SECRETARIAT UPDATE

Outline: This document contains the report of the Deputy Executive Director of The Global Fund to Fight AIDS, Tuberculosis and Malaria to the Thirteenth Board Meeting.

Part 1: Introduction

1.   At its Twelfth meeting in December 2005, the Board directed me as the Deputy Executive Director to provide a comprehensive progress report to the Thirteenth Board meeting on concerns raised about "Secretariat culture and morale". The present report builds on my earlier report (GF-B11-14) as Deputy Executive Director which I provided to the Eleventh Board Meeting in September 2005. That report focused on organizational development within the Global Fund Secretariat. It was based on an analysis of staff surveys, human resource data, and discussions across the Secretariat and aimed to provide a better understanding of the strengths and challenges of the Secretariat. The report concluded that the high quality and commitment of staff had significantly contributed to the extraordinary achievements of the Global Fund in its very short lifespan, but that it was essential that priority and support now be given to Secretariat development if the Global Fund is to continue to deliver on its mandate. Four areas of action were identified:

    i.   Building a strong and aligned senior management team and building a culture of line management accountability;
    ii.   Clarification of roles and responsibilities and implementing rigorous performance management systems;
    iii.   Allocating sufficient resources for development and training;
    iv.   Strengthening, streamlining and documenting our internal systems, processes and procedures to ensure we can move fast and flexibly.

2.   Since that time a number of events have impacted or revealed further information on the development of the Secretariat. The most notable of these have been:

    i.   The report of the independent review by the WHO's Office of Internal Oversight Services (IOS) on three allegations with respect to the functioning of the Secretariat delivered in November 2005;
    ii.   A Secretariat Management Response to that review which was endorsed by the Board at the Twelfth Board meeting and a Management Action Plan (MAP) to implement the actions outlined in that Response (GF/B13/10);
    iii.   The establishment of a Staff Council to represent all Global Fund staff and to promote staff wellbeing in November 2005;
    iv.   The appointment of an Inspector General who took up his position in December 2005;
    v.   The initiation of the Transition Options Project (TOP) in February 2006 to carry out a comprehensive review and analysis of the services and systems purchased from WHO under the current Administrative Services Agreement and to look at options for the future; and
    vi.   A Staff Survey in March 2006, complementing qualitative interviews carried out in parallel by the Staff Council.

3.   The present report updates any significant changes to the key human resource data in the six months since my first report and provides a summary of the key data from the recently conducted Staff Survey and Staff Council interviews. It analyses the factors contributing to these findings. In the light of this analysis, it reviews the four key action areas identified in my first report, as well as the MAP arising from the IOS review. It concludes that, with some refining, they provide a solid and appropriate framework to take forward Secretariat development and strengthening. Finally the report provides a summary of actions under way and planned under the four headings.

Part 2: Update on Key Statistics

1.   My report to the Eleventh Board meeting presented a range of detailed statistics concerning the demographics, professional background, tenure, and turnover of staff, benchmarking this data

against that from UN institutions and other organizations where possible. For the present report, only those areas where there has been significant change over the past six months are noted.

2. In line with the increased staffing for the Secretariat to 252 positions, approved by the Board for 2006, the Secretariat continues to actively recruit to fill the additional positions. At the time of writing, 43 positions had been filled. All recruitments are effected through a competitive process.

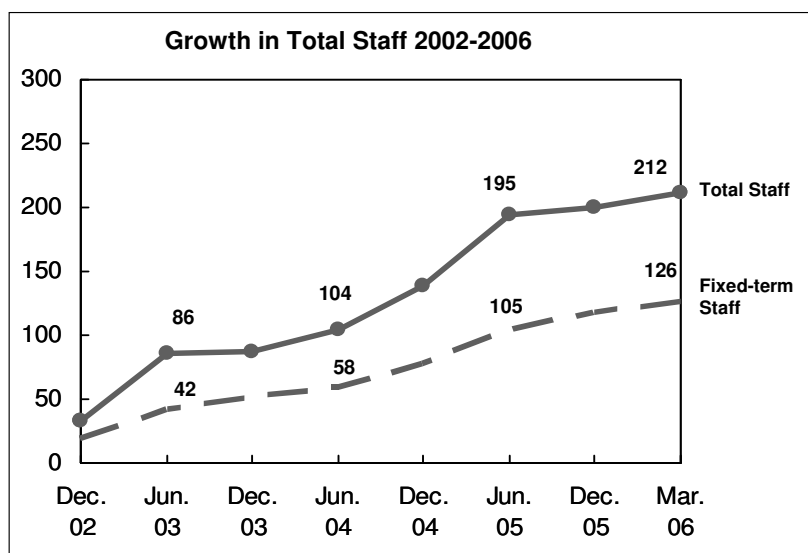**Growth in Total Staff 2002-2006**

Figure 1: Growth in Total Staff (2002-2006)

3. As a result of the new recruitments, the number of women in senior management positions increased from 23% at the end of 2005 to 30% currently. We expect to recruit an additional seven senior managers (graded P5 and above) by the end of 2006. The professional background and grade breakdown of staff did not change significantly over this period, while the percentage of staff from regions outside of Western Europe and North America declined slightly from 47% to 44% (see Figure 2).
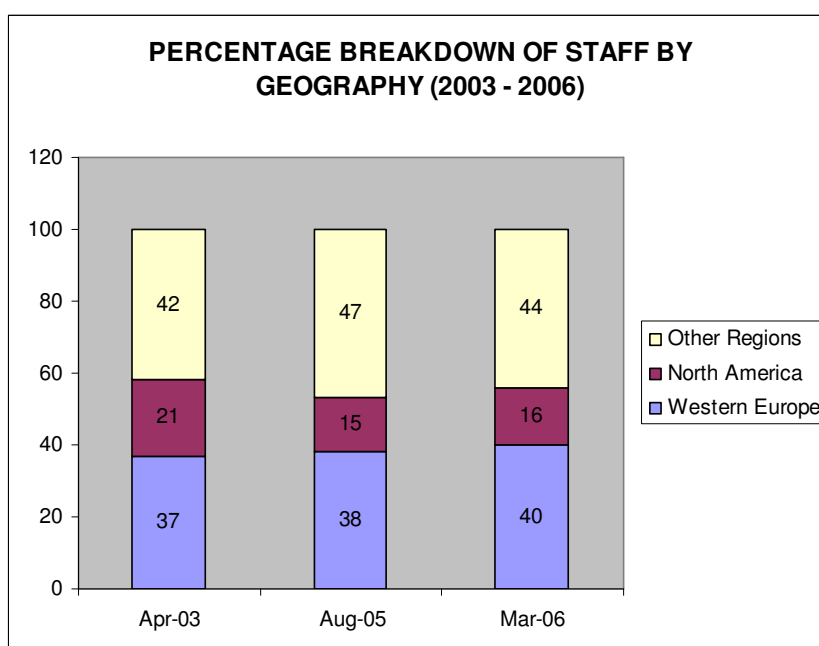

Figure 2: Percentage Breakdown on Staff by Geography (2003-2006)

4.   In the period 2004-2005, the number of individuals leaving the Global Fund, including short-term positions coming to an end, was approximately 15% of total staff over each year. In the eight month period August 2005 to March 2006, the turnover rate was approximately 7 %. This seems to indicate that turnover is slowing down.

Part 3: Other Data Sources

Key findings from the Staff Survey

Methodology

1.   In line with management commitment to conduct an annual assessment of staff opinion and concerns, Monitor Group, an international management consulting firm, conducted an all staff survey in March 2006. The design of the survey was similar to those conducted in 2003 and 2004, enabling trend analysis of 29 comparable questions as the Secretariat has grown and evolved. In total, 71% of staff responded to the survey. As with other key internal processes begun since the start of the year, the Staff Council was closely involved in the design of the survey.

2.   A full report of the survey methodology and results is available in Annex 1. In summary, the survey had a total of 73 questions with 63 questions phrased as positive closed statements, ranked on a six point scale from (1) "strongly disagree" to (6) "strongly agree". Monitor Group's experience with corporations and other organizations suggests that an organization should consider immediate remedial actions when answers fall below 3.5, should investigate further when answers are in the 3.5-4.5 range, and should consider itself as doing well when answers are in the 4.5-5.5 range. The average response to all 63 positive statements was 4.10 on the six point scale.

Key Findings

3.   Using the ratings as a guide, the results highlighted positive aspects of working at the Fund, but also identified some areas of concern. The graph below shows the average ratings across the five thematic headings under which questions were grouped.
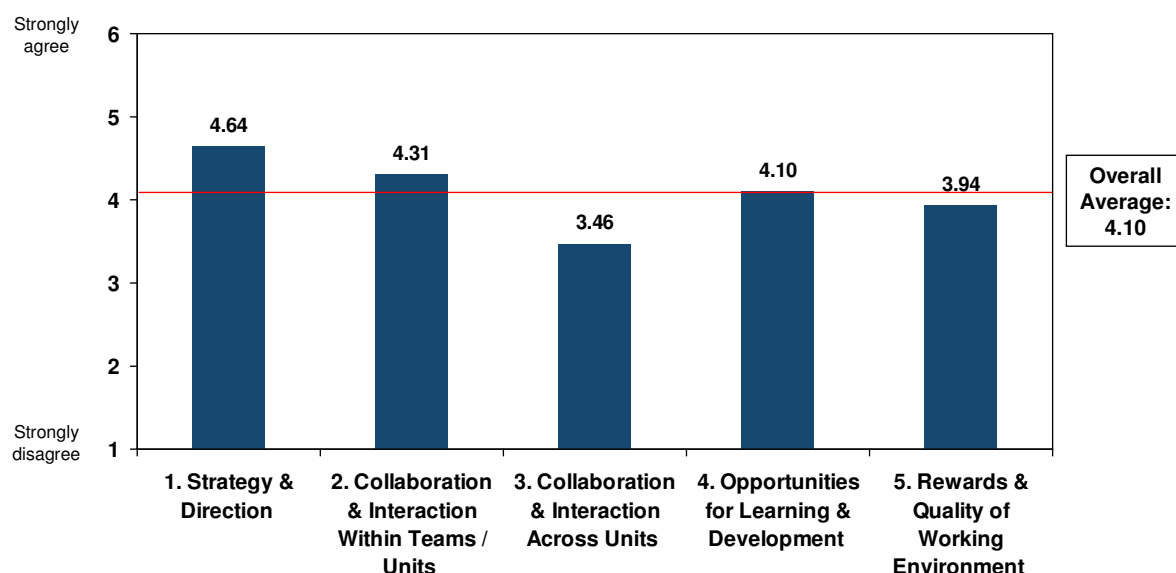

Figure 3: Average rating across the 5 theme headings (Staff Survey)

4.   From the specific responses to the questions that were asked within each of the groups in Figure 3, it can be concluded that Secretariat staff:

- Are highly motivated and have a strong identification with and commitment to the mission of the Fund;
- Are clear on the overall strategic direction of the Global Fund and their work, and feel that their contributions as individuals are making a difference;
- Feel generally positive about how they collaborate and interact within their own unit;
- Have significant concerns about collaboration and trust both horizontally across units and vertically with management. The question of trust across units was of particular concern. At 63rd position, it was the bottom ranked of all questions[1] with a rating of 3.12;
- Are dissatisfied with development and career advancement opportunities. The question of confidence in the fairness of promotion and advancement decisions was the second lowest ranked question with a rating of 3.13; and
- Feel very stressed. Work/life balance ranked 61 out of 63 with a rating of 3.13. It is of particular concern that staff with the longest tenure present the lowest rating on work/life balance and the lowest expectations that this will improve, which could be interpreted as signalling burnout even though the Fund is only four years old. It is also notable, and of concern given their central role in grant management – the core business of the Global Fund - that the Operations Unit had consistently lower ratings than other units in two question groups: collaboration and interaction; and rewards and working environment.

Trends

5.   Each of the surveys carried out by the Global Fund over the last 3 years has included a summary question asking staff to rate their experience at the Global Fund compared to previous experience in other organizations. As in previous years, a majority of respondents (57%) rated the overall experience as "better" or "much better", although this majority is declining slightly (see Figure 4).

Figure 4: Comparison of work experience at the Global Fund with previous organizations (Staff Survey)

6.   Each area of the survey also included a final question asking staff about their expectations for change in that area over the coming year. Despite the slight downward trend from the 2004 results, the overall results show that staff are generally optimistic, with more than 60% believing conditions will improve over the next year, while less than 5% thought conditions would worsen.

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1 Annex 2 lists the 10 top ranked questions and the bottom 10 ranked questions.

Staff are least optimistic about areas such as levels of stress and balance between work and personal life, with only 44% expecting improvements.

7.   WHO have also recently completed an analysis of their staff survey. As different methodologies were used, no direct comparisons are possible. However, there are some clear similarities and differences in themes.[2]

Staff Council "One to One Report"

8.   The Global Fund's first Staff Council of nine members was elected in November 2005, following a 10-month process led by the Staff Council Task Force, to develop the mandate of the Staff Council in consultation with all Global Fund staff. The Council's mandate is to represent all Global Fund staff and to promote the staff's general welfare, and makes the Staff Council accountable only to the Global Fund staff.

9.   Since its inception, the Council has played an important role in several major organizational improvement processes within the Secretariat, as well as supporting individual staff members who have asked for assistance in addressing issues facing them.

10.   The creation of the Staff Council and the balanced and constructive behavior of its nine members has been and will continue to contribute to building trust across the organization. While recognizing that the Staff Council is very much an internal Secretariat body, this trust could be further strengthened by formal acknowledgement of the Staff Council by the Board. It is therefore hoped that the Board would be able to support resolution which will be proposed at the thirteenth Board Meeting to acknowledge the existence of the Staff Council and support their right to have biannual consultations with the Chair and Vice Chair of the Board.

11.   Over the first three months of the year, Staff Council members conducted individual, informal interviews with approximately 200 staff. The purpose was to give staff an opportunity to express their views on any issues related to the Global Fund and to also familiarize the Staff Council with staff concerns in order to better direct its work. Their "One-to-One Report" on the results of this project was sent to all staff in early April at the same time as the results of the staff survey. The report is a very useful qualitative complement to the quantitative data presented in the survey. The report states explicitly in its introduction that, by its nature, this type of exercise does tend to elicit "negative views and …we would like to be clear that scores of us are proud and happy to be part of this organization".

12.   The Staff Council Report groups the opinions shared by staff through the interviews into six major themes:

   - *Managing performance*: with some staff reaching a strong conclusion that "the current system of performance appraisal is inadequate to the work we do and is often not used appropriately";
   - *Human Resources functions:* including suggesting the need for a major change to position HR as a strategic rather than administrative function which would open up positive and important opportunities;
   - *Systems and processes:* with concerns expressed regarding lack of codification of internal procedures, problems with contracting, poor internal communication and a "silo" mentality within units;

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[2] Commensurate with the Fund more than 80% of WHO staff were proud of the contribution their work makes to WHO goals. Statements about work with teams scored higher than work with other teams. Only 37% agreed that there was a high level of collaboration and teamwork across WHO. Trust was also an issue with only 27% of staff agreeing to a statement that there is a high level of trust between management and staff. Work/life balance was an issue but probably didn't rate as poorly in WHO. 68% of staff agreed that colleagues are often stretched by their heavy workload and 60% agreed that they often feel over worked and stressed. UNAIDS have also conducted a staff survey this year but the results were not publicly available.

- *Management:* with some expressing "…a sense that the Fund has a non-confrontational culture, which results in problems not being tackled…" and that "…management struggles to keep sight of people in an environment that puts much emphasis on speed and being seen as doing the right thing";
- *Roles and responsibilities:* with individual frustrations expressed such as "there is confusion about who is held responsible for decisions that matter…" and "...how are we supposed to know who in the organization deals with a certain issue?"; and
- *Culture, vision and other intangibles:* particularly in regard to trust and work/life balance – "…workload is massive: lots of burnout is evident".

13.   These themes are very consistent with the areas for attention identified by the survey and with the priority organizational issues outlined in my earlier report to the Board.

14.   The completion of the Staff Survey and Staff Council report has taken place only in the last two weeks. The Monitor Group have held briefing sessions for all staff on the survey results for each unit and the Staff Council has held a brown bag lunch to discuss its report. Although some individual work groups have started the process of examining how they can address some of the issues raised, the process of working through the implications of these two reports and addressing the issues raised as a whole Secretariat has just begun. Senior management have made a commitment to work closely with the Staff Council to engage all staff in this process.

Report of the WHO Offices Internal Services Oversight

15.   The themes above are further reinforced by the IOS report, which found that there were instances of lack of compliance with and/or lack of established policies and procedures in relation to aspects of Secretariat processes. In line with the decision reached at the last Board Meeting, a range of actions have been initiated by the Secretariat over the last several months to address the specific areas of weakness identified by this Report. This MAP is reported on separately by the ad hoc Oversight Committee in GF/B13/10.

16.   The findings of the IOS report also reinforce the need for an explicit organization-wide accountability framework which includes clarification of roles and responsibilities at all levels.

Part 4: Analysis of Factors Contributing to the Findings

1.   The Board requested a progress report on "staff culture and morale". Staff morale is a rather broad term which, on its own, is not particularly helpful as it does not provide direction for action. The information provided by each of the sources outlined above confirms that, while there is no doubt that staff in the Secretariat are highly motivated, hard-working and competent, there are some serious problems in relation to trust and stress which, if not addressed, threaten the effective operation of the Global Fund. The current challenges are the product of a range of factors in interaction. I would summarize these key factors as:

- **Need to improve management rigor and skills, role modeling and collaboration at all levels.** This is critical for an improvement in trust and effectiveness that the work of the Global Fund is managed coherently across the organization, and that management and decision making is sound, consistent, and fair.

- **Insufficient clarity of roles and responsibilities** and resulting confusion about individual performance expectations and standards leading to tension between units, perceived lack of transparency in decision making, accountability gaps and duplication of effort. This has both a dimension which is internal to the Secretariat (hence the need for a clear accountability framework) and a dimension for Board guidance and leadership (there are growing demands on the Secretariat, but a lack of clarity about the associated resource and staffing

implications, and skill base necessary to meet these demands). Both contribute to burnout and high transaction costs.

One staff member summarized the situation in relation to trust and burnout by saying that staff were caught in a dilemma between the conflicting demands of the Board and senior management for rapid grant approvals and disbursement, and a significantly increasing focus on documentation for results, risk assessment and detailed internal accountability. The workload associated with Phase 2 assessments and the subsequent grant signing process, particularly for "conditional go's", has been particularly high.

The reality of putting performance based funding into practice through the Phase 2 process has also had an impact on staff as they grapple with the impact of an often critical, if not overtly hostile, reaction from grant recipients and development partners (and at times also Board members or constituents) when performance at the eighteen month mark is questioned. This same hostility and criticism is at times replicated between units when staff feel under pressure and criticized by colleagues for either the performance of a grant or for their assessment of that performance.

Commitment to the principle of harmonization and alignment of Global Fund activities with development partners globally and in-country, is another example of an implicit change to the business model but without any clear analysis and direction on what this means in practice for the way the Fund works and the tools needed to do the job. Coordination and collaboration have significant resource implications. The Fund's current business model is based on the understanding that we are a funding mechanism not an implementing agent and that Fund staff are based in Geneva with responsibility for a number of countries, and therefore not in a position to spend lengthy or frequent periods in any one country.

In addition to clarification of roles and responsibilities within the Secretariat, a certain lack of clarity on the division of labor between the Secretariat and the Board also has an impact on the working environment. Linked to this, there has been an increase in Board demand for Secretariat preparation of working papers on a range of issues. Over the past three years, the Secretariat has prepared a total of nearly 600 such documents, with more than 100 having been produced already in the first few months of this year.

- **Need to continue to clarify and document policies and procedures and to improve systems and services** to support the day to day work of the Secretariat. This has an internal Secretariat dimension (e.g. IT and management of information systems, contracting and recruitment) and an external dimension in relation to the Administrative Services Agreement with WHO and its fit for purpose and service standards. Lack of clear policies and effective support systems and services increase transaction costs and work load, decrease efficiency and make forward planning more difficult, all of which contributes to increased stress levels and an environment of uncertainty, which reinforces the trust issue.

Part 5: Refined Action Framework

1.   Actions already underway, or planned, to address the factors described above are detailed below, under the four areas identified in my previous report, which have been restructured to take into account new information as described above.

Strengthen management rigor, skills and cohesion, including developing a clear accountability framework

2.   One of the themes emerging from each of the sources is that management and the cohesion between managers must improve at all levels of the Secretariat. It is particularly important that senior managers lead by example in this respect through effective management of their units and increased cohesion and communication as a team. In addition, the findings of the IOS report

suggest there is a need to ensure clearer lines of accountability for managers throughout the organization.

3.   Leadership and management development is a key element of the draft Human Resources Strategy and the learning and development plan. A launch of this management development program is planned for the third or fourth quarter of 2006. Improved recruitment processes with an increased emphasis on management experience and skills and access to individual executive coaching for existing mangers where deemed appropriate, will also contribute to strengthening management capacity across the organization. Building and strengthening a coherent senior management team over the next twelve months presents a special challenge as two of the five senior managers as well as the Executive Director will be new. Once the two senior manager positions are filled this will be a priority focus for the Executive Office.

4.   As part of the MAP senior management has committed to developing a clear accountability framework for the organization, viewing this as an essential element of any well-functioning organization. While accountabilities may be generally well understood, the organization continues to grow and evolve and it is now necessary to review execution of those accountabilities and more explicitly define them so that all staff are clear about to whom they are accountable as well as their own personal responsibilities. Lack of clarity on accountabilities can fuel mistrust if decision making is seen as ad hoc or less than transparent. In an organization that is principle and performance based rather than rules-bound, and where innovation and initiative by individuals are expected and encouraged, clarity on accountabilities and the consequent responsibilities are even more important. Ideally this should be an exercise that is done by an internal task team. However, given the current work pressures, the changes in senior management, and the possibility of changes in our business model when the Global Fund Strategy is completed at the end of this year, senior management have decided to contract the task of developing an accountability framework (with an organization chart showing agreed functional interfaces, a decision matrix, and key roles and responsibilities) to an external consulting firm.

Sharpening roles and responsibilities and internal performance and consequence management

5.   Lack of agreement or clarity on core roles and responsibilities, combined with heavy work loads and the stress associated with this, is perhaps the single largest factor contributing to poor collaboration and interaction between different work groups.

6.   The development of an accountability framework outlined above is an essential first step to clarifying roles and responsibilities at all levels. The second step of reviewing and clarifying roles and responsibilities across the organization will be undertaken following the completion of the accountability framework and will include a review of duty statements for all positions.

7.   In the priority areas of human resources and contracting, which were identified in the IOS report, clarification of roles and responsibilities is already well advanced in conjunction with work to clarify and strengthen policies, processes and procedures in those areas (for details refer to GF/B13/10).

8.   As noted above, there are issues in relation to roles and responsibilities that are contingent on clarification or review by the Board in relation to strategic direction and business model of the organization. At the fourteenth Board Meeting in November, the Policy and Strategy Committee will present a four-year strategy to the Board for endorsement. In developing and endorsing that strategy, the Board should take into account the implication that any changes to the business model might have on roles and responsibilities, workload, and associated resource needs of the Secretariat. A full review should take place in early 2007 as part of a plan for implementation of that strategy.

9.   The establishment of an effective performance management system that links individual performance with required competencies and that is applied consistently across the organization will provide a transparent and fair system for assessing individual performance against agreed

targets and also provide a means for assessing individual potential and development needs. As mentioned above, a component of this new performance management system will involve opportunities for 360 degree feedback on individual performance (that is, perspectives from all colleagues who work closely with the individual).

10.   This system will require prior setting of annual priorities and targets for the Global Fund as a whole, resulting in cascading objectives from the Executive Director down through the entire organization as well as the clarification of responsibilities between the Board and the Secretariat. This process has started with the establishment of the Executive Director's Key Performance Indicators in 2005 and 2006, but to date has not been explicitly extended to other levels of the organization.

11.   Board approval of an increase in staff for the human resources team in the 2006 budget has meant that work has commenced on this task and the new performance management system will be piloted over the course of this year. Recruitment has begun for a staff member to continue and manage implementation of this program. But developing a solid system is only part of the answer. It has to be embedded and used consistently throughout the organization, and this will be a key focus of our efforts. To this end line managers who must take primary carriage of this system will be receiving comprehensive training to ensure they are able to effectively do so.

Building a sustainable work environment including enhanced training and development opportunities for management and staff

12.   Questions relating to a climate of trust between units, the balance between work and personal life, and levels of stress were among the lowest scoring on the survey. A question regarding career advancement prospects and opportunities for personal development at the Global Fund also scored relatively low. The Staff Council Report reinforced these findings and the findings of the IOS were also closely linked to staff capacity. For example, the Human Resources team had only one senior/professional-grade staff member across a period when total staff levels increased from 56 to 199.

13.   Strengthening the Human Resources team, reviewing and improving recruitment processes and ensuring these are put into practice are an important aspect of the MAP and are already well underway. A full plan for improved learning and development opportunities for staff is developed and resourced and will begin to be rolled out in a more systematic and sustained manner over the course of 2006. In the meantime, a total of 38 training sessions have been held since my last report on a variety of core business areas ranging from procurement and grant management systems to malaria monitoring & evaluation and HIV/AIDS sensitization sessions.

14.   Confidence in career advancement opportunities and trust in management and colleagues is closely linked to promotion processes and effective performance management systems. As the Staff Council report says, "repositioning HR could be the lynchpin in positioning the Fund for optimum Secretariat performance".

15.   The question of excessive workloads and stress and burnout does not have a simple solution. It is partly to do with adequate resources but it is also linked to clarity around roles and having the right tools to do the job. Some of these issues are intrinsically linked to our business model and should be addressed in the strategy development and in the TOP, which is currently reviewing the Administrative Services Agreement with WHO. Both these matters will come to the Board for decision in November.

Strengthening management and administrative systems, processes and services

16.   As stated in my September report, our processes and procedures in a number of core areas of work must be strengthened, and all staff must be made aware of and be adequately trained to execute them. This was a major thematic area of the Staff Council Report and was also clearly highlighted by the findings of the IOS Report.

17.   A key step improvement over the last four months has been the consolidation of information services into a single team under new leadership. Actions have been taken to better meet the needs of users throughout the organization through the creation of internal user groups to oversee and provide input into all major projects. As a result, progress has been made in a number of information management projects such as the planning and development of a grant management system, the central database for the Strategic Information & Evaluation team, and specific departmental databases.

18.   The recent creation of an internal cross-Secretariat taskforce, drawing on twelve months of experience, to review Phase 2 outcomes and policies, and document processes and procedures, strengthening and streamlining these as appropriate, is another important development.

19.   A range of actions are also underway through the MAP to strengthen, clarify, and document policies, processes and procedures particularly related to contracting, human resource management and payment of Global Fund expenses.

20.   Some progress has been made in documenting and updating processes and procedures in relation to grant management processes but this is an area where much work remains to be done.

21.   Finally, and as mentioned above, the Transitions Options Project (TOP) is currently reviewing our Administrative Services Agreement with WHO with the goal to optimize the support administrative services received and to ensure that they are best tailored to the needs of the Global Fund.

Part 6: Conclusion

1.   The range of different sources summarized above support the conclusion that an overwhelming majority of staff who join the Global Fund bring with them a wealth of experience from a range of professional and geographic backgrounds, because they are attracted to the Fund's vision and the mission and they feel proud to be part of such a unique and successful enterprise. They stay, despite concerns about stress and the work environment, because they feel and see tangible evidence that what they are doing makes a difference.

2.   This finding is very positive. However, we must commit strongly to changing and improving those elements which are demotivating and which manifest themselves in burnout, low levels of trust both with colleagues in other parts of the Secretariat and with "management". For an organization comprised largely of people who want to make a difference to the lives of others, the levels of scepticism and the lack of mutual trust and understanding between staff is disquieting and emotionally draining.

3.   I have identified three key factors currently limiting the Global Fund from realizing its full potential:

  ▪ Inadequate management rigor and skills, role modeling and collaboration at all levels;
  ▪ Limited clarity of roles and responsibilities; and
  ▪ Poor clarification and document policies and procedures, and the need to improve support systems.

4.   I have outlined in Part 5 above work already underway or planned that will over time address those three factors and make a difference. Many of the actions outlined in the MAP, including the reviewing and strengthening of Human Resource function, viewed as an essential step by many staff, should soon start to show results. The key area of developing an accountability framework and the clarification of roles and responsibilities that flow from that will take a little longer, as will the development of an appropriate and well supported performance management and

development programs. But a strong foundation for each of these areas will be in place by the end of the year. The reviewing and documenting of processes and procedures will require time and effort and some tolerance for the tedious nature of such work. In moving forward with all of these actions, we will continue to seek to find the most effective balance between the speed and flexibility essential to achievement our mandate and the firm structures and policies needed to sustain a mature organization.

5.   It is more difficult to suggest actions that will provide comprehensive solutions to the persistent challenge of workload stress and staff burnout which confronts the Secretariat. However, working together, Secretariat and Board can make a difference. A willingness by staff at all levels to recognize that we have a shared vision which translates into our day to day work, and to work collaboratively across areas is essential. The business model is for the Board to review and to adjust, if appropriate, in the strategy development process. However, the implications of any changes or, more importantly of no changes, for the sustainability of a motivated and effective Secretariat, and its capacity to attract and retain staff as a desirable employer of first choice must be a key consideration as we move forward together.