) to more effectively measure efforts towards harmonization.

14. More detailed information on 2006 targets and progress to date is included in the footnotes to the following progress report table.

15. At the request of the Chair of the Board, the PAC will also lead a process for the evaluation of the structure and function of the Office of the Inspector General (IG) as well as a performance assessment of the Inspector General himself. The review will include an assessment of the environment in which the IG has had to carry out his tasks. This assessment will include a 360 degree evaluation to be carried out by interviewing approximately 15 selected stakeholders. The Chair of the Performance Assessment Committee (PAC) is currently finalizing a proposal with the Head of Internal Audit at Deloitte, based in London. The final proposal will be approved by the PAC, the Chair and Vice-Chair of the Board, and the Chair of FAC before implementation. The work will most likely start during the week beginning 6th November 2006 and will be completed by the end of the month.

Table 1 PERFORMANCE AGAINST CORPORATE KEY PERFORMANCE INDICATORS 2006

Corporate priority	Metric (KPI)	Target 2006	Mid Year Progress June	Progress Update August
1. Develop the Global Fund's strategy and business model	Completion of well defined 4- year strategy	Nov 2006	Option development in progress; Board to discuss strategic recommendations from PSC	Option development in progress; Board to discuss strategic recommendations from PSC
2. Scale-up interventions, ensure grant performance, and increase alignment and harmonization	% of agreed targets reached by grants in Phase I (based on 18 months performance evaluation)	80% across the portfolio	87.5%	92.2% ¹
	% of grants addressed successfully out of those identified by EARS prior to Phase 2 evaluation.	60%	8 grants identified (either by EARS or by GIST). None have had phase 2 evaluation yet so improvement not calculable.	12 grants in Year 1 of implementation have been identified for follow up and support as of 31 August. None have had Phase 2 evaluation yet so improvement not calculable.
	Amount \$ disbursed to Rounds 1-5 grants	\$1.5 billion	\$423 million has been disbursed (28% of the annual target)	\$735 million has been disbursed (49% of the annual target)
	Average time between grant approval and first disbursement	8 months	Best case scenario median time for all Round 5 is 8.6 months (259 days) worst case is 9.6 months (289 days)	For grants already signed (38 grants) the time from Board Approval to signing is 5.9 months and signing to disbursement 1.2 months (28 grants) giving 7.1 months. Estimated average for the whole round R5 is currently 8.9 months (from Board Approval to first disbursement).
	Funding follows performance: Well-performing grants receive higher % of expected disbursements than poor-performing grants	A grants receive 30% more than B2/C	29.2%	14.3% ²
	# of countries where annual reviews carried out with partners are used in grant evaluations	20	16 reviews (not annual reviews) conducted.	16 reviews (not annual reviews) conducted ³ .

Corporate priority	Metric (KPI)	Target 2006	Mid Year Progress June	Progress Update August
3. Managing for results and measuring the impact of investments	% of grants during Phase 2 which measure impact as part of performance	90%	No analysis.	90% ⁴
	All grant reports, scorecards, performance frameworks, GPRs, updated and available on the web within defined time limits	95%	100% documents received by Online Team are on web within 1-2 days	100% documents received by Online Team are on web within 1-2 days
4. Secure resources to meet '06 and '07 needs	% of '06 funding needs contributed	100%	12%	39% ⁵
	% of '07 needs pledged	70%	50%	55% ⁶
5. Enhance internal systems to ensure a high-performing, well-managed, and efficient Secretariat	% of staff with defined objectives and annual reviews of results and development	90%	40% of staff have set objectives with their supervisor	92% of staff have set objectives with their supervisor, annual reviews will take place in early 2007 ⁷
	Internal staff survey on professional satisfaction and motivation	70% rating 'high' or 'very high'	Staff survey not due this year, due early 2007. Process to be launched November 2006	Staff survey not due this year, due early 2007. Process to be launched November 2006 ⁸
	Operating expenses as % of grants under management and as a % of total expenditures	<3%, 10%	2.0% (% of grants under management,) 5.2% (as % of total expenditures)	Computed half-yearly – no further update
	Performance against 3 agreed diversity targets (gender, ethnicity, communities) ⁹	80% of targets met	33%	50%

Explanatory footnotes

¹ For the 168 grants which have reached Phase 2 evaluation and submission to the Board by 31 August 2006.

² Ten grants with specific issues - mostly high performing grants with delays in disbursements due to ongoing SWAp negotiations and Phase 2 negotiations - account for 54% of the difference compared to the last period. These situations are being addressed by the Secretariat individually. Performance based funding also needs to be further strengthened over the next 6 months in the context of ambitious disbursement and grant signing targets, to ensure this KPI improves. The information is based on 246 grants with performance rated disbursements through 31 August 2006

³ The information provided is about the number of 'reviews' we are undertaking in collaboration with partners and not necessarily 'annual reviews' or Global Fund initiated reviews. It is suggested that this indicator be altered as the 2006 KPI does not effectively measure efforts towards harmonisation. An alternative indicator is suggested for KPI 2007 (GF/B14/15)

⁴ Data based on 102 signed grants with available attached as of August 2006. Please note that these are grants with built-in impact frameworks, which can include both impact and outcome indicators.

⁵ USD 1.074 billion contributed, vs. 2006 needs of 2.8 billion. Canada, Italy, US have still to pay in their contributions for 2006.

⁶ USD 1.5 billion pledged for 2007 vs. 2007 needs of 2.7 billion.

⁷ Under WHO regulations all fixed term staff have to receive a formal performance assessment (PMDS) by December 2006. Probationary and short term staff are due a PMDS one month before their initial contract term is closing. The majority of staff are fixed term so the majority of PMDS reviews will not be completed before the close of 2006.

⁸ No staff survey expected this year (one was conducted in April 2006). A survey for reporting 2006 will be conducted early in 2007