

34th Board Meeting

Mid-year 2015 Corporate KPI Results & 2016 Targets

For Board Decision

GF/B34/08

Geneva, Switzerland

16-17 November 2015

Context

For review

- Performance assessment for 13 indicators
 - Strong performance on 8 of the 13 KPIs
 - Performance is below expectation for *KPI 7 Access to Funding*
 - 54% of grants to date have met the 10 month submission to first disbursement target
 - Target for 2015 & 2016 submissions is more stringent at 8 months
 - 4 KPIs are at risk of not meeting target
 - *KPI 3 Performance against strategic service delivery targets*
 - *KPI 5 Health system strengthening*
 - *KPI 10 Value for money*
 - *KPI 12 Human rights protection*
- A progress update on management actions

For approval

- 2016 performance targets for 10 indicators

The Corporate KPI Framework: 2015 Progress Report

■ On track
 ■ Risk of not meeting target
 ■ Below expectation
 ■ Not scheduled for Q2 reporting

Strategic corporate KPIs	Strategic goals		Strategic targets			
	1 Performance against strategic goals	2 Quality and coverage of services	3 Performance against strategic service delivery targets			
Strategic Objectives	Invest more strategically	Evolve the funding model	Actively support grant implementation success	Promote and protect human rights	Sustain the gains, mobilize resources	Strategic enablers
Corporate KPIs	4 Efficiency of Global Fund investment decisions	7 Access to funding	9 Effective operational risk management	12 Human rights protection	13 Resource mobilization	15 Efficiency of grant management operations
	5 Health system strengthening	8 New Funding Model transition	10 Value for money		14 Domestic financing for AIDS, TB & Malaria	16 Quality of management and leadership
	6 Alignment with national reporting systems		11 Grant expenses forecast			

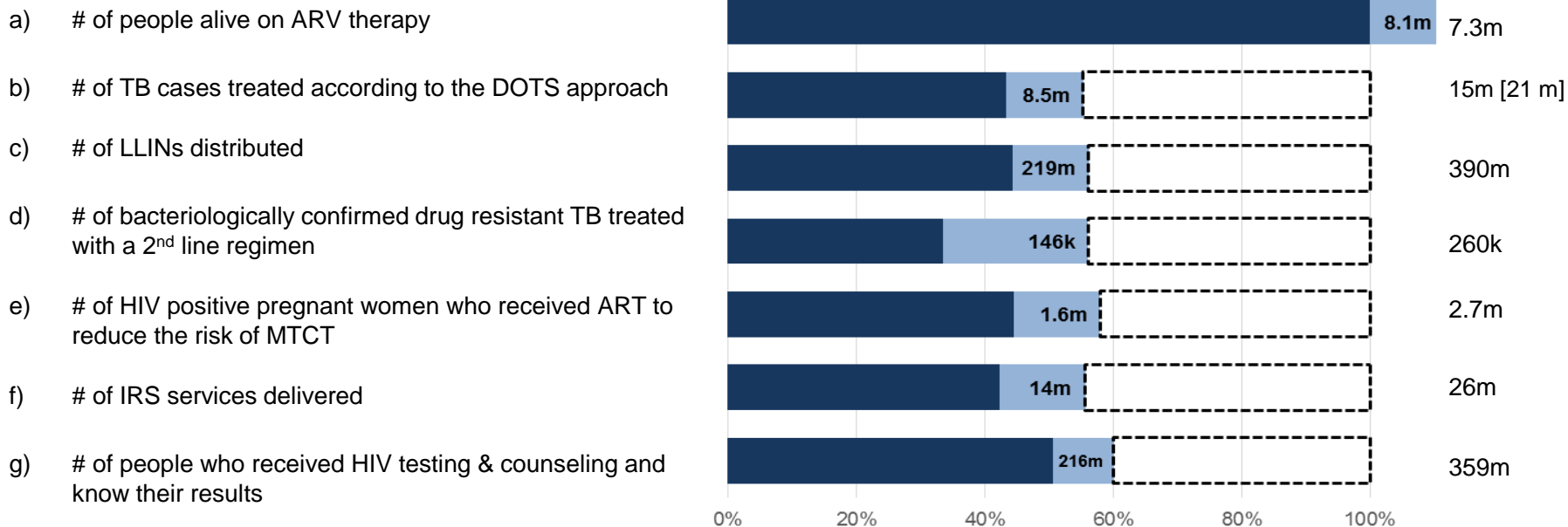
Strategic Goals & Targets

Strategic Objective 1
Invest more strategicallyStrategic Objective 2
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KPI 3

Performance against strategic service delivery targets

Measure



- Current performance-adjusted projections based on Country Team input suggest results in 2016 may miss performance targets for 3 services: b) TB treatment, c) LLIN distribution, and e) PMTCT
- For TB treatment planned service delivery in Concept Notes are insufficient to meet Strategic targets, for LLINs and PMTCT the performance adjustments drive the expected shortfall

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KPI 3 Performance against strategic service delivery targets

Management actions

1. TB treatment

- TB treatment projections show an expected shortfall in results reported by the Global Fund for 2016
- **However, at country level targets projected to be met**
- The reason is inconsistency in attribution of tuberculosis treatment to Global Fund resources
- The Secretariat is working with partners and implementers to **improve guidance and establish more consistent approach to attribution**

2. LLIN distribution

- 86% of the projected 2015-16 shortfall in LLIN distribution comes from 10 countries
- **Enhanced performance monitoring, in particular through the Implementation Through Partnerships project**, will ensure underperformance is identified early & mitigation actions put in place with partners

3. PMTCT

- 97% of the projected 2015-16 shortfall in PMTCT services comes from 10 countries
- There is also a risk of under reporting the true numbers of PMTCT services. This risk has increased with the uptake of option B+, where HIV positive pregnant women are prescribed ART for life
- **Enhanced performance monitoring**, in particular through the Implementation Through Partnerships project, will ensure underperformance is identified early & mitigation actions put in place with partners
- The Secretariat is working with partners to **improve the quality of data and metrics. Improvements will be incorporated into the next update of partner reporting guidance**

Strategic Goals & Targets

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KPI 3 Performance against strategic service delivery targets

Management actions

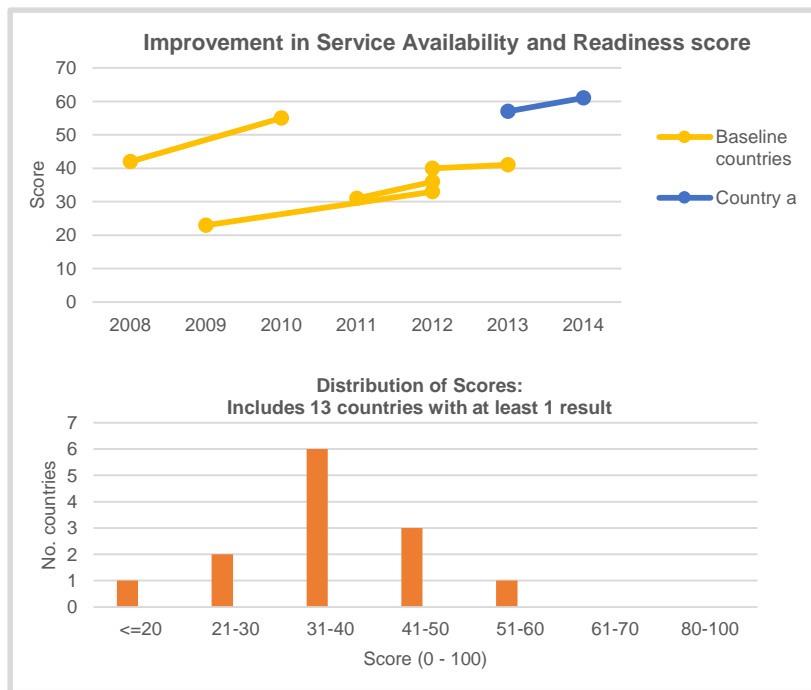
Better information

- The service delivery projections developed for the first time by the Secretariat have highlighted a potential risk to three of the seven service delivery targets early enough to ensure that measures to mitigate these risks can be put in place
- Service delivery projections will be further enhanced & produced twice a year to inform improved tracking

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Enhance partnerships & Improve operations**KPI 5 Health System Strengthening****Measure**

Service availability and readiness score

**Performance**

2014-2016 Target: 60% of countries surveyed show an improvement of at least 5% points in service availability rating

Q2 2015 Result: Data available for one country (a) to date; with a result of a 4% point improvement in service availability rating

Interpretation

- Country (a) started from a high baseline: both initial and follow-up score are higher than scores from all other countries surveyed
- Almost 90% of availability & readiness scores fall below 50% indicating that the majority of sites surveyed did not have all the recommended components in place to deliver a quality service
- Survey results for nine more countries are expected by the end of 2015, but only one of these will provide a repeat score to enable calculation of the KPI result

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KPI 5 Health System Strengthening

Management actions

- Additional resources have been allocated by the Secretariat to conduct more service availability and readiness surveys, and the Secretariat will take greater control over the process commissioning 29 Health Facility Assessments over 2015-16
- But, as the KPI requires a country to have 2 data points, there are a limited number of countries able to feed into this indicator – up to 10 are expected by the end of 2016
- Additional work is being conducted to inform development of the HSS KPI for the next strategy

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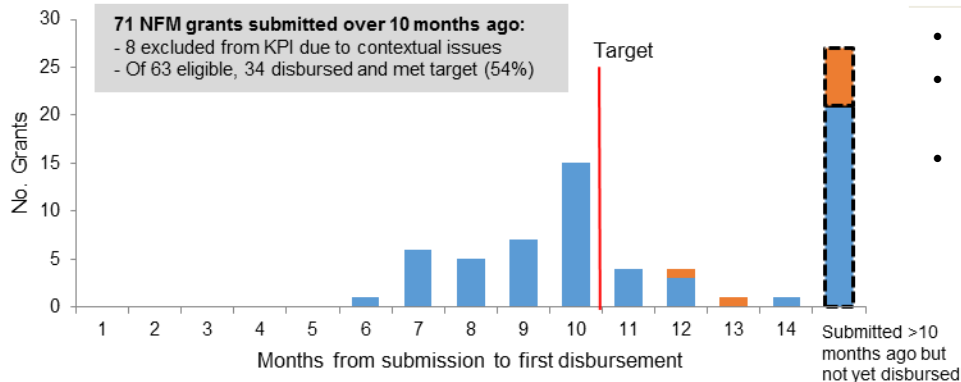
KPI 7 Access to Funding

Measure

Time from final Concept Note submission to first disbursement

Board approved KPI definition includes the following clause: Special dispensation will be given to grants where first disbursement is delayed to align with parliamentary approval processes, national cycles, or for legal requirements

■ Included in KPI ■ Special Dispensation



Performance

2015 – 2016 Target:

- For grants submitted in 2014, 75% take 10 months or less
- For grants submitted in 2015-2016, 75% take 8 months or less

2015 Q2 result: 54% NFM to date

Interpretation

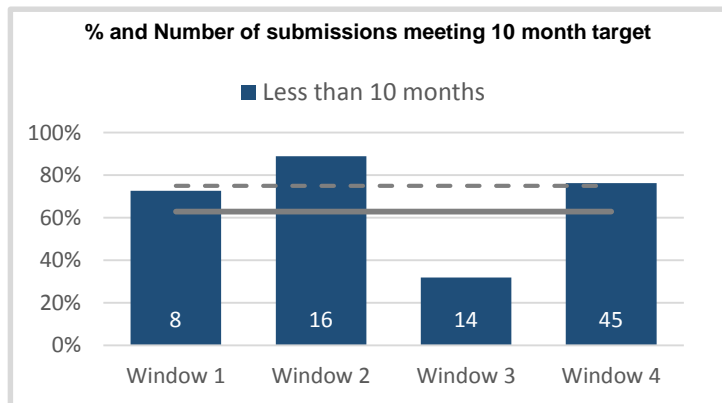
- At Q2 2015, 63 grants became eligible for KPI assessment
- 34 of them had a first disbursement within the 10 month target (54%)
- Achieving the 10 month target for 2014 submissions looks increasingly challenging, and the 8 month target for 2015 submissions unlikely

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KPI 7 Access to Funding

2015 Q3 Performance Update



Additional input

- Performance improved to 63% including Q3 data
- **10 month target has not been met for 2014 submissions**
- Poor performance in Window 3 was the main factor in missing the 10 month target
- Submissions to date would need to lose ~3.5 months to reach an 8 month target, or 1.5 months to reach 10 months
- **Management actions estimate saving 6-8 weeks from the process, but a limited share of the portfolio is expected to see the full 8 week gain**
- Grant extensions have been implemented to avoid service disruptions

Management actions

- Implement already-identified improvements to data, processes and systems by end 2015
- Differentiate approaches to sign-off for small and low risk grants
- The Implementation Through Partnership project will focus partner engagement to accelerate grant making & to improve targeted technical assistance
- Project AIM is undertaking a review of grant-making processes, identifying pain points and potential solutions

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Savings gained through leveraging Global Fund purchasing power

$$(\text{Unit Price}_{2014} - \text{Unit Price}_{2015}) * 2015 \text{ volume} =$$

$$\text{\$ Savings}$$

$$\text{KPI} = (\text{savings } 2015 / 2015 \text{ spend} + 2015 \text{ savings})$$

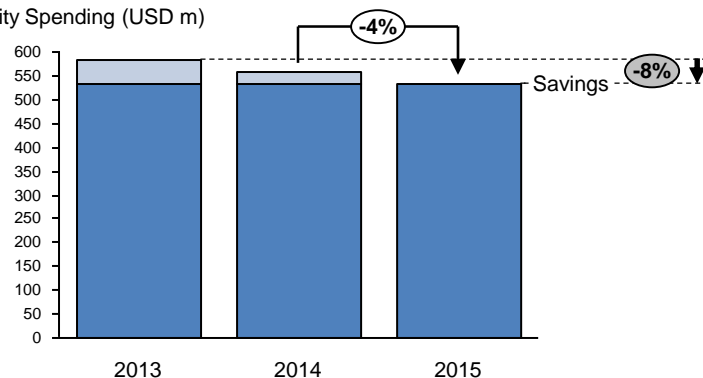
Performance

2015 Target: Reduce spend by 8% per year 2013-2015 for equivalent commodities at equivalent quality and volume

Q2 2015 Result: 4%

2016 Target: Reduce spend by 4% in 2016 for equivalent commodities at equivalent quality and volume

Commodity Spending (USD m)

**Interpretation**

- Indicator measures savings gained through Pooled Procurement Mechanism (PPM & AMFM)
- Reduction of expected savings attributed to reduced procurement spend brought on by delays to grant signing

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KPI 10 Value for money

Additional information

- Considerable commodity savings have already been achieved since roll out of the Procurement for Impact (P4I) initiative and the resulting global price reductions made available to the Global Fund's Principal Recipients
- As the **Global Framework agreements are established for a two-year timeframe**, the secretariat anticipates that most of the savings opportunities have been already captured for this period and it does not anticipate major price decreases over 2016
- However there will still be some cost savings not only from product costs, but also reduction in transactional costs, including PSA fees in 2016, the **main focus of the work will be on other non-financial added benefits to attain and sustain healthier markets**
- The **launch of the e-marketplace** will continue the process already initiated to extend the benefits of the global framework agreements beyond PPM participants. This process is already initiated for LLINs and ARVs – but it will not bring in any additional savings measurable through the existing KPI in 2016 (which focuses on PPM spend)
- These factors will be considered as the KPI is revised for the next strategy

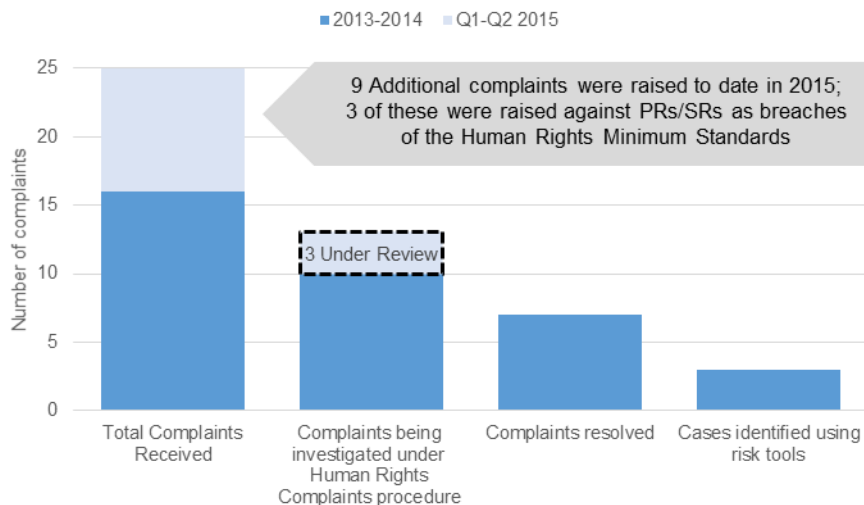
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KPI 12 Human Rights Protection

Measure

Percentage of human rights complaints against Global Fund supported programs successfully identified through risk assessment tools; and resolved through Secretariat policies and procedures



Performance

2013-2014 Result: 30%

2015 Target: year on year improvement with a 100% aspiration

Q2 2015 Result: 30% (3 / 10) strategy period to date; plus 3 new cases under review to date

2016 Target: year on year improvement with a 100% aspiration

- Since January 2015, 9 Human Rights-related complaints were raised from the Secretariat and Whistle Blowers
 - 3 Complaints are currently under investigation for potential resolution under the Human Rights Complaints procedure
 - Remaining 6 complaints are being resolved through standard OIG review processes

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KPI 12 Human Rights Protection

Management actions

- Work is being conducted to inform development of a new KPI for the next strategy. Discussions so far have proposed:
 - Delegating the current KPI to operational monitoring
 - Focusing the new KPI on the added value role played by the Global Fund
 - Better monitoring and evaluating the health impact of removing human rights barriers to accessing service
 - Broadening out the definition of services considered as human rights interventions
- A communications campaign has been launched to increase awareness of the Global Fund's human rights complaints procedure
- A "light touch" approach to human rights risk assessment in grants not eligible for QUART has been developed and is being piloted. Roll out is planned as part of Risk & Assurance project

2016 Targets for Approval

Corporate KPIs: 2016 Targets for approval

Corporate KPIs	2015 Q2 Performance	2016 Target
2 (g) Number of countries with validated population size estimates for key populations	37 countries to date have validated population size estimates for Female Sex Workers, Men who have Sex with Men, and where applicable, Injecting Drug Users	55 countries
4 Efficiency of Global Fund investment decisions	0.56 (15% improvement) to date in alignment between investment decisions and country "need"	0.52 (20% improvement over 2014-2016)
6 Alignment with national reporting systems	94% investments in countries where Global Fund support is reported on National Disease Strategy budgets to date	94% investments in countries where Global Fund support is reported on National Disease Strategy budgets to date
7 Access to funding	54% grants NFM to date took 10 months or less for first disbursement	For grants submitted in 2015-2016, 75% take 8 months or less
9 Effective operational risk management	1.9 Risk Rating based on grants updating QUART during calendar year	Within range 1.7 to 2.1 10% of 2013 baseline (1.9)
10 Value for money	4% reduced spend on equivalent commodities at equivalent quality and volume	Reduce spend by 4% per year for equivalent commodities at equivalent quality and volume
11 Grant expenses forecast	1.0 (F2 2015 Grant Expense / Grant Expense Corporate Budget)	Within a range of 0.9 - 1.1
12 Human rights protection	30% human rights complaints resolved and identified through risk assessment tools to date	Year on year improvement with a 100% aspiration
14 Domestic financing for AIDS, TB & Malaria	93% of programs accessing funding are meeting minimum counterpart financing thresholds	90% programs meeting minimum counterpart financing thresholds
15 Efficiency of grant management operations	2.4% operating expenses as a percentage of grants under management (using F2 reforecast)	Below a maximum of 2.75%

Overview by Strategic Objective

Strategic Goals and Targets

Status

- Lives Saved & Infections Averted are on track
- Three service delivery targets may be at risk
- This issue is being closely tracked to ensure underperformance is identified and managed

KPI 1: Performance against strategic goals

- 6.2 million lives saved
- 97 million infections averted
- Current projections suggest Lives Saved and Infections Averted are on track to meet targets in 2016

KPI 2: Quality and coverage of services

- Part g
- On track
 - Validation of population size estimates completed for 37 of 45 target countries

KPI 3: Performance against strategic service delivery targets

- 2016 ARV service delivery target has been achieved
- Current projections suggest there is a risk that 2016 targets will not be achieved for:
 - TB treatment
 - LLIN distribution
 - PMTCT services

Strategic Objective 1- Invest more strategically

Status

- Good performance achieved in rebalancing the portfolio and aligning with national systems
- Data has started to come through on Health Systems Strengthening KPI – one reported, and one more is expected by end 2015

KPI 4: Efficiency of Global Fund investment decisions

- On track

KPI 5: Health system strengthening

- At risk of not achieving 2016 target
- The one country reported to date did not meet anticipated improvement in service availability and readiness

KPI 6: Alignment with national reporting systems

- On track

Strategic Objective 2 - Evolve the funding model

Status

- The grant making phase of the new funding model is taking longer than anticipated
- Steps are being taken to improve internal systems and processes
- Underlying drivers at country level are being assessed

KPI 7: Access to funding

- Below expectations
- 54% of grants to date have met the 10 month submission to first disbursement target, and it is unlikely target will be achieved this year

KPI 8: New Funding Model transition

- N/A

Strategic Objective 3 - Actively support grant implementation success

Status

- Portfolio risk levels remain stable
- Procurement savings are at risk of missing 2015 target
- Financial forecasts have improved accuracy, with a strong focus on fund absorption and cash balance tracking

KPI 9: Effective operational risk management

- On track
- Portfolio risk remains stable

KPI 10: Value for money

- At risk
- Delays to grant signing (KPI7) and the shift in grant expenses to the second half of the year (KPI11) have had a negative effect on expected savings

KPI 11: Grant expenses forecast

- On track
- Full year grant expenses are expected to meet forecast
- But there has been an important shift from Q2 to Q3/Q4 on when grant expenses will be made

Strategic Objective 4 – Promote & protect human rights

Status

- The Global Fund continues to receive relatively few human rights complaints
- The three valid complaints received so far this year are still under investigation
- New complaints procedure has been broadcast to civil society groups with the 2015 launch of the communication campaign

KPI 12: Human rights protection

- At risk
- Risk assessment through QUART has been revised to better assess Human Rights risks
- Work is ongoing to develop an approach to assess Human Rights risks in grants not eligible for full risk assessment through QUART

Strategic Objective 5 – Sustain the gains, mobilize resources

Status

- Donor contributions on track to meet 2014-2016 forecast target
- Continued high rates of compliance on meeting minimum counterpart financing requirements

KPI 13: Resource mobilization

- On track
- Contributions remain on track to meet the forecast target for the 2014-2016 replenishment

KPI 14: Domestic financing for AIDS, TB & Malaria

- On track

Strategic Enablers – Enhance partnerships, and Improve governance, operations and controls

Status

- Continued strong performance controlling Secretariat costs

KPI 15: Efficiency of grant management operations

- On track
- Operational expenses as a percentage of grants under management is expected to fall within target range

KPI 16: Quality of management and leadership

- N/A

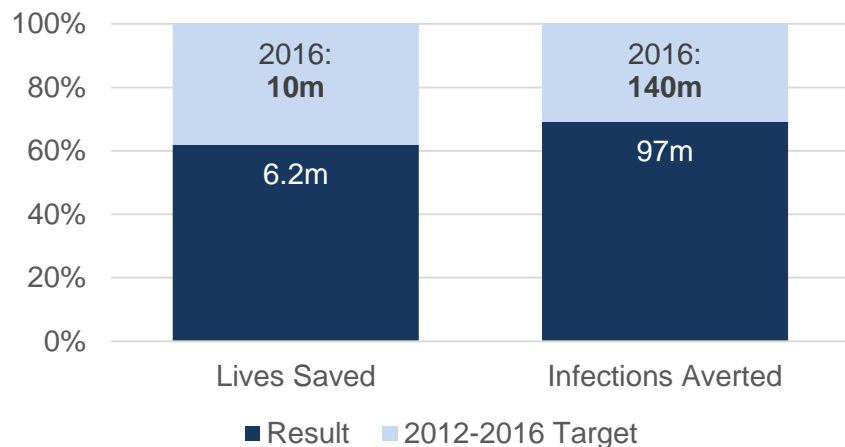
Detailed review by Indicator

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a) Estimated number of Lives Saved

b) Estimated number of Infections averted

**Performance**

2012-16 Target: 10m lives saved

2012-14 Result: 6.2m lives saved

2012-16 Target: 140m new infections averted

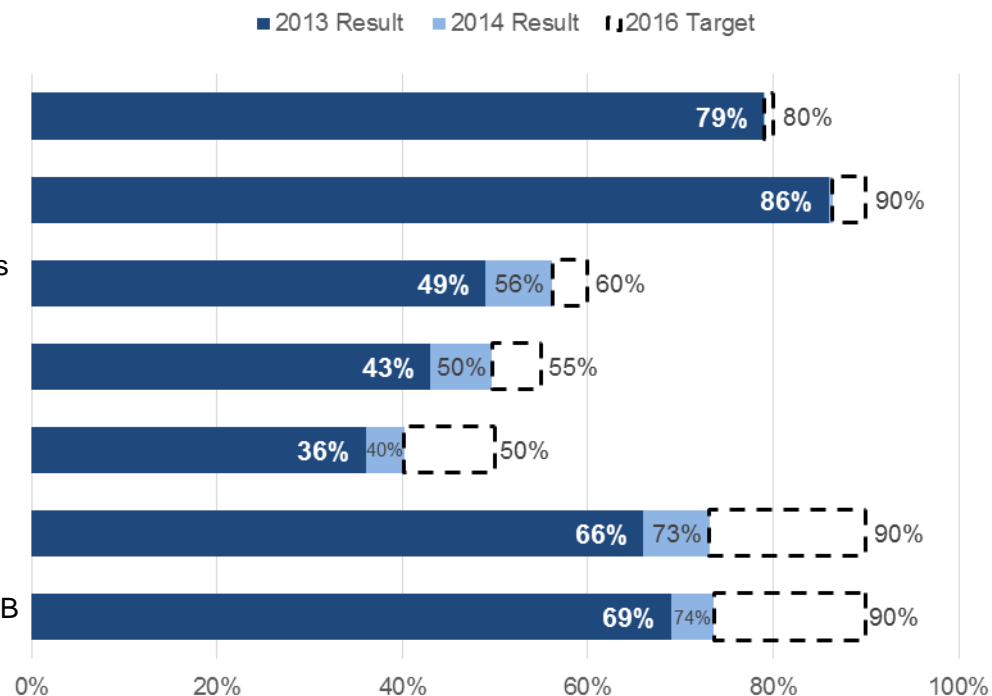
2012-14 Result: 97m new infections averted**Interpretation**

- Projections suggest both indicators will exceed 2016 targets
- Due to WHO revision of past TB estimates for one country based on a new prevalence survey, estimated lives saved estimate for 2012-2013 increased by 280k
- This leads to an increase in expected performance to 10.3m-10.7m over 2012-2016
- Improvements to the WHO methodology for malaria estimation drive the increase in projected infections averted

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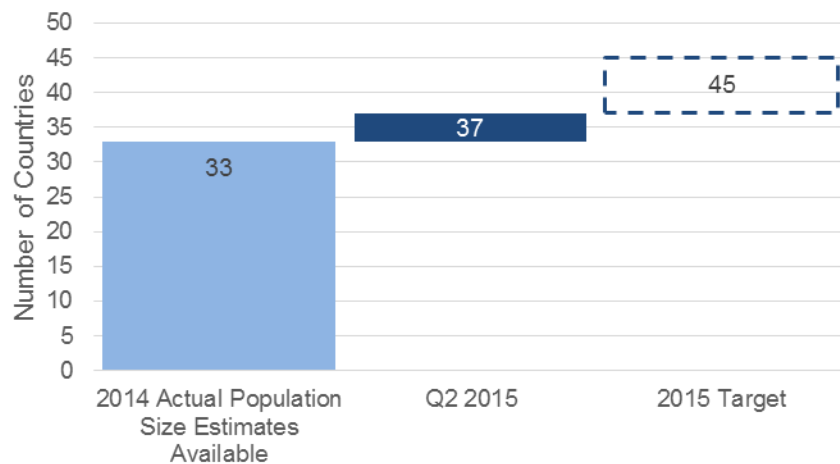
- a) ARV retention rate at 12 months
- b) TB Treatment success rate for all new cases (2013)
- c) Proportion of population at risk potentially covered by LLINs distributed
- Proportion of the population that slept under an ITN the previous night
- d) Percentage of adults and children living with HIV currently receiving ART
- e) Percentage of HIV positive pregnant women who received anti-retrovirals to reduce mother-to-child HIV
- f) Percentage of HIV-positive TB patients given ART during TB treatment



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Enhance partnerships & Improve operations**KPI 2** Quality and coverage of services (part g)**Measure**

- 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

**Performance**

2014 Target: 35 countries

Q2 2015 Result: 37 countries to date

2015 Target: 45 countries

2016 Target: 55 countries

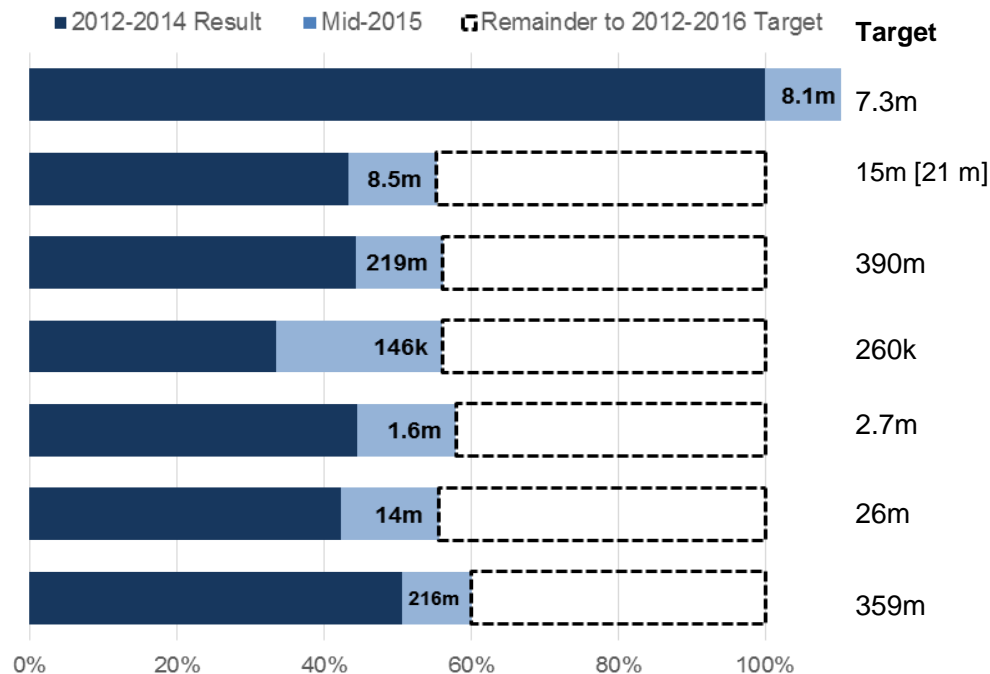
Interpretation

- 27 countries have a clear plan for estimates for 2015 or 2016, or are in the implementation stage

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- a) # of people alive on ARV therapy
- b) # of TB cases treated according to the DOTS approach *
- c) # of LLINs distributed *
- d) # of bacteriologically confirmed drug resistant TB treated with a 2nd line regimen
- e) # of HIV positive pregnant women who received ART to reduce the risk of MTCT *
- f) # of IRS services delivered
- g) # of people who received HIV testing & counseling and know their results



- * Current performance-adjusted projections based on Country Team input suggest results in 2016 may miss performance targets for 3 services: b) TB treatment, c) LLIN distribution, and e) PMTCT
- For TB treatment planned service delivery in Concept Notes are insufficient to meet Strategic targets; for LLINs and PMTCT the performance adjustments drive the expected shortfall

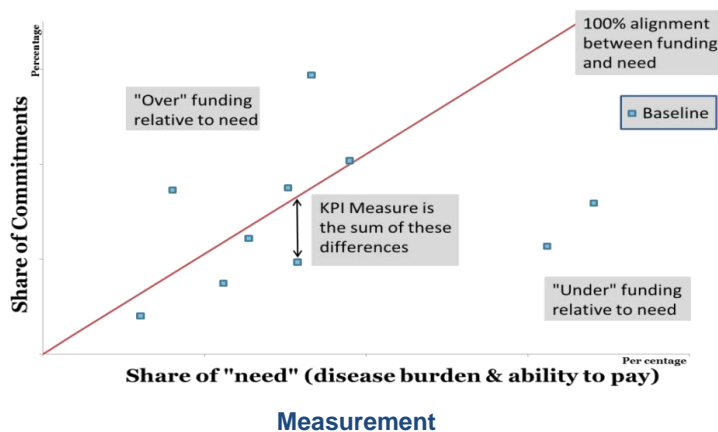
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KPI 4 Efficiency of Global Fund investment decisions

Measure

- a) Alignment between investment decisions and country "need"; with need defined in terms of disease burden and ability to pay



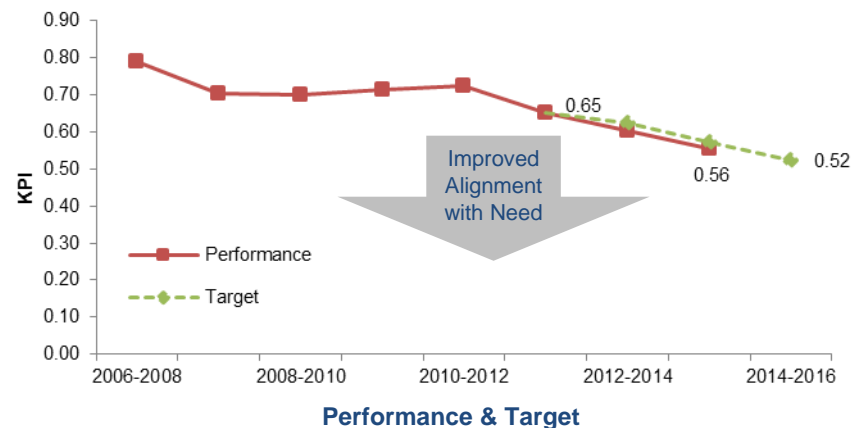
Performance

2015 Target: 0.57

Forecast to 2015 year end: 0.56 (15% improvement since 2013) using F2

2016 Target: 0.52

20% improvement in alignment over the 2014-2016 period



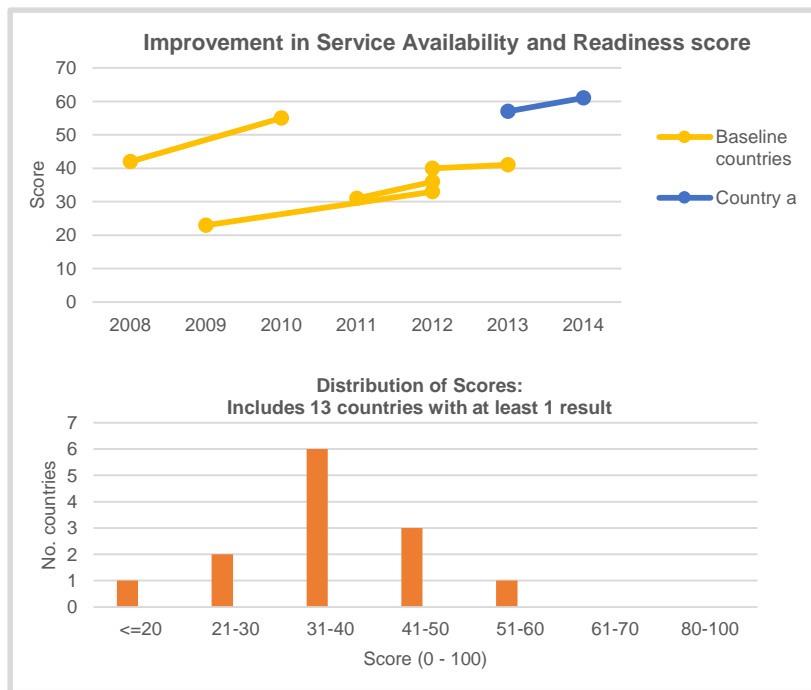
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KPI 5 Health System Strengthening

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Service availability and readiness score



Performance

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Interpretation

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Enhance partnerships & Improve operations**KPI 6****Alignment of supported programs with national systems****Measure**

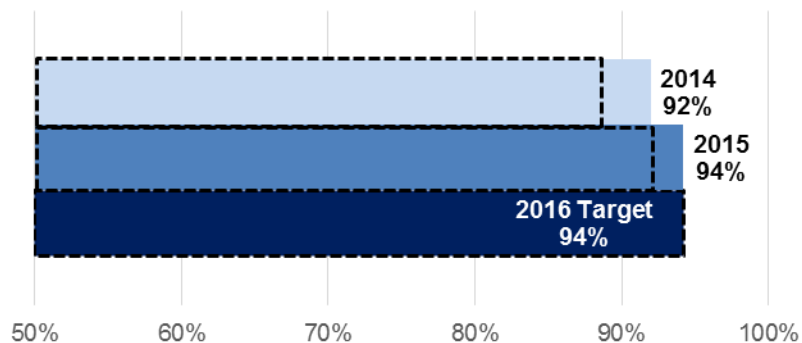
Percentage of investments in countries where Global Fund support is reported on National Disease Strategy budgets

Performance

2015 Target: 92%

Q2 2015 Result: 94% to date

2016 Target: 94%

**Interpretation**

- 2015 results to date exceed target
- Main driver is improved reporting, with one additional country considered as reporting on budget

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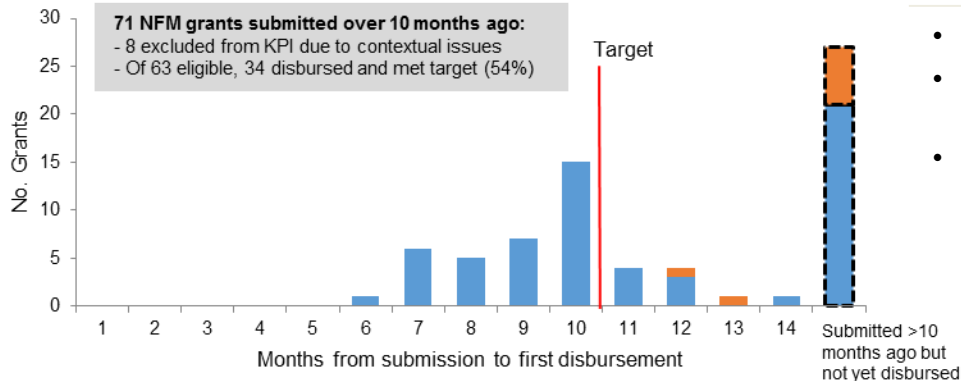
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■ Included in KPI ■ Special Dispensation



Performance

2015 – 2016 Target:

- For grants submitted in 2014, 75% take 10 months or less
- For grants submitted in 2015-2016, 75% take 8 months or less

2015 Q2 result: 54% NFM to date

Interpretation

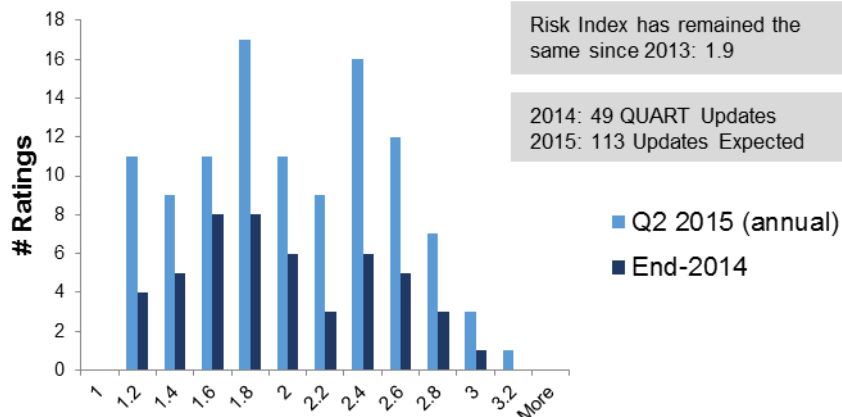
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- 34 of them had a first disbursement within the 10 month target (54%)
- Achieving the 10 month target for 2014 submissions looks increasingly challenging, and the 8 month target for 2015 submissions unlikely

Strategic Goals & Targets

Strategic Objective 1
Invest more strategicallyStrategic Objective 2
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Enhance partnerships & Improve operations**KPI 9 Effective operational risk management****Measure**

Portfolio Risk Index

Index based on a scoring system applied to the grant level risk ratings of the QUART operational risk management framework



Grant-Level Ratings, Weighted by Budget

Performance

2014 Result: 1.9

2015 Target: Within range 1.7 to 2.1
10% of 2013 baseline (1.9)

Forecast to 2015 year end: 1.9 to date**2016 Target: Within range 1.7 to 2.1****Interpretation**

- Performance on PRI remains unchanged since 2013

Strategic Goals & Targets

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Savings gained through leveraging Global Fund purchasing power

$$(\text{Unit Price}_{2014} - \text{Unit Price}_{2015}) * 2015 \text{ volume} =$$

$$\text{\$ Savings}$$

$$\text{KPI} = (\text{savings } 2015 / 2015 \text{ spend} + 2015 \text{ savings})$$

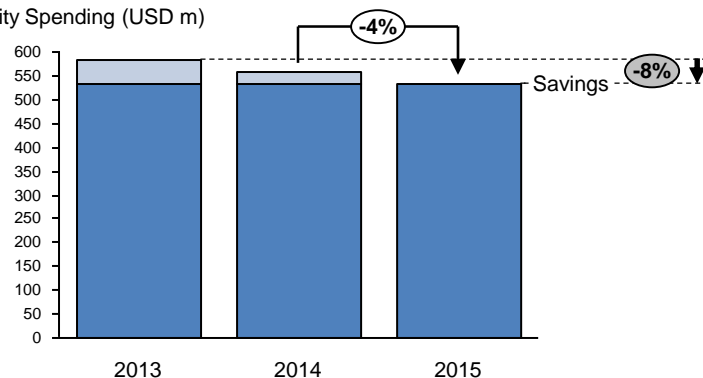
Performance

2015 Target: Reduce spend by 8% per year 2013-2015 for equivalent commodities at equivalent quality and volume

Q2 2015 Result: 4%

2016 Target: Reduce spend by 4% in 2016 for equivalent commodities at equivalent quality and volume

Commodity Spending (USD m)

**Interpretation**

- Indicator measures savings gained through Pooled Procurement Mechanism (PPM & AMFM)
- Reduction of expected savings attributed to reduced procurement spend brought on by delays to grant signing

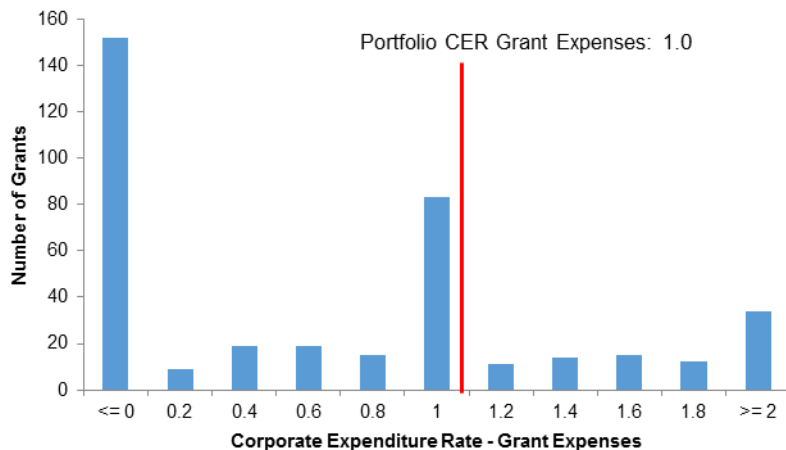
Strategic Goals & Targets

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KPI 11 Grant expenses forecast

Measure

Corporate Expenditure Rate (CER): Proportion of forecast grant expenses made to schedule



Performance

2015 Target: 0.9 - 1.1

Forecast to 2015 year end: 1.0

(F2 2015 Grant Expense / Grant Expense Corporate Budget)

2016 Target: 0.9 - 1.1

Interpretation

- F2 forecast matches the overall budget target for grant expenses at \$3.9bn
- Delays in grant signing have seen the majority of the expenses move from the first half of 2015 to the second half
- Q3 Update:
 - F3 Forecast to 2015 year end: 1.0
 - YTD Q3: 83% of expected grant expenses were committed as of end-Q3

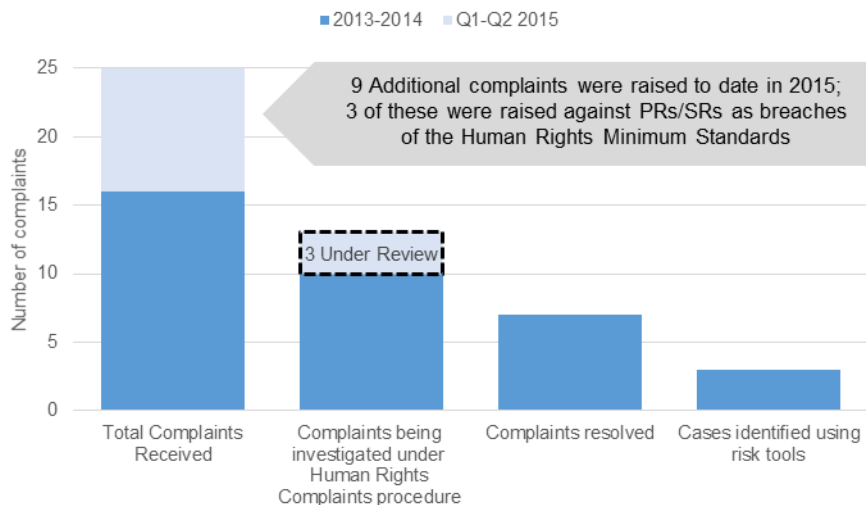
Strategic Goals & Targets

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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



Performance

2013-2014 Result: 30%

2015 Target: year on year improvement with a 100% aspiration

Q2 2015 Result: 30% (3 / 10) strategy period to date; plus 3 new cases under review to date

2016 Target: year on year improvement with a 100% aspiration

Interpretation

- Since January 2015, 9 Human Rights-related complaints were raised from the Secretariat and Whistle Blowers
 - 3 Complaints are currently under investigation for potential resolution under the Human Rights Complaints procedure
 - Remaining 6 complaints are being resolved through standard OIG procedures

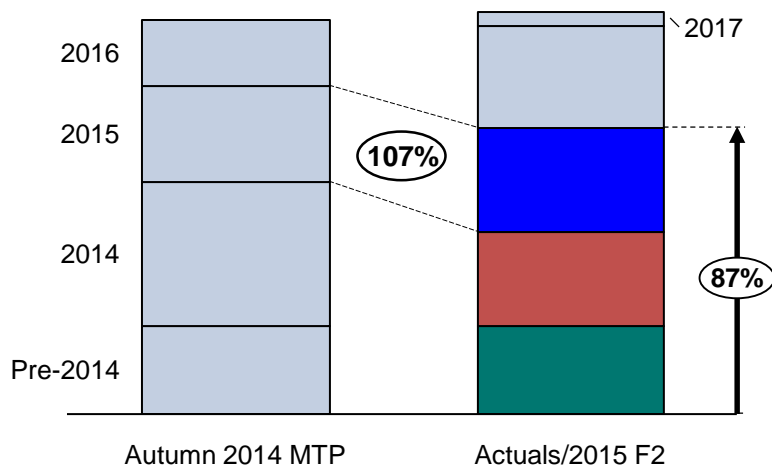
Strategic Goals & Targets

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KPI 13 Resource Mobilization

Measure

- Actual pledges as a percentage of the replenishment target
- Pledge conversion rate. Actual 4th replenishment contributions as a percentage of forecast



Performance

2014-2016 Target: USD 15 bn

2014 Result: USD 12.2 bn (81%)

2015 Q2 Result: USD 12.4 bn to date (82%)

2014-2016 Target: 100% annually of forecast contributions received

Forecast to 2015 year end: 107%

Interpretation

- At end-2015, 87% of expected to-date pledges are expected to be converted to contributions
- However, no current risk to achievement of 4th replenishment adjusted pledge target
- Q3 Update:
 - 83% actual pledges achieved as percentage of replenishment target
 - F3 reforecast suggests 94% expected 2015 contributions will be converted this year; At Q3 2015, 65% of expected year-to-date contributions were captured

Strategic Goals & Targets

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Enhance partnerships & Improve operations**KPI 14 Domestic financing for AIDS, TB & Malaria****Measure**

Percent of programs accessing funding where government contributions meet minimum counterpart financing thresholds

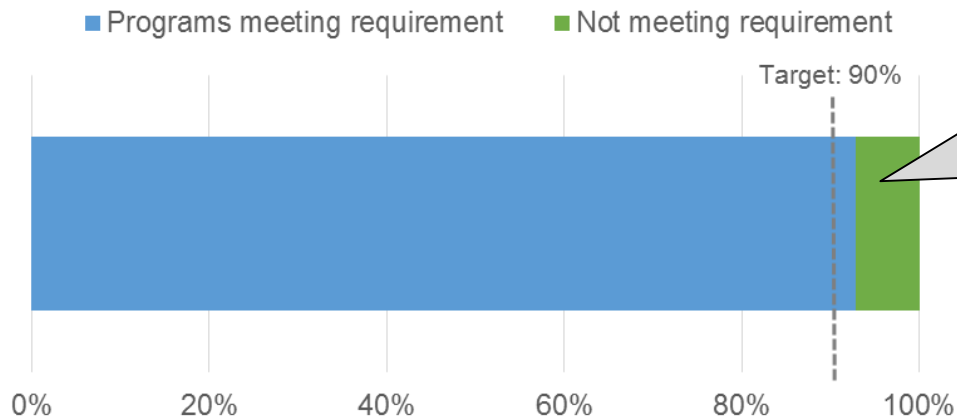
Performance

2014 Result: 97%

2015 Target: 90%

2015 Q2 Result: 93% (77/83 programs) to date

2016 Target: 90%



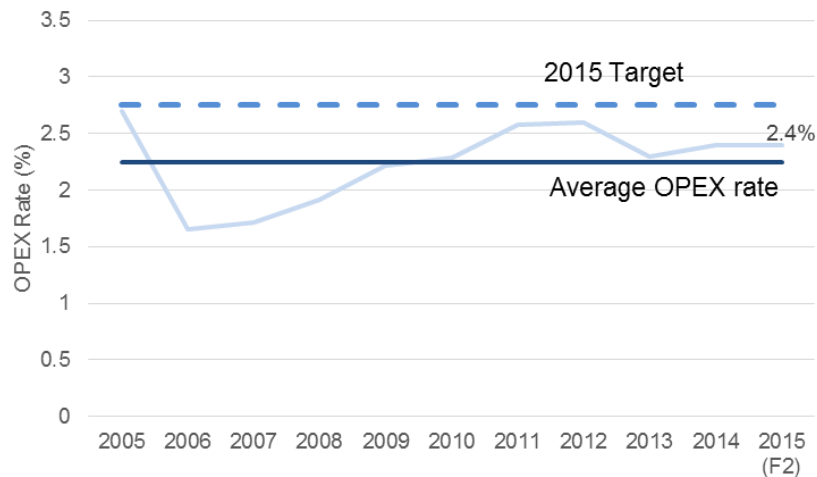
Of 83 programs accessing funding in 2015, 6 did not meet requirement

Additional commitments have been leveraged, and improved expenditure tracking mechanisms are being put into place with aims to ensure these countries meet requirements over 2015-2017

Strategic Goals & Targets

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OPEX rate: operating expenses as a percentage of grants under management

**Performance**

2014 Result: 2.3%

2015 Target: Below a maximum of 2.75%

Forecast to 2015 year end: 2.4% (F2 reforecast)

2016 Target: Below a maximum of 2.75%

Interpretation

- OPEX rate has stabilized after a six year period of growth