

38th Board Meeting

2017-2022 Strategic KPI Framework: Proposed Performance Targets

For Board decision

GF/B38/ 05B

Geneva, Switzerland

14-15 November 2017

Executive Summary

Context of Key Performance Indicator target proposals

- 2017-2022 Strategic Key Performance Indicator (KPI) Framework was approved by the Board in June 2016 (GF/B35/EDP05)
- KPI targets, as well as interim indicator definitions for KPI 5 and 9c, were approved by the Board in March 2017 (GF/B36/EDP09)
- Approved Targets for KPI 3 and 12b were for 2017 only
- The Board postponed its review and approval of targets for KPIs 6a, 6b and 6e until the final Board meeting of 2017

Targets for five KPIs recommended by the AFC and SC

- KPIs for which target setting was delayed (KPI 6a, 6b, 6e)
- KPIs requiring post-2017 targets (KPI 3, KPI 12b) – KPI 3 ‘alignment of investment with need’ target to be set to 2020, KPI 12b ‘affordability of health technologies’ to be set annually

Target Status

34 Board approved

5 Pending Board approval

Target Setting for 2017-2022 KPI Framework

Strategic Targets	Strategic Targets			
	1 Performance against impact targets		2 Performance against service delivery targets	
Strategic Objectives	Maximize Impact Against HIV, TB and malaria	Build resilient & sustainable systems for health	Promote and protect human rights & gender equality	Mobilize increased resources
Strategic vision	Invest funds to maximize portfolio impact	Improve the performance of strategically important components of national systems for health	Reduce human rights barriers to service access; & Reduce gender and age disparities in health	Increase available resources for HIV, TB & Malaria; & Ensure availability of affordable quality-assured health technologies
Strategic KPIs	3 Alignment of investment & need	6 Strengthen systems for health <ul style="list-style-type: none"> a) Procurement b) Supply chains c) Financial management d) HMIS coverage e) Results disaggregation f) NSP alignment 	8 Gender & age equality	10 Resource mobilization
	4 Investment efficiency		9 Human rights <ul style="list-style-type: none"> a) Reduce HR barriers to services b) KP & HR in middle income countries c) KP & HR in transition countries 	11 Domestic investments
	5 Service coverage for key populations	7 Fund utilization		12 Availability of affordable health technologies <ul style="list-style-type: none"> a) Availability b) Affordability

Proposed Targets

Key Performance Indicator	Baseline	Target	Target Period	Recommending Committee	Page	
3	Alignment of investment & need	0.36 (mid-2017)	0.32	2020	Strategy Committee	6
6a	Procurement: national procurement i) Price, ii) OTIF, iii) Admin lead time	i) 76% (2015)* ii) 58% (2015)* iii) Pending*	i) 100%* ii) 60%* iii) Pending*	Annual over the 2017-19 period	Strategy Committee	9
6b	Supply chain: Availability of i) tracer medicines, ii) tracer diagnostics	i) HIV 86%, TB 77%, Malaria 82% ii) 67% diagnostic capacity (2014-2017 HFA data)	15% reduction in non-availability per year	Annual up to 2022	Strategy Committee	12
6e	Results disaggregation	5.7% (2014-16)	50%	2019	Strategy Committee	15
12b	Affordability of health technologies	USD 149m (2016)	USD 50m**	2018	Audit & Finance Committee	19

*There are significant limitations in Price & Quality Reporting (PQR) data used for baseline analysis

**KPI 12b target to be reviewed and potentially revised in Q1 2018, based on improved demand visibility

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender Equality

Mobilize Resources

Definition Approved

KPI 3 Alignment of investment with need**Strategic Vision**

Further improve alignment of investments with country “need”

Aim of indicator

The measure tracks the extent to which the Global Fund is able to rebalance the grant portfolio to invest funds in the countries where need is greatest.

Illustrates the extent to which grant expenses are committed to countries with most “need”, and not necessarily those with the greatest capacity to absorb funding.

Performance is driven by the design of the allocation methodology and the ability of countries, particularly those with high burden and low economic capacity, to use allocated funds.

Measure

Alignment between investment decisions and country “need”; with need defined in terms of disease burden and country economic capacity

Limitations & mitigation actions

- ✓ Indicator design will align with the “need” metric used in the allocation methodology to ensure consistency
- ✓ Indicator has been updated in line with the 2017-2019 allocation formula
- ☐ Accuracy of target setting will be determined by the Mid-Term Plan three year financial forecast
- ✓ Indicator provides an important control for KPI 7 tracking Fund Utilization

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender EqualityMobilize Increased
Resources**KPI 3** Alignment of investment with need

Alignment between investment decisions and country "need"; with need defined in terms of disease burden and country economic capacity

Clarification requested by SC

KPI Purpose: Tracks the extent to which the Global Fund is able to rebalance the grant portfolio to invest funds in the countries where need is greatest

- Indicator is balanced with KPI 7 tracking fund utilization: ensures we're not allocating money that can't be spent, while also not favoring high absorbers at the expense of alignment with need

Calculation method: Compares share of funding vs. share of need by country, sums up all the differences

- A result of 0 would be perfect alignment, but 100% alignment not possible because allocation model includes essential adjustments for sustainability, key populations, etc.
- Funding alignment with 2017-2019 final allocations (post-qualitative adjustments) would yield a 2020 result of 0.27
- Time trend is more meaningful for understanding alignment with need than the actual indicator value. Indicator was included in previous framework to ensure that the transition to the New Funding Model led to improved allocation of funds
- Disaggregation of results by region will be provided

Target setting assumptions:

- Downward trend in the indicator means that highest burden countries are able to implement Global Fund financing and portfolio optimization allocates funding to countries with greatest need
- Need definition aligned to allocation model "Initial Calculated Amount" (ICA) to capture need remaining once other funding sources are taken into account
- Target based on 2017-2019 allocation model definition of "need" (ICA) and most recent 3-yr financial forecast (the mid-term plan)

Strategic Targets

Maximize Impact Against HIV, TB and malaria

Build Resilient & Sustainable Systems for Health

Promote and Protect Human Rights & Gender Equality

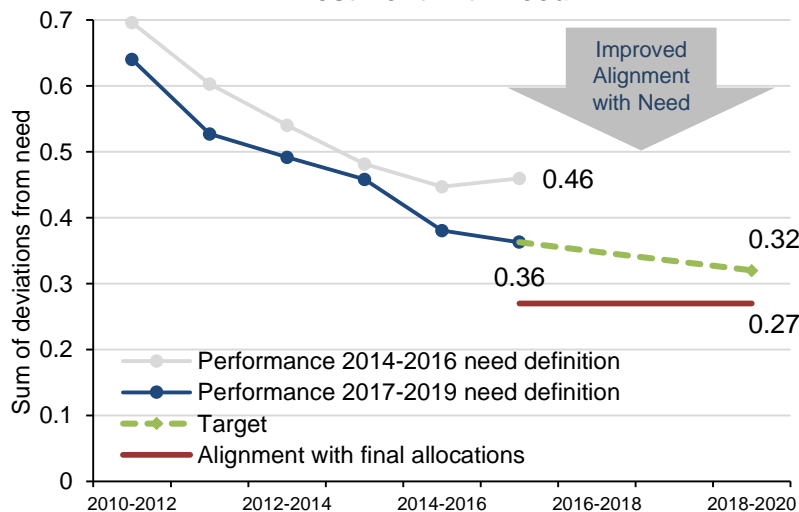
Mobilize Increased Resources

KPI 3 Alignment of investment with need

Alignment between investment decisions and country "need"; with need defined in terms of disease burden and country economic capacity

Baseline	0.36 mid-2017
Target	0.32 by 2020

Historical performance on alignment of investment with need



Methodology & Assumptions

Cohort	All eligible countries that have received an allocation and grant expenses in the past 3 years
Target time period	2020
Calculation methodology	A: GF investment = country's share of all funds committed over the current year plus previous 2 years B: Need = country's share of allocation formula "Initial Calculated Amount", i.e. disease burden and country economic capacity, adjusted for minimum/maximum shares and external financing Result = Total of (absolute value of A minus B)
Freq. of reporting	Semi-annually (F2 forecast, Q4 actual)
Caveats & assumptions	<ul style="list-style-type: none"> Updated based on the 2017-2019 allocation model definition of need, baseline for 2017 is 0.36 (was 0.46 based on 2012-2016 definition of need) 100% alignment is not possible - allocation model includes essential adjustments KPI baseline and targets to be reset every 3 years to align with revisions to the allocation formula and any changes in the distribution of need

KPI 6a Strengthen systems for health: a) procurement**Strategic Vision**

Countries have sufficient procurement capacity to achieve improved procurement outcomes

Aim of indicator

Ensure that procurement capacity-building is actually delivering improved outcomes in terms of prices, on-time delivery and lead time.

Focus procurement capacity-building efforts on delivery of results, rather than delivery of service.

Should lead to a decrease in the number of OIG country audits identifying procurement activities as major area of concern.

Measure

Improved outcomes for procurements conducted through countries' national systems:

i) Price; ii) OTIF delivery; iii) Administrative lead time

Limitations & mitigation measures

- The Global Fund Price & Quality Reporting tool identified as primary data source, but this means 2-year lag in data until enhancement work is complete
- May be challenging to track administrative lead time without additional data request to country
- Outcomes can be impacted by factors outside the procurer's control (e.g. changes in market conditions for active pharmaceutical ingredients can impact price or on-time in-full delivery)
- ✓ Could consider amending trigger for data entry to PQR
- ✓ Compare country outcomes to international benchmarks

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender EqualityMobilize Increased
Resources**KPI 6a Strengthen systems for health: a) procurement**

Improved outcomes for procurements conducted through countries' national systems:

i) Price; ii) OTIF delivery; iii) Administrative lead time

Clarification requested by SC

KPI Purpose: Measures improved outcomes from national procurements through i) the % of prices at or below the PPM reference price, ii) % consignments delivered OTIF, iii) administrative lead time benchmark

Concerns: Current baseline data is from Global Fund's Price & Quality Reporting (PQR) database. PQR suffers from significant data lag, most recent available full dataset is from 2015. Quality issues were identified during baseline calculation including inconsistent product naming conventions. PPM OTIF is calculated at the transaction level, while PQR only tracks deliveries at the order level, so OTIF figures are not directly comparable. Administrative lead time is not available in PQR. The Secretariat is exploring needs and options for PQR enhancement and will provide an update in Q1 2018.

Calculation methodology: Although the focus is on procurements through national systems, the intent was to use PQR to measure these indicators across all procurement channels (e.g. national systems, sub-contracted procurement agent, Global Drug Facility, multi-lateral PRs) to do comparative analysis

Target setting assumptions: Recommended targets are policy-based, so are less reliant on the baseline

- i. Price: According to GF budgeting guidelines, price for non-PPM procurement can't exceed the reference price unless justification is received. The target of 100% seeks full compliance with this policy. Price analysis will only include products for which there is a PPM reference price
- ii. OTIF: PPM OTIF target is 75%. We think it is reasonable to hold countries to at least 80% of that figure (e.g. 60% target), given they don't have the same volumes/negotiating power as PPM does. We recognize that 60% target is close to the 58% baseline, however, due to the PQR-related methodological issues noted above, we lack confidence in the 58% baseline
- iii. Administrative lead time: Target is pending full baseline data availability

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
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Rights & Gender EqualityMobilize Increased
Resources**KPI 6a Strengthen systems for health: a) procurement**

Improved outcomes for procurements conducted through countries' national systems:

i) Price; ii) OTIF delivery; iii) Administrative lead time

Baseline	<ul style="list-style-type: none"> i. 76%* in 2015 ii. 58%* in 2015 iii. Baseline pending PQR enhancement
Target	<ul style="list-style-type: none"> i. 100%** ii. 60%* (80% of the 75% PPM target) iii. TBD following PQR enhancement

Methodology & Assumptions	
Cohort	<ul style="list-style-type: none"> • All core products • All grants using national procurement mechanisms
Target period	Annual over the 2017-2019 period
Calculation methodology	<ul style="list-style-type: none"> % of prices (weighted average per grant) at or below the PPM reference price % of consignments delivered on time in full (OTIF) (delivery date not exceeding 14 days from supplier promised date) % of purchases meeting tender to Purchase Order submission benchmark
Frequency of reporting	Annual
Caveats & assumptions	LLINs excluded from baseline – 2015 PPM reference prices were not relevant given market conditions; Price and Quality Reporting (PQR) data format does not allow OTIF calculation at the transaction level (the PPM method), so variations will exist; Baselines subject to PQR data quality limitations; Timely and accurate data collection depends on the PQR enhancement planned within project AIM – baselines may require restatement with enhanced PQR reporting

Significant Secretariat concerns:

- Investment required to address PQR data quality and lag likely to facilitate KPI reporting in no less than 2 years
- Secretariat funding prioritized toward Supply Chain transformation projects and PPM as critical areas of investment
- Secretariat will run analysis and return to the Spring SC for discussion

* There are significant limitations in PQR data ** The Global Fund Guidelines for Grant Budgeting require health product procurements using Global Fund grant funds to have unit costs aligned with the relevant reference price (including the Pooled Procurement Mechanism (PPM)), unless justification is received (Refer to paragraphs 240 and 243 of the Global Fund Guidelines for Grant Budgeting)

KPI 6b Strengthen systems for health: b) supply chains**Strategic Vision**

Health facilities have the tracer medicines and diagnostics required to deliver high quality services for AIDS, TB & Malaria

Aim of indicator

To measure the extent to which investments in strengthening the different components of health product management systems contribute to the uninterrupted availability of essential health products at service delivery points.

This is based on the mean availability score for 10 -15 tracer items, and aligned with the recommendations of the health product interagency task force.

Diagnostic services readiness (i.e. the capacity of the health facility to provide laboratory diagnostic services) is based on a defined list of tracer lab items.

Measure

- i. Percentage of health facilities with tracer medicines available on the day of the visit
- ii. Percentage of health facilities providing diagnostic services with tracer items on the day of the visit

Limitations & mitigation measures

- Health facility assessments would provide data every two years, other systems may exist in country but data quality is uncertain
- Range of tracer items is country specific, may include items for programs other than HIV, TB and malaria
- Stock out on the day is a Y/N; not a measure of stock-out days
- ✓ Harmonize indicator measurement (guidance on tracer items & calculation of availability)
- ✓ Options to collect additional, more frequent measures (stock outs, expired medicines) by leveraging supply chain initiative efforts, or through strengthened country level monitoring systems, to complement health facility assessments every 3 years

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender EqualityMobilize Increased
Resources**KPI 6b Strengthen systems for health: b) supply chains**

- i. Percentage of health facilities with tracer medicines available on the day of the visit
- ii. Percentage of health facilities providing diagnostic services with tracer items on the day of the visit

Clarification requested by SC

KPI Purpose: The Secretariat's supply chain efforts are geared toward improving the availability of health products for patients. This indicator measures the availability in health facilities of tracer medicines for HIV, TB, and malaria and cross-cutting diagnostics

Calculation method: Information is collected via health facility assessments (including SARA), with interim data collection to ensure a robust dataset. The ambition is that this data can eventually be collected automatically, as health facility LMIS capacity is enhanced.

- Baseline data collection is currently underway in countries, but due to delays, will not be available until November. The baseline will be restated once the results are compiled

Target setting assumptions: In this case, target-setting is not dependent on the baseline

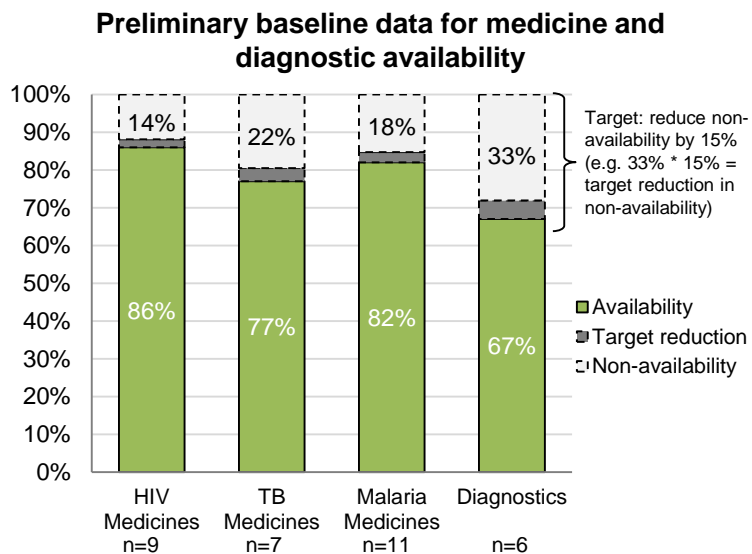
- Proposed target is a 15% reduction in non-availability per year – this method is recommended by the industry body for consumer goods and is standard practice within supply chain functions
- This means, the lower the absolute availability results is, the higher the relevant improvement needs to be. In other words, the worse the current status, the higher the ambition
- For example: If availability were 67%, non-availability would be 33%. A 15% reduction in that 33% non-availability would be ~5% (33% x 15%). Therefore, our target in the first year would be 72% (67% baseline, plus a 5% improvement).

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender EqualityMobilize Increased
Resources**KPI 6b****Strengthen systems for health: b) supply chains**

- i. Percentage of health facilities with tracer medicines available on the day of the visit
- ii. Percentage of health facilities providing diagnostic services with tracer items on the day of the visit

Baseline	i. HIV 86%, TB 77%, Malaria 82% ii. 69% diagnostic capacity*
Target	15% reduction in non-availability per year

**Methodology & Assumptions**

Cohort	15 selected High Impact or Core countries
Target time period	Annual up to 2022
Calculation methodology	<ol style="list-style-type: none"> i. Percentage of health facilities with tracer medicines available on the day of the visit ii. Percentage of health facilities providing diagnostic services with tracer laboratory items on the day of the visit [represents diagnostic service readiness]
Frequency of reporting	Annual
Caveats & assumptions	<p>Programmatic spot checks will complement Health Facility Assessments conducted every three years</p> <p>Programmatic spot-checks to enhance baseline are currently underway; results expected end-October</p>

* Diagnostic capacity for the 3-diseases is stronger (HIV 79%, TB 70%, Malaria 86%)

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender Equality

Mobilize Resources

Definition Approved

KPI 6e Strengthen systems for health: e) ability to report on disaggregated results**Strategic Vision**

Countries are able to report on the minimum set of outcome and impact indicators to enable country monitoring and meet international commitments

Aim of indicator

- Global Fund performance frameworks define a set of high level indicators for each disease/program area, and a sub-set of these indicators is designated as requiring disaggregated reporting.
- It is critical that supported countries have this minimum set of data for their own purposes to understand the epidemic and their programs, as well as for Global Fund (and other donors) to assess performance and focus resources towards populations in need in order to meet global commitments.
- Gaps remain even within the High Impact Country cohort on ability to report on these data. This indicator aims to bring attention to this issue for PRs and key stakeholders.

Measure

Number and percentage of countries reporting on disaggregated results

Limitations & mitigation measures

- The disaggregated data usually exists at health facility level, but is not reported to central level through routine reporting. Global Fund is investing in HMIS/DHIS however there is still a significant gap in funding
- Rolling out changes to data definitions and data collection systems at facility level is a considerable logistical exercise which will take time and resources
- ✓ A comprehensive mapping has been undertaken by country and indicator for High Impact and other priority countries to identify gaps and resource needs
- ✓ Global Fund is investing in routine HMIS systems through grants across the portfolio
- ✓ Indicator provides critical information on gender and age disparities, and is a key component of the Strategy's comprehensive approach to gender equality

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender EqualityMobilize Increased
Resources**KPI 6e****Strengthen systems for health: e) ability to report on disaggregated results**

Number and percentage of countries reporting on disaggregated results

Clarification requested by SC

KPI Purpose: Track the percentage of countries reporting disaggregated data for a core set of indicators to the Secretariat

Calculation method: Based on a set of key indicators requiring disaggregation (see table).

- Tracks the number of countries with required disaggregated reporting in at least one of their grants

Target setting assumptions:

- Baseline is the actual disaggregated data reported to the Global Fund for 2014-2016 grants
- 5.7% (3/53) of the countries reported all of the required data disaggregation, while another ~38% of countries reported some
- Only recently, GF established strict rules for reporting disaggregation and PRs have been slow to comply. Although most countries already collect disaggregated data, mechanisms need to be established so that data is reported up from health facilities to the central level
- DHIS expansion will facilitate this reporting. In that sense, 50% by 2019 is aligned with the KPI 6d target and is considered ambitious yet realistic

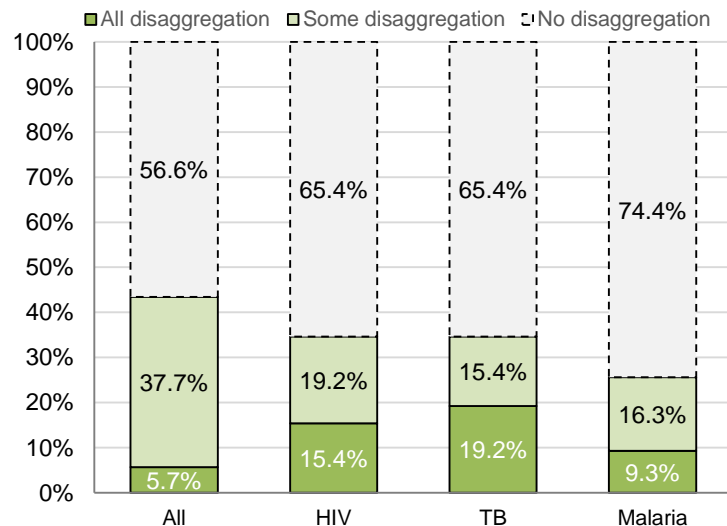
	Indicator	Disaggregation categories
HIV	Percentage of people living with HIV currently receiving antiretroviral therapy	Sex (m, f) Age (<15, 15+)
	Percentage of adults and children with HIV, known to be on treatment 12 months after initiation of antiretroviral therapy	Sex (m, f) Age (<15; 15+)
TB	Number of notified cases of all forms of TB-(i.e. bacteriologically confirmed + clinically diagnosed)	Sex (m, f) Age (<15, 15+)
	Number of cases with RR-TB and/or MDR-TB that began second-line treatment	Sex (m, f) Age (<15, 15+)
Malaria	Proportion of suspected malaria cases that receive a parasitological test (at public facilities)	Age (<5, 5+)
	Proportion of confirmed malaria cases that received first-line antimalarial treatment (at public facilities)	Age (<5, 5+)

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender EqualityMobilize Increased
Resources**KPI 6e Strengthen systems for health: e) ability to report on disaggregated results**

Number and percentage of countries reporting on disaggregated results

Baseline	5.7% (3/53)
Target	50% by 2019

Percent of countries reporting disaggregated results for NFM* grants**Methodology & Assumptions**

Cohort	Core & High Impact countries, excluding acute COEs (WHO Acute Emergency Grade 3) – 53 countries; Age and sex disaggregation for selected set of indicators (for Malaria, age disaggregation only)
Target time period	2019
Calculation methodology	<i>Numerator:</i> # of countries with 100% of selected indicators reported with required disaggregation categories in at least one grant <i>Denominator:</i> Number of cohort countries with active grants
Frequency of reporting	Annually
Caveats & assumptions	It will take considerable time for countries to roll out new data systems and processes necessary for collection and reporting of disaggregated data

* Grants funded from 2014-2016 allocation cycle

KPI 12b Availability of affordable health technologies: b) Affordability**Strategic Vision**

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

Aim of indicator

Captures 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.

Measure

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

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

* Savings achieved via product price reductions; PSA fees; freight /logistics costs, etc.

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender EqualityMobilize Increased
Resources**KPI 12b****Availability of affordable health technologies: b) Affordability**

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

Clarification requested by AFC

KPI Purpose: Intends to measure the Secretariat's procurement efforts to reduce the cost of health products for the programs we support. These efforts can be through tenders and negotiating long-term agreements with favorable prices, capturing price developments in the market, or mitigating price increases in an environment of rising prices. These efforts are balanced with other objectives of the market shaping strategy including performance (e.g. OTIF), availability of products (measured by KPI 12a), sustainability of the market, and supporting innovation and the introduction of new products.

Calculation method: Savings is a function of price development and demand = (baseline price – actual current year price) x volume

The detailed Guidelines for Sourcing and Procurement Savings Reporting will be shared in advance of the Board meeting, as requested – see “KPI 12b supplement – Guidelines for Sourcing and Procurement Savings Reporting” in the “Background Documents” folder on the OBA Portal.

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender EqualityMobilize Increased
Resources

KPI 12b

Availability of affordable health technologies: b) Affordability

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

Clarification requested by AFC

Target setting assumptions:

- The targeted USD 50 million savings reflects the PPM spend base and current estimates of the market situation, where significant savings had already been achieved in the previous years, including the reported USD 149 million in 2016
- **Price:** Price is impacted by the tender cycle. The Secretariat's sourcing strategies, focused on three key products (bed-nets, ARVs and anti-malarials), have contributed to significant price decreases and achieved millions of dollars in savings over the years. These sourcing strategies are linked to 2-3 procurement cycles. At the end of 2017, the GF procurement cycle for these 3 key health products will end, with new procurement cycles to start during 2018. This will result in new baselines being established for cost savings calculations. Baseline price will be compared to our best knowledge of the price of comparable commodities in the coming period
- **Demand:** Demand visibility is key for leveraging value including negotiating pricing and making volume commitments. As the Global Fund is in the process of making and signing new grants for the new implementation period, the detailed visibility of demand is currently limited.
- **New products** – dolutegravir-containing first-line ART regimen (TLD): Antiretroviral medicines have been the main driver for cost savings in the past two years, with the price of 1st line regimens decreasing 35% since 2014. Over USD 114 million in savings from ARVs has already been achieved in 2017. In addition to TLD being a more robust regimen, some cost savings are expected. The September 2017 PPM reference price for TLE, the current recommended regimen, is \$6.75 per pack. When the volume guarantee negotiated by CHAI with two manufacturers comes into force in April 2018, this will result in a TLD weighted average price of \$6.25 per pack. Precise pricing details will be confirmed in the Q2 2018 Global Fund ARV tender cycle. Based on current reference prices, we do not anticipate any financing or procurement barriers to uptake of the new regimen, so uptake will be dependent on country transition plans, including readiness in terms of registration of new product and utilization of existing stocks
- **Planned review of target:** Increased visibility on demand from the new grants signed will provide us with the required information to confirm or update the preliminary savings forecast by end Q1 2018

Strategic Targets

Maximize Impact Against
HIV, TB and malariaBuild Resilient & Sustainable
Systems for HealthPromote and Protect Human
Rights & Gender EqualityMobilize Increased
Resources**KPI 12b****Availability of affordable health technologies: b) Affordability**

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

Baseline	2016: USD 149m
Target	2017: USD 135m 2018: USD 50m

Note on target level:

- Savings target setting strictly follows the Secretariat's Savings Guidelines
- Savings is based on two major key variables: product price and volume
- Price variables are impacted by the tender cycle and tender result
- Volumes strongly link with demand visibility at time of target setting; current demand visibility continues to be limited
- 2018 target is tentative as demand visibility is currently limited; it will be reviewed in Q1 2018 when demand visibility is better

Methodology & Assumptions

Cohort	<ul style="list-style-type: none"> • Key products covering: ARVs, ACTs, LLINs, RDT and Non-Core PPM products • Procurement Service Agent (PSA) Fees
Target time period	2018 (Annual)
Calculation methodology	<p>(baseline price - current year price) x volume of current year Purchase Order confirmed</p> <p>For 2018: Baseline price is weighted average price during the previous contract or period</p>
Frequency of reporting	Annual
Caveats & assumptions	Volumes strongly linked with demand visibility at time of target setting; current demand visibility continues to be limited

* Savings achieved via product price reductions; PSA fees; freight /logistics costs, etc.