

CEO PERFORMANCE FEEDBACK 2017-18 - REPORT FROM THE GOVERNANCE AND ETHICS COMMITTEE

For Decision

Please note: Board papers are deliberative in nature and, in accordance with the GPE Transparency Policy, are not public documents until the Board has considered them at the Board meeting

1. STRATEGIC PURPOSE

1.1 The purpose of this paper is to seek Board approval for a process to provide the Global Partnership for Education (GPE) Secretariat Chief Executive Officer (CEO) annual performance feedback, including for the 2017-18 term, for approval at the June 2017 Board meeting.

Summary of Governance and Ethics Committee (GEC) Deliberations

The GEC met to review and discuss the proposed process for CEO Performance Feedback on April 11, 2017.

Members of GEC expressed overall support for the CEO Performance Feedback, noting the importance of establishing an annual mechanism for the CEO to be provided with Board feedback. Committee members emphasized the need to ensure the alignment between the organization's priorities and those of the CEO.

The Committee suggested including additional detail in the paper as well as some improvements to the survey questionnaire for completeness, and suggested that the option of providing for some additional contracted support to the Board Chair for the confidential tasks of collecting feedback and data be made available if required. These amendments are reflected in the Board paper.

The GEC recommended the CEO Performance Feedback process to the Board for Approval at its June meeting.

2. EXECUTIVE SUMMARY

2.1 While the GPE CEO currently participates in a World Bank performance review system with regular reports and 360 degree assessments, consistent with World Bank management policy, there is little opportunity for Board/Alternate members to provide input with respect to the CEO's job performance.

2.2 In response, this paper proposes a CEO performance feedback process that will help the CEO to improve her (or his) performance and help Board members and other stakeholders to gain increased confidence in GPE's operations and decision-making.

2.3 The process will be managed by the Board Chair. The results of the Performance Feedback survey, along with the CEO self-assessment, will be reviewed by the Governance and Ethics committee and shared with the Board in Executive Session.

3. RECOMMENDED DECISION

3.1 The Governance and Ethics Committee recommends that the Board approve the following decision:

BOD/2017/06-XX—CEO Performance Feedback: The Board of Directors:

1. Requests the Governance and Ethics Committee to launch the CEO Performance Feedback Process as set out in BOD/2017/06 DOC 10.
2. Endorses the proposed roles and responsibilities for conducting the CEO Performance Feedback, as presented in BOD/2017/06 DOC 10 Annex 2.
3. Endorses the proposed Survey Questionnaire presented in BOD/2017/06 DOC 10 Annex 4.
4. For the 2017-18 cycle, the process would be launched with the CEO and Board Chair submitting the CEO Personal 2017/18 Performance Objectives to the Board for approval in Executive Session at the June 2018 Board meeting.

4. BACKGROUND

4.1 While the GPE CEO currently participates in a World Bank performance system, with regular reports, and 360 degree assessments, consistent with World Bank management policy, there is little opportunity for Board/Alternate members, or Committee Chairs to provide input with respect to the CEO's performance in serving the Board. Annex 1 sets out the current World Bank Performance Management process.

4.2 Following a discussion with the Governance, Ethics and Finance Committee in November of 2016, the Secretariat was tasked with outlining a proposed process for ensuring Board feedback on the performance of the Secretariat CEO.

4.3 There was a strong interest in avoiding duplicating the existing mandatory World Bank performance process. At the same time, it was recognized that a primary component of the CEO's duties – specifically, her (or his) responsibilities to the GPE Board - is not included in the World Bank performance process and thus the CEO is not receiving feedback for improvement on that component.

4.4 In developing the process, the Secretariat considered that the general observation and common convention is that the Board Chair manages the process for CEO performance and that the more effective processes allow for a certain measure of informality rather than rigid, documented processes that might otherwise detract from an enterprising and dynamic leadership process. The latter can be an extensive and time-consuming process – both for the Board Chair and the CEO.

4.5 In reviewing various models, the Secretariat considered the literature as well as several models for CEO feedback. Processes that focused on Board input such as those employed by the World Bank and Gavi were of particular interest. The proposed model is consistent with these models, while accommodating for the differing governance structures at GPE. Two models are commonly used with respect to who collects the feedback data: using an outside consultant, which has the advantage of ensuring the confidentiality of the information or using internal resources which has the advantage of requiring fewer resources. Most organizations prefer to use an outside consultant to support the Board Chair, in view of the confidential nature of the discussions. This is the prerogative of the Board Chair. A limited budget has been set aside for outside consultation to support the collection of data and gathering of individual feedback to support the Board Chair if required. For the routine work a Secretariat staff will be identified to support the Board Chair as required.

4.6 The Secretariat also considered the common convention that generally the process should closely calibrate the organization's performance with that of the CEO. Failure to achieve an objective, within the agreed performance criteria, should not necessarily be construed as an indication of poor performance and hence the iterative process encouraged in the steps outlined in this note to the GEC. The objective of an effective CEO appraisal process is to build a “conversation” between the CEO and Board in determining shared objectives and organizational aspirations.

4.7 It is appropriate to revisit the process from time to time, or when there has been a significant change to the organization or the environment in which it operates.

4.8 The proposal in this paper was developed in consultation with the Board Chair and CEO.

4.9 Finally, this proposal is consistent with the GPE Charter on the respective roles of the Chair (4.3.2) and CEO/Board (4.4.6) with respect to performance review.

5. OVERALL ANALYSIS

Guiding Principles for the CEO Performance Feedback

5.1 The CEO appraisal process should be dynamic and allow for a certain degree of flexibility in how it is executed annually. An effective appraisal process seeks to ensure that the CEO's performance is aligned with high-level strategic goals for the organization, not manage his or her day-to-day decision making, so that it remains a robust and empowering process in authorizing and resourcing the CEO's leadership.

5.2 The CEO appraisal process should be based on the following key operating principles:

- It should be undertaken in a spirit of collegiality and a high degree of confidentiality and individual discretion.
- Board/Alternates are being asked to assess the CEO's performance in their individual capacity and not on behalf of their constituency.
- While an assessment might get critical on certain aspects, it should not be adversarial and is a process in which the CEO is a partner in a collaborative and constructive dialogue.
- Deliberations by Board members/Alternates on this matter should remain within the Board and not shared with the constituencies under any circumstances.
- Performance expectations for the CEO should be aligned with GPE's strategy and considered in the context of goals set for the overall corporate performance. Ordinarily performance expectations are integrated with the board's strategic planning cycle allowing space for the CEO to use her (or his) time strategically in leading an organization like GPE in an environment of sometimes rapidly changing priorities.
- The Board Chair is the "owner" of the process.

Process for CEO Performance Feedback with suggested timeframes

5.3 **Step One - Establish Expectations: April-June**

a. Prior to the last GPE meeting for the calendar year, the Board Chair and CEO meet to discuss personal performance objectives using the GPE 2016-2020 strategy as a basis including:

- i. Objective criteria and negotiating Key Performance Indicators (KPIs) including:
 - Long-term goals measured against the 2016-2020 strategy.
 - Short-term goals measured against the annual business plan
- ii. Subjective criteria covering leadership and management attributes based on the CEO's personal and professional objectives.

b. The Board Chair may meet or call individual members of the Governance and Ethics Committee (GEC) to get their thoughts on possible criteria or issues to incorporate into the CEO's performance objectives.

Note for consideration: This usually takes place before the Board Chair's discussion with the CEO to formalize expectations.

c. At the April GEC meeting, the Board Chair tables the personal performance objectives negotiated with the CEO for discussion with the Board. This includes:

- A session with the CEO present to discuss these objectives.
- A subsequent closed session where the Board Chair negotiates and finalizes the performance objectives for the next financial year.
- This may be done through an audio call.

Note for consideration: The CEO should be involved in the discussion of and agree to the final metrics and criteria. In the event of any deadlock, it may be necessary for the Board Chair to repeat the process until agreement is reached and with the CEO engaged throughout.

5.4 **Step Two – Board Information: June**

Given the nature of the structure of GPE and its governance model, the Board Chair provides a high-level overview to the Board of the performance objectives agreed with the CEO and confirmed with the GEC in an executive session with the full Board in June. Board Members and Alternates are provided the opportunity to discuss and comment on the proposed priorities in Executive Session.

5.5 **Step Three – Follow-up and Feedback: July-March**

a. During the course of the fiscal year, the Board Chair and CEO meet from time to time to discuss the CEO's performance and progress against the established criteria. These meetings can take place on a scheduled basis, e.g., quarterly in person or over the phone or informally as and when circumstances occur where this could be usefully undertaken. This periodic interaction should not be a burdensome process but one which is designed to drive value and constructive dialogue through advice and guidance. The process is agreed directly between the Board Chair and the CEO in accordance with what best suits each of them.

b. As required, the Board Chair provides to Board Members a verbal update based on discussions with the CEO during the preceding period. This can include a discussion between the GEC and the CEO and/or a closed session as appropriate.

5.6 **Step Four – Lead-Up to Performance Assessment for the Full Year and Review of Criteria for the Next Year: March–June**

a. This period is the most multi-faceted as it must harmonize four distinct processes that lead to discussion at the last GEC meeting and a high-level report back to the Board:

- Gathering of the data (March) to support the review of the CEO's performance for the period.
- Board/Alternate members complete the CEO Performance Feedback Survey Questionnaire attached in Annex 4 to provide input.

Note for consideration: In addition to the survey results, other data might include existing organizational performance and data, thereby avoiding a considerable data-gathering burden on the Board Chair.

- Discussions between the Board Chair and CEO to review the self-evaluation completed by the CEO. The Board Chair may also choose to meet with GEC members individually, as well as Committee Chairs and select Committee members to get their feedback over and above the more general discussion that will take place with the GEC in closed session in April.
- Preparation by the CEO of performance criteria for the next calendar year, in discussion with the Board Chair, repeating the process outlined in 5.1 above (April-June)

b. These four steps culminate in discussions at the spring GEC meeting and repeat the process specifically outlined in 5.1:

- Discussion between the Board Chair and CEO and agreement with the GEC on the CEO's performance in the past year.
- Negotiation between the Board Chair and CEO on the performance criteria for the next year and sign off with the GEC.
- During this process, the CEO should also be afforded the opportunity to give his or her input on the performance of the Board, Committees and any issue areas that need to be adjusted, tackled or changed.

c. The Board Chair then shares a high-level overview in closed session with the Board at the June meeting.

d. See illustrated explanation of this entire process in Annex 3.

6. IMPLICATIONS FOR SECRETARIAT RESOURCES AND RISK ANALYSIS

6.1 Limited additional financial resources may be required to support the hiring of an outside consultant to support the Board Chair in collecting data and completing the consultative work as required. A budget of no more than US\$25,000 has been set aside, if required.

7. NEXT STEPS

7.1 A final document will be presented to the Board for its consideration in June 2017.

7.2 Once the process is approved by the Board, the Board Chair will launch the process by tabling the CEO's 2017-18 Personal Performance Objectives at the Executive session at the June Board Meeting.

7.3 The first report of the CEO Performance Feedback will be presented to the Board at the June 2018 Board meeting in Executive Session.

8. PLEASE CONTACT: Ruth Dantzer (mdantzer@globalpartnership.org) or Christine Guetin (cguetin@globalpartnership.org) for further information.

9. ANNEXES/ REFERENCE(S) AND GLOSSARY

Annex 1 – Highlights of World Bank Performance Management System

Annex 2 – CEO Performance Feedback: Roles and Responsibilities

Annex 3 – Illustrative CEO Performance Feedback Cycle

Annex 4 – CEO Performance Feedback 2017: Survey Questionnaire for Board/Alternate Members

ANNEX 1: Highlights of World Bank Performance Management System

The World Bank employs a comprehensive Performance Management System for all of its staff, including an annual setting of individual priorities, and regular meetings with managers for feedback on progress towards the identified priorities.

In addition both a Managerial and a Corporate 360 is used for developmental purposes for senior staff. The 360 exercise aims to assess and inform areas of strength and development for participants.

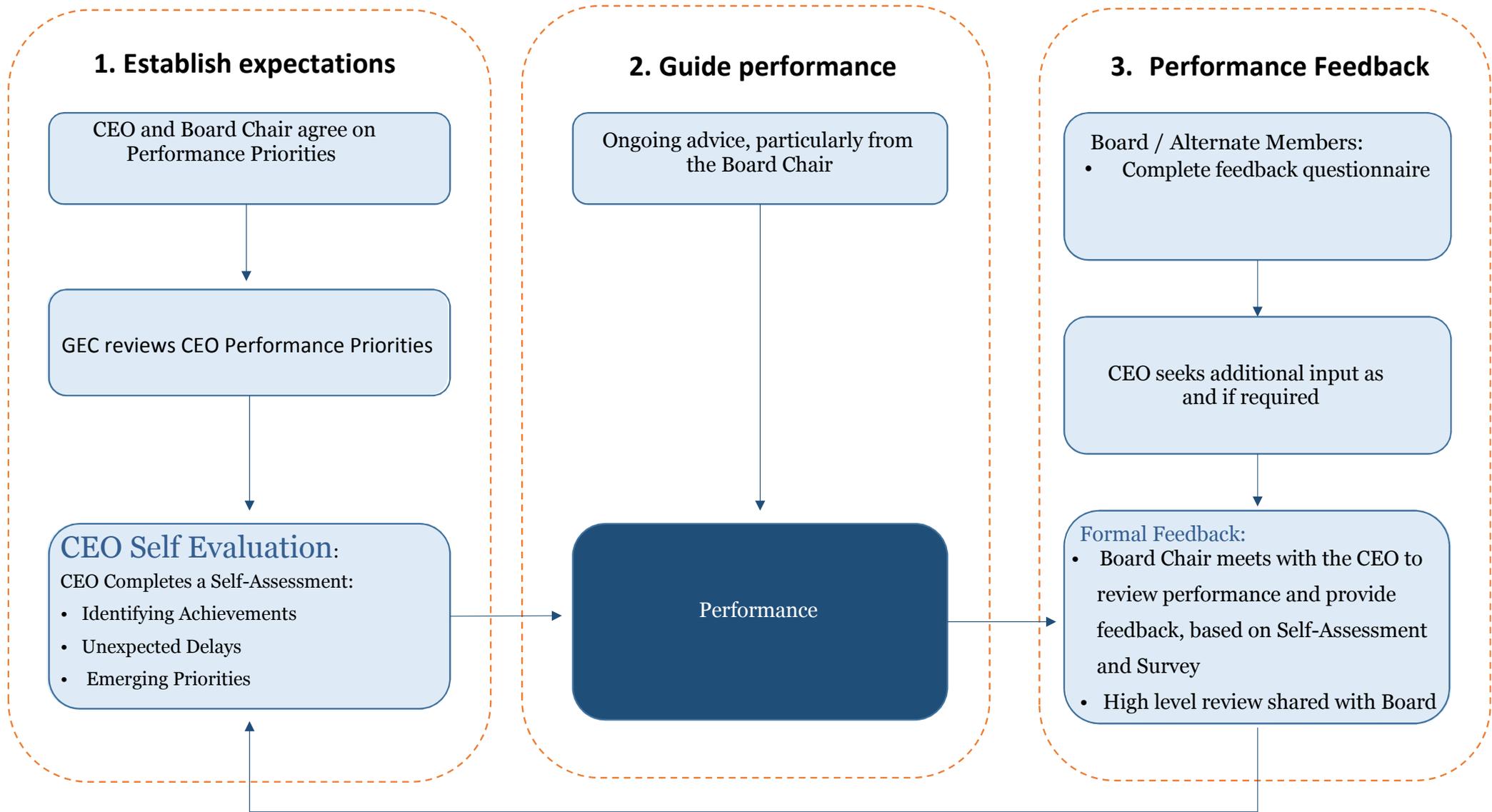
Managerial 360
<ul style="list-style-type: none">▪ Participants:<ul style="list-style-type: none">▪ Tagged Managers; Non-tagged supervisors (G2+/GG+) with 6 or more direct reports, facilitated by HRBPs.▪ Feedback provider categories: Manager(s), Direct Reports, Internal Clients, Peers, Others.▪ Form will include the 5 WBG Managerial Competencies plus 2 write-in questions. <p>Managerial Competencies:</p> <ul style="list-style-type: none">▪ Courage of your convictions▪ Leading the team for impact▪ Influencing across boundaries▪ Fostering openness to new ideas▪ Building talent for the future <ul style="list-style-type: none">▪ Use of results:<p>The results from the Managerial 360 will be used for developmental purposes to gauge areas of potentials and development. It will not be linked to the participant's end-year evaluation.</p>

The World Bank Performance Management System uses the same fiscal year as GPE and therefore the two processes will run at the same.

ANNEX 2 – CEO PERFORMANCE FEEDBACK: ROLES AND RESPONSIBILITIES

Roles	Responsibilities
Board Chair	<ul style="list-style-type: none"> ✓ Establishes joint ownership with the CEO ✓ Manages the CEO evaluation process on behalf of the Governance and Ethics Committee
CEO	<ul style="list-style-type: none"> ✓ Shares ownership of the evaluation process with the Board Chair ✓ Provides input to scorecard goals and metrics; drafts CEO performance objectives; discusses with the Board Chair ✓ Completes self-evaluation against performance objectives ✓ Engages in year-end review and on-going performance discussions with Board Chair
Governance and Ethics Committee	<ul style="list-style-type: none"> ✓ Provide input on the evaluation approach, CEO goals and performance metrics ✓ Provide feedback on the preliminary feedback results ✓ Ensure a transparent process which is value added
GPE Board	<ul style="list-style-type: none"> ✓ Board Chair to seek input from individual Board/Alternate members ahead of appraisal through the CEO Performance Feedback Survey ✓ Board Chair to report back with high level report to the Board on the CEO performance
Consultant	<ul style="list-style-type: none"> ✓ Works with the Board Chair to collect data and perspectives as required

ANNEX 3 – ILLUSTRATIVE CEO PERFORMANCE FEEDBACK CYCLE



ANNEX 4 – CEO PERFORMANCE FEEDBACK 2017

Survey Questionnaire for Board / Alternate Members

Use this scale in your response:
 1=Strongly Disagree; 2=Disagree; 3=Undecided; 4=Agree; 5=Strongly Agree,
 N/A = Not Applicable

1. LEADERSHIP: THE CEO....

	<i>Rating</i>					
1.1. Has clearly defined the purpose or mission of the organization.	1	2	3	4	5	N/A
1.2. Has attracted a high-performing senior management team with the knowledge, skills, energy and passion to make the mission and vision a reality.	1	2	3	4	5	N/A
1.3. Leads a planning process that establishes annual goals, strategies and action plans that are consistent with the vision and mission.	1	2	3	4	5	N/A
1.4. Leads a performance management process that ensures accountability at all levels of the organization and makes mid-course corrections in goals and strategies as necessary.	1	2	3	4	5	N/A
1.5. Consistently makes decisions that enable the organization to achieve its goals better.	1	2	3	4	5	N/A
1.6. Regularly demonstrates creativity in identifying new opportunities and solving issues that the organization is facing.	1	2	3	4	5	N/A
1.7. Communicates effectively with internal and external stakeholders to build support for the mission, vision, goals and direction of the organization.	1	2	3	4	5	N/A

2. MANAGEMENT: THE CEO....

	Summary Results					
2.1. Has established an effective organization structure, ensuring that there is management focus on key functions necessary for the organization to deliver on its mission.	1	2	3	4	5	N/A
2.2 Delegates effectively to members of the senior management team and other staff.	1	2	3	4	5	N/A
2.3. Clearly articulates priorities and ensures management focus and accountability around addressing priorities.	1	2	3	4	5	N/A
2.4. Solicits feedback from the organization’s stakeholders including employees at all levels as input to the direction and operation of the organization.	1	2	3	4	5	N/A
2.5 Regularly delivers a consistent message to all stakeholders regarding the vision, mission and priorities of the organization.	1	2	3	4	5	N/A
2.6. Ensures there are clear policies established for how the organization and its employees will operate.	1	2	3	4	5	N/A

3. WORKING WITH THE BOARD: THE CEO....

	Summary Results					
3.1. Understands the organization’s requirement for governance practices and supports the Board in its governance duties by providing necessary information and access to people.	1	2	3	4	5	N/A
3.2. Has a strong working relationship with the Board Chair.	1	2	3	4	5	N/A
3.3. Has a strong working relationship with Board / Alternate Members.	1	2	3	4	5	N/A
3.4. Updates the Board regularly on plans, performance, issues and opportunities.	1	2	3	4	5	N/A

3.5. Ensures the Board receives information destined for outside stakeholders before it is communicated to them.	1	2	3	4	5	N/A
3.6. Helps the Board and the organization to engage in the identification of key strategies and operating priorities" .	1	2	3	4	5	N/A
3.7. Executes direction that is provided by the Board	1	2	3	4	5	N/A

4. FINANCIAL MANAGEMENT: THE CEO....

	Rating					
4.1. Has a solid, up-to-date understanding of the organization’s financial situation and makes decisions on where to allocate resources based on maximizing value to the organization.	1	2	3	4	5	N/A
4.2. Is supported by a qualified and competent CFO or other finance officer who has day to day accountability for managing and monitoring the organization’s finances.	1	2	3	4	5	N/A
4.4. Ensures that the organization’s system of internal controls and its risk management processes are fit for purpose.	1	2	3	4	5	N/A

ACCOMPLISHMENTS / AREAS FOR IMPROVEMENT:

List (i) the CEO’s major accomplishments over the past year, then identify the traits/skills the CEO exhibited in making them happen, and (ii) any areas of improvement for the CEO, and identify (as relevant/applicable) any skills/traits that the CEO could develop to address these.”

Accomplishments/Areas for improvement	Traits/Skills

Date:	
Name:	
Signature:	