



GEF/C.38/11
June 22, 2010

GEF Council Meeting
June 29 – July 2, 2010
Washington, D.C

Agenda Item 19

SRC PROPOSAL FOR REVIEWING THE SALARY OF THE GEF CEO

Recommended Council Decision

The Council, having reviewed document GEF/C.38/11, *SRC Proposal for Reviewing the Salary of the GEF CEO*, agrees to the process set forth in the document for reviewing the salary of the GEF CEO.

BACKGROUND

1. In its decision on June 26, 2009, the GEF Council authorized the establishment of a Selection and Review Committee for, among other things, “conducting GEF CEO/Chairperson and Director of the GEF Evaluation Office performance objectives reviews.” The decision also adopted the process set forth in document GEF/C.35/9/Rev.2, *Recommendations Concerning Certain Appointment, Reappointment and Performance Objective Reviews Processes*, for conducting these performance objectives reviews. Among other things, the process envisioned the establishment of a mechanism to ensure that the performance appraisal process would link with the World Bank’s system for determining merit-based pay adjustments.
2. The SRC met twice in person and consulted more frequently by phone and electronically over the past year. Among other things, the SRC undertook an initial review of the performance of the CEO as a basis for agreeing on an *ad hoc* salary adjustment. It recommended to the May 2010 Special Council Meeting that the CEO receive “a 7% raise based on the salary levels of the Vice-Presidents of the World Bank, and factors such as performance and tenure ... [to] be applied retroactively from July 01, 2008.”
3. The Council approved this recommendation and further requested the SRC “to develop a robust new proposal for reviewing the CEO’s ... salary in such a way that ensures transparency of the process and results.”
4. The SRC also, working with an independent consulting firm, designed a 360 degree feedback survey of the GEF CEO and completed implementation of the survey. The survey was undertaken as part of the process set forth in document GEF/C.35/9/Rev.2 for conducting the CEO performance objectives reviews.
5. This document sets forth the SRC’s recommendation for a process for reviewing the CEO’s salary that will complement the process for conducting a performance objectives review of the CEO that was set forth in document GEF/C.35/9/Rev.2.

PROPOSED SALARY REVIEW PROCESS

6. The proposed salary review process would involve six steps. Four steps would be undertaken by the SRC: (i) considering the outcomes of the latest performance objectives review; (ii) comparing the CEO's annual base compensation against a selected, appropriate comparator group (both internal and external to the World Bank Group) in order to assess its level relative position to this peer group; (iii) determining a recommended merit salary increase; and (iv) conveying to the GEF Council the recommended merit salary increase, along with an explanation of the basis for the increase. An additional two steps would be undertaken by the Council: (v) deciding whether to approve the recommended merit salary increase; and (vi) informing the World Bank of any decision to approve the recommended merit salary increase.

Step 1: Considering the Outcomes of the Latest Performance Objectives Review

7. The SRC will assess the CEO's annual overall performance in accordance with the process outlined in the June 2009 Council decision. The outcome of this review will be factored into the deliberations of the SRC on a merit increase of the CEO's salary.

Step 2: Comparing the CEO's Annual Base Compensation against a Selected, Appropriate Comparator Group

8. As indicated above, the SRC will assess the CEO's salary by comparing it to a group of immediate peers. In doing so, the SRC will use information provided from, and otherwise rely on the guidance of, the World Bank's Compensation Office. The benchmarks will be both internal (Vice Presidents, Managing Directors) and external (using job matches and salary surveys provided by external vendors).

Step 3: Determining a Recommended Merit Salary Increase

9. An expected outcome of this analysis would be a recommendation to the GEF Council for a "merit increase" to the CEO's annual base compensation, if deemed appropriate.

10. The World Bank normally takes into account not only the salaries of other staff at the same grade, but also factors such as experience, job complexity, performance and time in grade. Thus, the SRC salary review process, which includes both a performance objectives review and a review of comparable salaries, would consider factors similar to those looked at in a World Bank salary review process.¹

11. At the World Bank, salary adjustments must fall within a range of possible salaries for the grade, which, in the case of the GEF CEO, is that of a Vice-President of the Bank. The salary range of a World Bank Vice-President is public information. However, in this situation, due to the unique nature of the job performed by the GEF CEO, it is possible that the salary recommendation might fall outside of the level of the World Bank Vice-Presidents. It is envisioned that as part of the annual review of the CEO's compensation an external comparator group, as well as the salary levels of comparable World Bank staff, will be reviewed, in order to properly assess what level of salary adjustment is warranted.

Step 4: Conveying to the GEF Council the Recommended Merit Salary Increase

12. After conducting its salary review of the CEO and agreeing to a merit increase recommendation, if any, the SRC will report orally to the GEF Council on the basis for its

¹ Indeed, the SRC could avail itself of information provided to it by the World Bank Compensation Office to identify and review an appropriate comparator group of similar institutions, as well of the World Bank's remuneration guidelines for the fiscal year under consideration.

recommended merit based increase. It will summarize the process undertaken for, and the conclusions drawn in, the performance objectives review, as well as the composition, and the findings of the review, of the comparator group. In addition, the SRC may recommend to the Council a merit salary increase. If and when the salary increase is approved by the Council, taking into account the salary levels of the appropriate comparator group (both internal and external to the World Bank Group), the CEO's salary will be posted on the web.

Step 5: Deciding Whether to Approve the Recommended Merit Salary Increase

13. Following the oral presentation of the SRC, the GEF Council will decide whether to approve the recommended merit salary increase.

Step 6: Informing the World Bank of a Decision to Approve the Recommended Merit Salary Increase

14. If the GEF Council decides to approve the recommended merit salary increase, it will instruct the Secretariat to convey its decision to the World Bank Human Resources Office, so the decision could feed into the World Bank Group's annual salary review cycle.