

# Electronic Report to the Board

Indicator Revisions and Target Setting for Key Performance Indicators 10: Resource Mobilization; 12a: Availability of affordable health technologies: Availability; and 12b: Availability of affordable health technologies: Affordability

GF/B41/ER12

30 October 2019

## **Board Decision**

Purpose of the paper: Seeking Board approval of indicator revisions and performance targets for Key Performance Indicators 10 – Resource Mobilization; 12a – Availability of affordable health technologies: Availability; and 12b – Availability of affordable health technologies: Affordability.

## Decision

Based on the rationale described below, the Audit and Finance Committee recommends the following decision points to the Board.

**Decision Point: GF/B41/EDP16: Indicator Revision and Performance Target for Key Performance Indicator 10: Resource Mobilization; Key Performance Indicator 12a: Availability of affordable health technologies: Availability; Key Performance Indicator 12b: Availability of affordable health technologies: Affordability**

***Based on the recommendation of the Audit and Finance Committee, the Board approves:***

- 1. the wording revision for Key Performance Indicator 10 as presented in GF/B41/ER12***
- 2. the indicator revision and performance target for Key Performance Indicator 12a as presented in GF/B41/ER12***
- 3. the 2020 performance target for Key Performance Indicator 12b as presented in GF/B41/ER12***

**This decision has no budgetary implications.**

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annexes 1 and 2.

# Executive Summary

## Context

- The Global Fund’s 2017-2022 Strategic Key Performance Indicator Framework (the “Framework”) is consistent with the Global Fund’s 2017-2022 Strategy, Investing to End Epidemics, incorporating significant inputs from Board constituencies and technical partners. The Framework was approved by the Board via electronic decision point following the 35th Board Meeting (GF/B35/EDP05).<sup>1</sup>
- The 2017-2022 Strategic Key Performance Indicator Targets (the “KPI Targets”) were approved by the Board through electronic decision point following the 36th Board Meeting (GF/B36/EDP09).<sup>2</sup> This followed a four-month consultation process with Board-nominated technical experts to review the appropriateness and ambition of each KPI Target. A KPI 12b target for 2017 was set on the basis that it would be established annual based on best available demand and price projections. The 2019 performance target for KPI 12b was approved by the Board through electronic decision point following the 39th Board Meeting (GF/B39/EDP17).
- The wording for KPI 10 is specific to the Fifth Replenishment. As the Global Fund is now moving to its Sixth Replenishment, the wording of this KPI needs to be adjusted and its target for 2020-2022 confirmed.
- The target for KPI 12a has consistently not been met, and continued underperformance on this KPI as currently defined will likely continue despite any possible additional efforts by the Global Fund Secretariat.

## Questions this paper addresses

- A. What are the proposed revisions to the indicators and targets for KPIs 10, 12a and 12b?

## Conclusions

- A. Revised KPI definitions and targets are recommended by the AFC for KPIs 10, 12a and 12b for Board approval.

## Input Sought

- Decision Point: GF/B41/EDP16: Indicator Revision and Performance Target for Key Performance Indicator 10: Resource Mobilization; for Key Performance Indicator 12a: Availability of affordable health technologies: Availability; for Key Performance Indicator 12b: Availability of affordable health technologies: Affordability

## Input Received

- The proposed definition revisions and targets for KPIs 10, 12a and 12b have been reviewed and endorsed by the AFC.

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<sup>1</sup> <https://www.theglobalfund.org/board-decisions/b35-edp05/>

<sup>2</sup> <https://www.theglobalfund.org/board-decisions/b36-edp09/>

## What is the need or opportunity?

1. This paper proposes revisions to the definitions and targets for KPIs 10, 12a and 12b.
2. The Audit and Finance Committee (the “AFC”) and the Strategy Committee (the “SC”) have each been allocated responsibility for recommending different Targets, according to their respective committee mandates, as follows:
  - i. The AFC is responsible for overseeing and recommending Targets for KPIs 7, 10 and 12; and
  - ii. The SC is responsible for overseeing and recommending Targets for KPIs 1, 2, 3, 4, 5, 6, 8, 9 and 11.

## What do we propose to do and why?

### What is the proposal?

#### **KPI 10: Resource Mobilization**

3. The proposed revised definition and target for KPIs 10a and 10b as outlined below have been endorsed by the AFC. Updates to the previous definition have been indicated in red.

Key Performance Indicator		Target
Strategic Objective 4: Mobilize increased resources		
10	Resource Mobilization	
	a) Actual pledges as a percentage of the replenishment target, <b>with respect to the current replenishment period</b>	a) 100% ( <del>by end 2019</del> ) (by end of current replenishment period)
	b) Pledge conversion rate. Actual <del>5<sup>th</sup></del> <b>replenishment</b> contributions as a percentage of forecast contributions, <b>with respect to the current replenishment period</b>	b) 100% ( <del>by end 2019</del> ) (by end of current replenishment period)

#### **KPI 12a: Availability of affordable health technologies: Availability**

4. The proposed revised definition and target for KPI 12a as outlined below have been endorsed by the AFC. Updates to the previous definition and target have been indicated in red.

Key Performance Indicator	Measure	Target
Strategic Objective 4: Mobilize increased resources		
12	Availability of affordable health technologies	
	a) <del>Availability</del> <b>Supply continuity of health products</b>	<del>100%-90%</del>
	For each of two defined product sets, percentage of a defined set of products with <del>more than three suppliers</del> <b>the desired number of suppliers</b> that meet Quality Assurance requirements (i.e., <b>four or more suppliers</b> or <b>two or more suppliers</b> , depending on the product set)	

## KPI 12b: Availability of affordable health technologies: Affordability (2020 Performance Target)

5. The proposed KPI 12b target for 2020 as outlined below has been recommended by the AFC. Updates to the target have been indicated in red.

Key Performance Indicator	Measure	Target
Strategic Objective 4: Mobilize increased resources		
12	Availability of affordable health technologies	
	b) Affordability	Annual savings achieved through the Pooled Procurement Mechanism on a defined set of key products (mature and new) <b>USD 136m in 2020<sup>3</sup></b>

### Why is this the recommended option?

#### **KPI 10: Resource Mobilization**

6. Regarding the definition, the wording used so far for KPI 10b was specifically relating to Fifth Replenishment. It needs to be updated to reflect that the Global Fund is entering its Sixth Replenishment. The proposed wording (“current replenishment period”) is not period-specific and is therefore clearer and more sustainable. The wording for KPI 10a was vague, with no mention of period, and would need to be updated to align with KPI 10b.
7. Regarding the targets, the current definition specifically mentioned “end 2019” (as the end of the Fifth Replenishment period). The proposed version would be more general (“end of current replenishment period”) and would be consistent with the proposed indicator definition. Please note that the Secretariat is not recommending any change to the actual KPI numeric target (keeping it at 100%) nor any change to the calculation methodology. The denominator of the measure will be numerically adjusted to reflect the Global Fund replenishment target.

#### **KPI 12a: Supply Continuity**

8. Regarding the description, both KPI 12a and KPI 6b relate to “availability” but in different ways. KPI 12a relates to the base of suppliers that meet Quality Assurance requirements for key health products, as distinguished from “on shelf availability” measured through KPI 6b. Changing the description of KPI 12a from “availability” to “supply continuity of health products” will help reduce potential misunderstanding regarding the aspect of availability measured through KPIs 12a and 6b.
9. Regarding the measure, separating key products into two different product sets based on programmatic needs (i.e., a high volume set and a low volume set) permits distinction of the desired supplier base for each. For example, certain products, such as WHO-recommended 1st line ARVs for children, do not require an eligible supplier base of more than two suppliers to ensure continued supply. Relying on only a single supplier could contribute to supply risk; however, encouraging more than two suppliers for products which are only needed programmatically in low volumes may be inefficient and not market viable. For example, the price and volume dynamics of products which may be technically difficult to make may not support a valid business case for new suppliers to enter

<sup>3</sup> Target set annually based on demand and price projections.

the market. Thus, to balance considerations of supply continuity and market viability, the proposed indicator revision specifies the desired supplier base for products in the low volume set as **two or more**.

10. Regarding the measure for products classified as high volume in consideration of programmatic needs, no change is proposed for the desired number of suppliers; however, the proposed revision merely adjusts the language from **more than three** to **four or more**, for clarity and consistency with the desired supplier base for products in the low volume set (i.e., two or more).
11. Regarding the target, the proposed revision adjusts the target from 100% to 90% in order to account for the time needed to establish an adequate supplier base for new products, as products are included based on programmatic needs irrespective of whether they have been only recently recommended by WHO. It also reflects the level of control of the Global Fund Secretariat to deliver the outcome (i.e., number of suppliers that meet Quality Assurance requirements); although the Global Fund Secretariat can exert some market shaping influence, it does not have direct control over the market decisions of suppliers.

#### **KPI 12b: Affordability of health products (2020 Performance Target)**

12. The USD 136m target is largely driven by anticipated price decreases of 1<sup>st</sup> line ARV regimens towards the target price, as well as other price reductions achieved through strategic sourcing activities (including allocation optimization across suppliers and regular supplier performance management and negotiations).
13. Price equalization of the preferred dispersible ACT tablet down to the non-dispersible tablet and similar strategic sourcing activities are expected to deliver savings for anti-malarial products. In addition, key outcomes anticipated of the 2018 Procurement Service Agent (PSA) tender are reductions in PSA fees and freight and logistic costs. New long-term agreement tenders for Long Lasting Insecticidal Nets, Rapid Diagnostic Tests, Indoor Residual Spray, other Diagnostic and Lab products, and essential medicines are also expected to contribute to this target.

## **What do we need to do next to progress?**

### What is required to progress the proposal?

14. Board approval of the KPI 10 indicator revision and target will allow the Secretariat to continue to provide annual reporting on the indicator.
15. Board approval of the KPI 12a indicator revision and target will allow the Secretariat to continue to provide annual reporting on the indicator.
16. Board approval of the 2020 KPI 12b target will allow the Secretariat to continue to provide annual reporting on the indicator.

## **Recommendation**

The AFC recommends the Decision Point presented on page 2 to the Board.

## Annexes

The following items can be found in Annex:

- Annex 1: Relevant Past Decisions
- Annex 2: Links to Relevant Past Documents & Reference Materials

### Annex 1 – Relevant Past Decisions

Relevant past Decision Point	Summary and Impact
<b>GF/AFC11/DP05: Wording Revision and Confirmation of Target for Key Performance Indicator 10: Resource Mobilization</b> (October 2019)	The AFC agreed to recommend the wording and target revision for KPI 10 to the Board for approval.
<b>GF/AFC11/DP06: Indicator Revision and Performance Target for Key Performance Indicator 12a: Availability of affordable health technologies: Availability</b> (October 2019)	The AFC agreed to recommend the indicator and target revision for KPI 12a to the Board for approval.
<b>GF/AFC11/DP07: Indicator Revision and Performance Target for Key Performance Indicator 12b: Availability of affordable health technologies: Affordability</b> (October 2019)	The AFC agreed to recommend the 2020 performance target for KPI 12b to the Board for approval.
<b>GF/B39/EDP17: Key Performance Indicator 12b: Availability of affordable health technologies: Affordability</b> (November 2018)	The Board approved the final 2019 performance target for Key Performance Indicator 12b as presented.
<b>GF/AFC08/DP02: Performance Target for Key Performance Indicator 12b: Availability of affordable health technologies: Affordability</b> (October 2018)	The AFC agreed to recommend the 2019 performance target for KPI 12b to the Board for approval.
<b>GF/B38/EDP18: Key Performance Indicator 12b: Availability of affordable health technologies: Affordability</b> (April 2018)	The Board approved the final 2018 performance target for Key Performance Indicator 12b as presented.
<b>GF/AFC06/DP01: Performance Target for Key Performance Indicator 12b: Availability of affordable health technologies: Affordability</b> (March 2018)	The AFC agreed to recommend a revised 2018 performance target for KPI 12b to the Board for approval.
<b>GF/B38/DP08: Targets for Key Performance Indicators 3, 6a, 6b, 6e and 12b<sup>4</sup></b> (November 2017)	The Board approved the 2018 performance target for Key Performance Indicator 12b as presented and noted the review of the 2018 target planned for Q1 2018.

<sup>4</sup> <http://www.theglobalfund.org/Board-Decisions/B38-DP08/>

<p><b>GF/AFC05/DP01: Performance Targets for Key Performance Indicator 12b: Availability of affordable health technologies: Affordability</b> (October 2017)</p>	<p>The AFC agreed to recommend the 2018 performance target for KPI 12b to the Board for approval. The AFC noted that the target will be reviewed in Q1 2018.</p>
<p><b>GF/B36/EDP09: Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator Framework<sup>5</sup></b> (March 2017)</p>	<p>The Board: (i) Approved the performance targets where proposals were complete; (ii) Approved the proposed interim indicator proposals for KPIs 5 and 9c; and (ii) Agreed to postpone its review and approval of performance targets for KPIs 6a, 6b and 6e until the final Board meeting of 2017.</p>
<p><b>GF/AFC02/EDP04: Recommendation on Performance Targets for the 2017-2022 Strategic Key Performance Indicator Framework</b> (March 2017)</p>	<p>The Audit and Finance Committee (AFC) agreed to recommend performance targets for KPIs 7, 10 and 12 to the Board for approval.</p>
<p><b>GF/B36/DP09: Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator Framework</b> (November 2016)<sup>6</sup></p>	<p>The Board requested a further opportunity to review the proposed performance targets. Board constituencies were requested to submit a final round of feedback to the Secretariat, and the leadership of the Audit and Finance Committee (AFC) and Strategy Committee (SC) were requested to: (i) determine the performance targets to be addressed by each committee based on their respective mandates; and (ii) establish an advisory group to work with the Secretariat to present revised performance targets to the AFC and SC for recommendation to the Board.</p>
<p><b>GF/SC02/EDP03: Recommendation on Performance Targets for KPIs 1, 2 and 8 the 2017 – 2022 Strategic Key Performance Indicator</b> (October 2016)</p>	<p>The Strategy Committee reviewed the Secretariat's proposed performance targets for the 2017 – 2022 Strategic Key Performance (KPI) Framework and agreed to recommend the performance targets for Strategic KPIs 1, 2 and 8 to the Board, expressed as point estimates together with uncertainty ranges. In doing so, the Strategy Committee acknowledged the approach for deriving the performance targets for Strategic KPIs 1, 2 and 8, including the modelling assumptions and key inputs.</p>
<p><b>GF/AFC02/DP05 and GF/SC02/DP05: Recommendation on Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator</b> (October 2016)</p>	<p>The Audit and Finance Committee and Strategy Committee reviewed the Secretariat's proposed performance targets for the 2017 – 2022 Strategic Key Performance (KPI) Framework and agreed to recommend the performance targets that were complete and presented at the Committees' October 2016 meetings, including interim proposals for Strategic KPI 5 and 9c. The Committees agreed that the Strategy Committee would then review the performance targets for Strategic KPIs 1, 2, 8 and 9b prior to the November 2016 Board meeting to discuss and issue a recommendation to the Board on these targets. The Committees also agreed to recommend deferring the performance targets for the measures associated with Strategic KPIs 6a, 6b and 6e until 2017.</p>

<sup>5</sup> <http://www.theglobalfund.org/Board-Decisions/B36-EDP09/>

<sup>6</sup> <http://www.theglobalfund.org/Board-Decisions/B36-DP09/>



<p><b>GF/B35/EDP05: 2017 – 2022 Strategic Key Performance Indicator Framework</b> (June 2016)<sup>7</sup></p>	<p>The Board approved the Strategic KPI Framework for 2017 – 2022, as presented in Annex 1 to GF/B35/ER05. The Board directed the Secretariat to present the Board with the Strategic KPI Framework’s performance targets for approval at the final Board meeting in 2016.</p>
<p><b>GF/B34/EDP04: Approval of 2016 Targets for the 2014 – 2016 Corporate Key Performance Indicator Framework</b> (January 2016)<sup>8</sup></p>	<p>The Board approved the 2016 performance targets, noting specific revisions to the performance targets for KPI 7 (Access to Funding) and KPI 10 (Value for Money). Having acknowledged the Secretariat’s response to requests by the Board for additional analysis on certain indicators, the Board directed the Secretariat to implement proposed management actions to improve performance, and to continue towards identifying lessons that could inform the development of the next Corporate Key Performance Indicator Framework.</p>
<p><b>GF/B33/DP07: Remaining Targets for the 2014 – 2016 Corporate Key Performance Indicator Framework</b> (March 2015)<sup>9</sup></p>	<p>Under the 2014 – 2016 Corporate Key Performance Indicator Framework, the Board approved updated performance targets for Key Performance Indicators 6, 12 and 16 after additional analysis conducted by the Secretariat following the Board’s approval of the updated 2014 – 2016 Corporate KPI Framework.</p>
<p><b>GF/B32/DP10: Approval of the Global Fund Corporate KPI Framework 2014-2016</b> (November 2014)<sup>10</sup></p>	<p>The Board approved the updated Corporate KPI Framework, acknowledging the methodological work required to finalize certain indicators as agreed. The Board also approved the available performance targets for 2015, as well as the plan to present the remaining 2015 performance targets for approval at the Thirty-Third Board Meeting, as set forth in GF/B32/24.a – Revision 2. The decision point to approve the updated performance targets contained in GF/B33/04B completed the remaining action item from GF/B32/DP10.</p>
<p><b>GF/B30/DP7: The Global Fund Corporate Key Performance Indicator Framework for 2014-2016</b> (November 2013)<sup>11</sup></p>	<p>The Board approved the KPI Framework for 2014-2016 as set forth in GF/B31/7 – Revision 1. The Board asked for annual reports on these indicators, and where available, for interim results to be made available through the information dashboard.</p>

## Annex 2 – Relevant Past Documents & Reference Materials

Use hyperlinks to the web (Board documents and policies) or OBA Portal (recent Committee documents).

[GF/AFC11/15b: Wording Revision and Confirmation of Target for KPI 10](#)

[GF/AFC11/08b: Indicator Revision and 2020 Target for KPI 12a](#)

[GF/AFC11/08c: 2020 Target for KPI 12b](#)

<sup>7</sup> <http://www.theglobalfund.org/Board-Decisions/B35-EDP05/>

<sup>8</sup> <http://www.theglobalfund.org/Board-Decisions/B34-EDP04/>

<sup>9</sup> <http://www.theglobalfund.org/Board-Decisions/B33-DP07/>

<sup>10</sup> <http://www.theglobalfund.org/Board-Decisions/B32-DP10/>

<sup>11</sup> <http://www.theglobalfund.org/Board-Decisions/B30-DP07/>