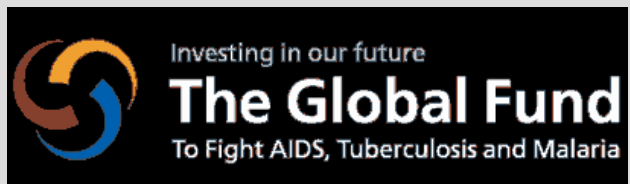


REPORT OF THE PERFORMANCE ASSESSMENT COMMITTEE

April 2007



Contents

» **Scope of activity of the PAC**

» **2006 KPI Results**

» **Competency Model for the Executive Director**

» **Executive Director Performance Cycle**

Assessment of Executive Director

Decision Point:

The Board reaffirms its commitment to the [performance measurement system for the Executive Director adopted at the Ninth Board Meeting](#) in Arusha and requests the Chair and the Vice-Chair to appoint a Performance Assessment Committee, consisting of four Board Members (or Alternates) which is tasked with:

- concluding the 2005 Performance Report of the Executive Director in the context of the adapted procedure agreed for 2005, the Management Response to the IOS Report and the Report of the Oversight Committee;
- implementing the full performance measurement system in respect of the Executive Director's performance objectives and targets for 2006, with particular attention to establishing a revised list of competencies against which performance will be measured;
- compiling an interim report for the Board to be presented at the Fourteenth Board meeting in November 2006; and
- compiling a final report for the Board to be presented at the Board meeting scheduled for April 2007.

Corporate Key Performance Indicators 2007

Decision Point GF/B14/DP39.:

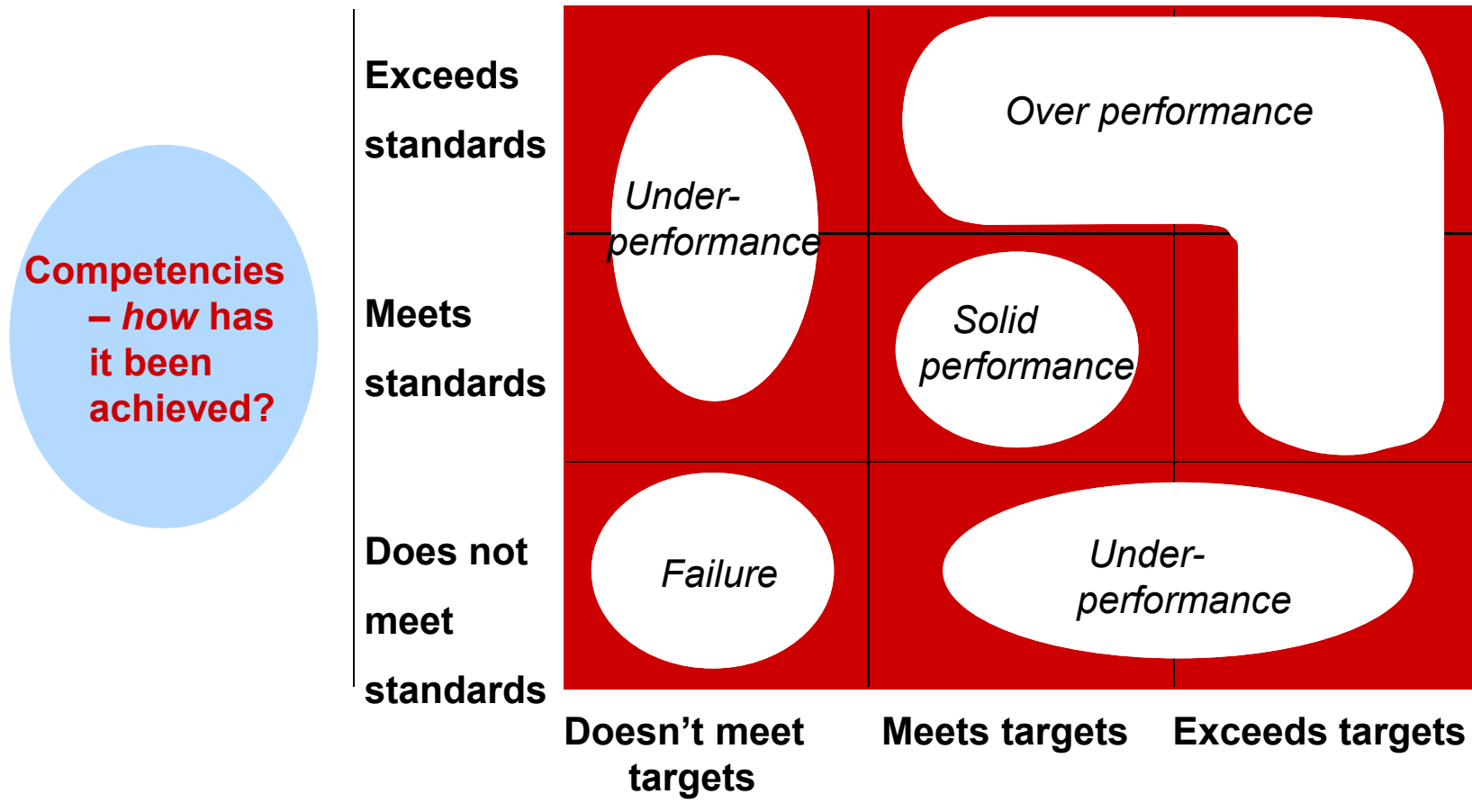
The Board approves the 2007 Corporate Key Performance Indicators and associated 2007 targets contained which will also serve as the Key Performance Indicators/Targets for the Executive Director.

There are no material budgetary implications for this decision.

Focus of PAC activity

- » Executive Director performance assessment as opposed to corporate performance assessment of the Global Fund as a whole
- » Further definition and implementation of the ED performance measurement system agreed at the Ninth Board meeting, with particular reference to competency assessment
- » Embedding the performance measurement system in support of the performance based culture of the Global Fund and establishing a performance measurement cycle with clearly allocated responsibilities
- » Focus on performance measurement system for the future rather than past performance of the retiring ED

Performance Evaluation Framework for the ED combines KPIs with Competencies



**Performance against KPIs and targets –
 what has been achieved?**

Contents

» **Scope and activity of the PAC**

» **2006 KPI Results**

» **Competency Model for the Executive Director**

» **Executive Director Performance Cycle**

2006 KPI Results Overview

- **Results exceeded targets for 5 indicators**
- **For 5 indicators, results equaled or were within 10% of target**
- **For 4 indicators, results fell short of target by more than 10%**
 - Disbursements
 - Average time between grant approval and disbursement
 - Disbursement to well performing grants vs lower performing grants
 - Joint country reviews
- **Results for final indicator (Staff Survey) available end of May 2007**

2006 KPI Results

Corporate priority	Metric (KPI)	Target 2006	End of Year Results
Develop the Global Fund's strategy and business model	Completion of a well defined 4- year strategy	Nov 2006	Board decisions taken/ implementation started on most strategic issues. Option development continuing for outstanding issues
Scale-up interventions, ensure grant performance, and increase alignment and harmonization	% of agreed targets reached by grants in Phase I (based on 18 month performance evaluation)	80% across the portfolio	94%
	% of grants addressed successfully out of those identified by the Early Alert and Response System (EARS) prior to Phase 2 evaluation.	60%	56%
	Amount \$ disbursed to Rounds 1-5 grants	\$1.5 billion	\$1.324 billion disbursed
	Average time between grant approval and first disbursement	8 months	9.4 months
	Funding follows performance: Well-performing grants receive higher % of expected disbursements than poor-performing grants	A rated grants receive 30% more than B2/C	A rated grants received 24% more than B2/C grants
	# of countries where annual reviews carried out with partners are used in grant evaluations	20	17 reviews conducted

2006 KPI Results



Corporate priority	Metric (KPI)	Target 2006	End of Year Results
Managing for results and measuring the impact of investments	% of grants during Phase 2 which measure impact as part of performance	90%	96%
	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 ¹
Secure resources to meet '06 and '07 needs	% of '06 funding needs contributed	100%	92%
	% of '07 needs pledged	70%	67%
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%	94% of staff have defined objectives; annual reviews completed
	Internal staff survey on professional satisfaction and motivation	70% rating 'high' or 'very high'	Survey results available in May
	Operating expenses as % of grants under management and as a % of total expenditures	<3%, 10%	1.5% and 4.1%
	Performance against 3 agreed diversity targets (gender, ethnicity, communities)	80% of targets met	Overall average (median) 87%. Diversity target breakdown: Gender: 95%, ethnicity: 76%, Communities: 100%

Decision Point 1

End Of Year Results for 2006 Corporate KPIs

The Board takes note of the end of year report by the Performance Assessment Committee (PAC) on the Corporate Key Performance Indicators (KPIs) 2006. It is fully satisfied with the indicators for which targets were met or exceeded. While it notes that there is a material shortfall in 4 KPIs, the Board accepts the reasons given as to why these targets were not met. Overall, the Board regards the results achieved in 2006 as a reflection of the performance based culture of the Global Fund and is pleased with the significant progress achieved in embedding this culture throughout all Global Fund activities.

There are no material budgetary implications for this decision.

Contents

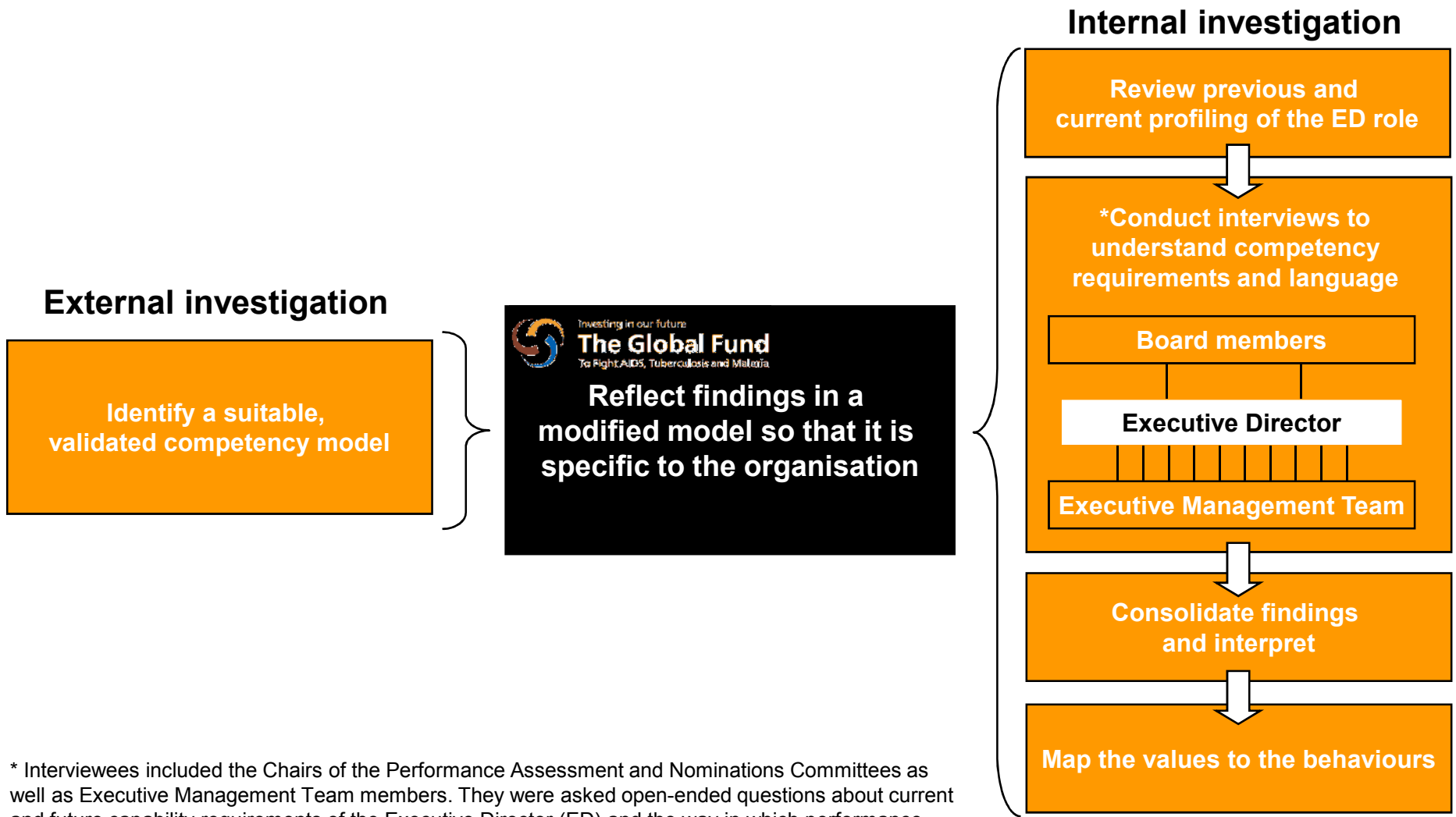
» **Scope and activity of the PAC**

» **2006 KPI Results**

» **Competency Model for the Executive Director**

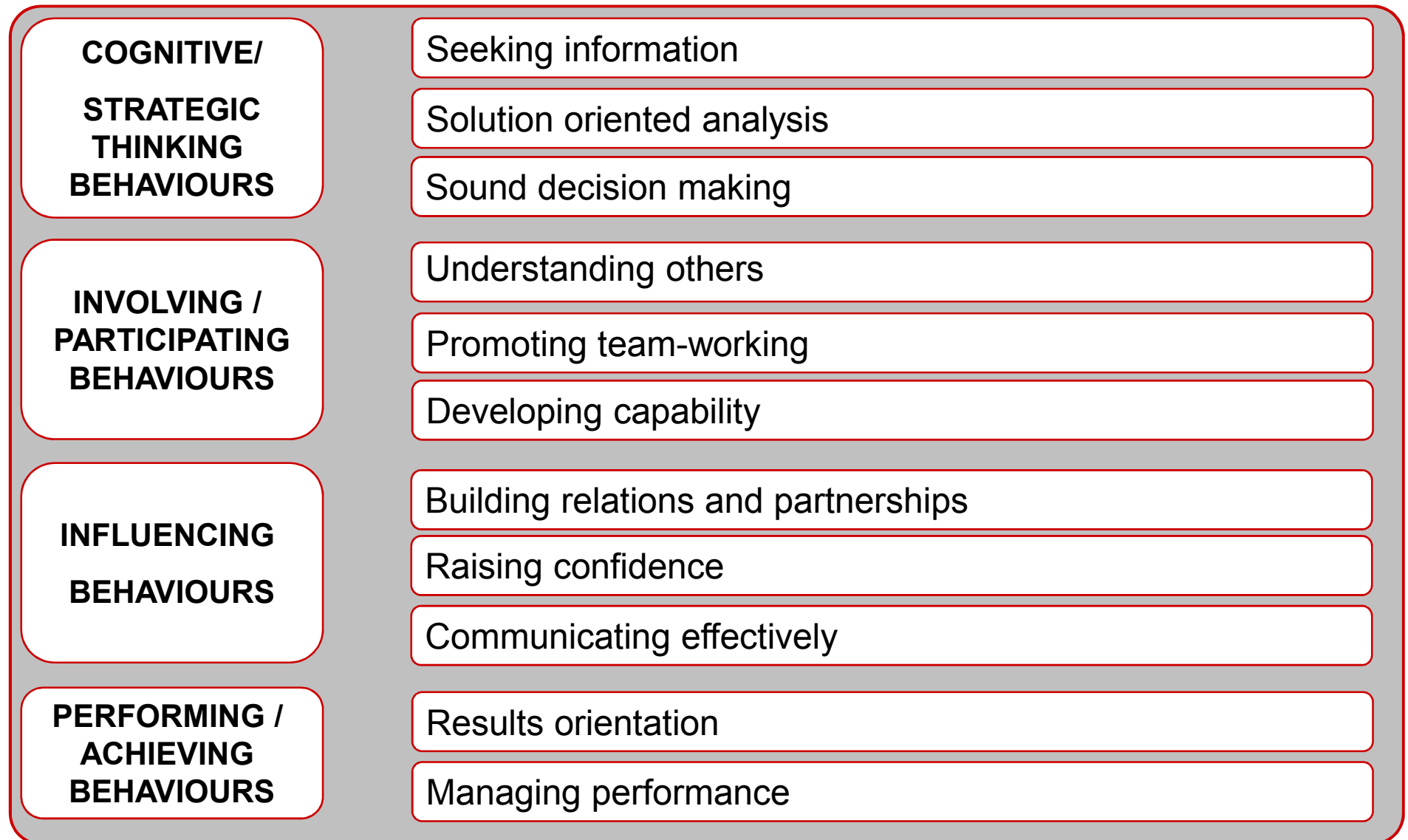
» **Executive Director Performance Cycle**

Overview of process for arriving at Executive Director Competencies



* Interviewees included the Chairs of the Performance Assessment and Nominations Committees as well as Executive Management Team members. They were asked open-ended questions about current and future capability requirements of the Executive Director (ED) and the way in which performance should be assessed

Proposed ED Competencies can be grouped into four broad behavioural clusters



Overview of Competencies

Seeking information: Obtaining and synthesizing facts so that opinions can be formed and decisions made

Solution oriented analysis: Applying analysis and strategic thinking to identify effective options for action

Sound decision making: Weighing up different solutions and making informed decisions

Understanding others: Having awareness of others and taking into account their views

Promoting team-work: Fostering respect, collaboration and accountability for shared objectives

Developing capability: Ability to learn quickly and fostering the development and learning of others

Building relations and partnerships: Creating mutually beneficial outcomes

Raising confidence: Inspiring others through resolve, passion and vision

Communicating effectively: Being clear and engaging in written and oral communications

Results orientation: Taking action and identifying/addressing barriers to progress

Managing performance: Setting goals for self and others, and tracking progress against them

Levels and weighting of the Competencies

- 5** Exemplary use of the behaviour; embedding of the behaviour and systems to support it in the organisation
- 4** Broad application of the behaviour that goes beyond the immediate task or situation
- 3** Use of the behaviour, concentrated on the task/situation at hand
- 2** Passive, limited use of the behaviour
- 1** Negative or no application of the behaviour

Competencies can be given different weightings (with 1 being neutral) to reflect the particular position and the areas of focus agreed on for the particular evaluation period

Assessment Grid - EXAMPLE

Competency: **Seeking Information**

Definition: **Obtaining and synthesizing facts so that opinions can be formed and decisions made**

Behavioural cluster: **Cognitive/Strategic Thinking**

- 5:** Has an exceptional ability to identify and access information to guide judgements and decision making, drawing on a broad network of diverse sources. Provides exemplary leadership in distilling information to core issues and builds capacity in others to do the same. Builds best practice systems for the methodological collection, sharing and use of relevant information by Secretariat, Board and key partners for decision making and learning.
- 4:** Actively seeks quantitative and qualitative information from a range of sources as a basis for judgement. Asks the right questions, assimilates complex information without difficulty and guides others to do the same. Promotes the development of systematic strategies for the generation, use and sharing of information and knowledge in the Global Fund.
- 3:** Seeks out and distils information on various aspects of an issue and from a sufficient mix of sources to enable an informed perspective. Provides some guidance to others on information and knowledge management.
- 2:** Draws information from easily accessible and pre-synthesized data. Provides little guidance in defining additional information needs for decision making and in seeking new sources of information.
- 1:** Fails to gain required information to arrive at well-founded Global Fund positions and decisions, relying heavily on unsubstantiated assumptions and beliefs.

Score Card - Illustrative Example

		Agreed Weighting	Assessment Level	Result
COGNITIVE/ STRATEGIC THINKING BEHAVIOURS	Seeking information	0.7	3	2.1
	Solution oriented analysis	1	3	3
	Sound decision making	1	3	3
INVOLVING / PARTICIPATING BEHAVIOURS	Understanding others	1	4	4
	Promoting team-working	1	5	5
	Developing capability	1	3	3
INFLUENCING BEHAVIOURS	Building relations and partnerships	1.2	3	3.6
	Raising confidence	1	3	3
	Communicating effectively	1.2	2	2.4
PERFORMING / ACHIEVING BEHAVIOURS	Results orientation	1	5	5
	Managing performance	0.9	4	3.6
		11		37.7 of 55

Decision Point 2

Competency Model for the Executive Director

The Board approves the revised Competency Model and associated behaviors that will be used to assess how the Executive Director set about achieving the various performance targets as detailed in Attachment 1 to paper GF/B15/10)

There are no material budgetary implications for this decision.

Contents

- » **Scope and activity of the PAC**
- » **2006 KPI Results**
- » **Competency Model for the Executive Director**
- » **Executive Director Performance Cycle**

Proposed approach and process for the 2007 Performance Evaluation of the Executive Director

The **PSC** oversees the development and reporting on Corporate KPIs in the future

Board Chair and Vice Chair oversee ED KPI and competency assessment process.

KPIs/Targets: Assessment process

Sept 07 PSC Mid Term reviews 2007 performance against KPIs/targets; recommends 2008 KPIs/targets based on Secretariat draft

Nov 07 Board receives PSC validated update on 2007 performance and approves 2008 targets

Jan 08 End of year '07 final report to PSC

Apr 08 Board approval of final report 07 based on PSC recommendation

ED: Assessment process

Apr 07 Board approves Competency Model; ED discussion with Chair/VChair to discuss KPIs and the required competencies; agree on focus areas and weightings for the year (Normally done in Jan each year)

Sep 07 Informal mid-term performance dialogue between ED, Chair and VChair

Oct 07 Selection of external evaluators by Chair and VChair

Nov 07 Update to Board

Jan 08 360 degree feedback gathered (from within Secretariat and Board) by external evaluators based on competencies

Feb 08 External evaluators prepare final report, Chair/ VChair discuss KPIs and competencies with ED

Apr 08 Chair/VChair report on 2007 ED assessment to Board



Feedback Approach for Competencies

- » 360 degree feedback gathered by evaluators from agreed stakeholders using Competency Assessment Grids
 - Board (including non-voting members)
 - Secretariat (direct reports, cross section of staff)
 - Inspector General

- » Feedback gathered through a competency-based structured interview where input and achievement level is recorded

- » Feedback collated and summary report is derived based on which the ED receives feedback

Decision Point 3

Annual Performance Assessment Cycle for the Executive Director

The Board approves the revised process and responsibilities for the annual performance evaluation of the Executive Director as outlined in GF/B15/10)

The budgetary implications of this decision are estimated at US\$ 100 000 annually.