2020 REVIEW OF STAFF COMPENSATION FOR THE WORLD BANK GROUP AND AWARDS ALLOCATIONS

February 21, 2020

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GLOSSARY

Bank Group or WBG	The World Bank Group (WBG) consists of the International Bank for Reconstruction and Development (IBRD or the Bank), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), International Development Association (IDA), and International Center for the Settlement of Investment Disputes (ICSID).
Board of Directors	The Executive Directors of IBRD, IDA, IFC and MIGA.
Country Office (CO) Staff	For purposes of this paper, Country Office staff refers to locally-appointed staff in locations outside of Washington.
FCS	Fragile and Conflict-Affected Situations.
HQ	Headquarters based in Washington, D.C.
Merit Element	Its main objective is to reward performance and is not an addition to the budget as this funded by the salary erosion in the preceding fiscal year.
Midpoint	The point in the World Bank Group's salary ranges which aims to be aligned with the 75th percentile of compensation at comparable levels in the respective local labor markets.
Performance Management System	The Bank Group's individual performance rating system based on staff contribution and performance (ranging from a rating of 1 for 'unsatisfactory' performance up to a rating of 5 for 'significantly exceeds expectations').
Salary Erosion	Salary erosion is defined as the percentage decline in average WBG salaries over the course of the year. It arises largely from turnover and promotions (caused by inflows and outflows of staff, where more experienced staff leaving the organization or retiring staff are replaced by new recruits or newly promoted staff).
Salary Structure or Salary Scale	The set of salary ranges established for various grade levels. At the World Bank Group, the salary structure or salary scale has 11 salary ranges from GA to GK. Each grade has a minimum and a maximum (called a salary range) and a midpoint. In some country offices, the scale starts with G1 grade.

Special Compensation Measures (SCM) Framework	Support provided to CO-appointed staff with the scale and pay disbursed in the local currency as a response to significant changes in inflation and currency depreciation.
Structure Adjustment	The structure adjustment aligns the salary scales with the increases in labor market salary levels. This represents the increase resulting from aligning the midpoints to the new market values.

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Executive Summary

A. This paper presents for Board approval (i) the 2020 (FY21) structure adjustments for WBG Headquarters (HQ) and Country Offices (CO), (ii) the FY21 IBRD, IFC and MIGA budget allocations for their awards programs and (iii) modifications to the Special Compensation Measures Framework.

B. The 2020 (FY21) Review of Staff Compensation was conducted in line with the rules set forth in the compensation methodology for HQ- and CO-appointed staff approved by the Board in June 2018 and March 2019.

C. As FY21 is the second year of the three-year compensation cycle, the 2020 structure adjustments were generally calculated by using salary movement projections for local public and private sectors. The comprehensive market survey was conducted for (i) the Country Offices in FCS locations and (ii) Country Offices where the Special Compensation Measure Framework are currently applied, or a macroeconomic situation has severely deteriorated.

D. WBG awards programs recognize and reward teams and individuals who, in delivering results in alignment with the WBG's mission and objectives, have exhibited characteristics of exceptional performance, effort, innovation, collaboration, and leadership. IBRD, IFC and MIGA manage their own programs which are complemented by the joint WBG awards program.

E. For the 2020 (FY21) Review of Staff Compensation for the WBG, it is recommended that the Boards of Directors approve:

- (i) The 2020 (FY21) structure adjustment of 2.3% to the salary ranges and their midpoints for HQ-appointed staff;
- (ii) The 2020 (FY21) structure adjustments to the salary ranges and their midpoints for Country Office-appointed staff as specified in Annex A.

F. For the Awards, it is recommended that the Boards of Directors approve the FY21 budget allocations of:

- (i) US$3.8 million for the IBRD awards program which include the IBRD portion of the WBG Awards;
- (ii) US$31.0 million for the IFC awards program which include the IFC portion of the WBG Awards;
- (iii) US$300,000 for the MIGA awards program.

G. Since its introduction in July 1, 2015, the Board approved Special Compensation Measures (SCM) Framework has been successfully implemented in 16 countries, receiving wide recognition as a mechanism to provide temporary relief for staff impacted by sudden and severe negative macroeconomic development. Lessons learned from the four-year Framework implementation evidence that the main attribute of the Special Compensation Measures - temporary nature of the measure – has eroded and the measure has become of a long-term nature, spanning across fiscal years and running in parallel with the annual compensation reviews. In this light, proposed refinements strive to provide support to WBG staff in challenging macroeconomic circumstances earlier while restoring the time and support level boundaries.

INTRODUCTION

1. This paper presents (i) the structure adjustments results of the 2020 (FY21) Review of Staff Compensation for the World Bank Group for Headquarters (HQ) and Country Offices (CO), (ii) the FY21 IBRD, IFC and MIGA budget allocations for their awards programs, and (iii) refinements to the Special Compensation Measures (SCM) Framework.

2. The FY21 review represents the second year of the three-year (FY20-22) compensation cycle where the comprehensive market survey undertaken for the FY20 review is followed by two years of the application of market salary movement projections in local public and private sectors. For country offices in FCS locations or those that experienced severe macroeconomic conditions, including those under Special Compensation Measures, comprehensive market reviews using the latest market data was conducted for the FY21 compensation review.

3. The awards and recognition programs play a significant role in providing incentives and motivation, and a strong signaling effect of the WBG Institutions' focus on critical strategic priorities. While some of these awards programs do not provide substantial financial amounts to staff, and in some cases, they provide non-monetary awards only in the form of trophies or certificates, they help improve and reinforce desired behaviors, and increase staff engagement.

4. Since the implementation of the Special Compensation Measures (SCM) Framework in 2015 (FY16), the SCM continues to provide monetary relief to staff with salary scales and salary paid in local currencies who are impacted by a sudden and severe negative macroeconomic development. The SCM has been widely appreciated by local staff who have benefitted from the Framework. However, the initial objective of providing temporary support has been overruled and SCM has become of a long-term nature resulting in higher support provided over several fiscal years in some cases despite the annual alignment with the market compensation levels.

5. This paper is divided into four parts. The first part details the proposed annual structure adjustments. The second part presents the proposals for FY21 awards budget allocations. The third part presents proposed changes to the Special Compensation Measures Framework. The summary of recommendations submitted for Board approval is presented in the fourth part.

A.I. HEADQUARTERS – STRUCTURE ADJUSTMENT

6. With 2020 (FY21) as the second year of the compensation cycle, the 2020 structure adjustment was based on the 2020 published salary movement projections for the public and private sectors in the U.S. market.

7. The FY21 WBG HQ compensation review adheres to the rules stipulated in the compensation methodology as approved by the Board in June 2018. As a result, the FY21 structure adjustment for the HQ salary structure at grades GA-GI is proposed at 2.3%.

8. The salary ranges and midpoints for grades GJ and GK are adjusted based on IMF's projected U.S. CPI movement of 2.3% for FY21.

9. The July 1, 2020 (FY21) salary structure for HQ-appointed staff is presented in Annex B.

A.II. COUNTRY OFFICES – STRUCTURE ADJUSTMENT

10. The FY21 structure adjustments for Country Offices are based on the application of published projected salary movements in the local labor market. Under this approach, the 2019 (FY20) market-based salary scales were reviewed, and where applicable, scales were adjusted grade by grade, based on the local labor market compensation data which had been updated by applying the 2020 local market projected movements.

11. The comprehensive market survey for determining the FY21 structure adjustments was applied for Country Offices in:

a. all FCS locations[1], including locations to be added to the Harmonized List of Fragile Situations in FY20, and

b. Argentina, Georgia, Haiti, Pakistan and Turkey as these countries are under Special Compensation Measures or under severe macroeconomic distress.

12. The proposed FY21 structure adjustments for Country Offices were determined in line with the compensation methodology and its rules approved by the Board in March 2019 and the specific structure adjustments are detailed in Annex A.

13. As a result of the FY21 review and application of the rules specified in the methodology, there are two country offices where the application of the current rules as specified in the methodology has disproportionately compressed the annual adjustments of their salary scales. In these two IDA countries with significant Bank presence, the labor markets have undergone dynamic growth above the Consumer Price Index movement which is projected to remain high in the upcoming years. For Ghana and Guinea, Management proposes the structure adjustment to be higher by 3 percentage points than the rules stipulate.

A.III. FY21 TOTAL SALARY INCREASE

14. For HQ, the total salary increase envelope is a sum of the structure adjustment and the merit element. As laid down in the compensation methodology, the merit element cannot exceed 1.5% in FY21.

15. For country offices, the structure adjustment is complemented with a merit element that is set at 1.5% for each office. Country offices with zero structure adjustment will each receive a total salary increase envelope of 1.5%.

A.IV. DISTRIBUTION OF SALARY INCREASES

16. All salary increases for HQ- and CO-appointed staff remain performance-based. Staff with *unsatisfactory* or *partially meets expectations* performance ratings will receive no salary increase.

17. In FY21, the total salary increase envelope will continue to be distributed in the form of individual staff salary increases based on each staff's position in the salary range and

[1] The FY19 Harmonized List on Fragile Situations with the addition of 4 countries entering the List in FY20.

performance rating, where higher performance is recognized and differentiated through higher salary increases.

18. Salary increases will be distributed no later than November 2020 after the end of the annual FY20 performance review cycle.

A.V. FINANCIAL IMPLICATIONS

19. The proposed structure adjustments for HQ and Country Offices will be included in the respective FY21 budgets of the individual WBG institutions.

B.I. WBG AWARDS

20. Each WBG institution manages its own programs in alignment with respective business priorities. Individual institution's awards programs are complemented with Bank Group-wide programs to recognize staff and reward collaboration and priorities that have cross-cutting themes across the WBG. These programs are financed through joint funding provided by individual WBG institutions. As the individual WBG institution varies in its business nature, the type and design of awards programs, as well as level of incentives offered, also vary in terms of how each institution aligns with respective strategic priorities while creating and recognizing performance differentiation. The WBG's and each institution's awards and recognition programs are described in Annex C.

B.II. AWARDS BUDGET ALLOCATIONS

21. The IBRD awards program remains unchanged for FY21. Thus, the requested budget allocation of US$3.8 million for this program, which includes IBRD's portion of the WBG Awards, is the same as the FY20 allocation.

22. IFC's award budget request of US$31.0 million for FY21 remains unchanged from the previous year. This amount includes the IFC portion of the WBG Awards.

23. IFC shares the WBG single and unified salary structure. However, as IFC is a private sector-oriented institution, a higher private sector weight would better reflect staff composition and skills needed. To retain its competitiveness and motivate staff to deliver on IFC's strategic agenda, the IFC awards budget allocation may increase to support IFC's strategic agenda in subsequent years as IFC progresses with the implementation of IFC 3.0. Based on the Board-approved methodology, the maximum awards budget allocation is defined as the difference between the existing WBG pay-line and potential IFC-only pay-line. The potential IFC-only pay-line is based on a more appropriate (i) private sector weight (75% private sector), as well as (ii) staff weight based on Job Family, to mirror IFC's staff profile.

24. Subject to budget trajectory/discipline, efficiencies, institutional performance parameters and Board approval, IFC can request an annual awards budget allocation up to the calculated difference in the pay-lines. Annex D provides additional details on the IFC Awards methodology.

25. The requested MIGA budget allocation is US$300,000, which remains unchanged from the previous year. The MIGA awards program primarily aims at incentivizing behaviors that align with the Agency's strategy to focus on IDA, FCS and climate finance.

C. SPECIAL COMPENSATION MEASURES

26. Since its introduction in July 1, 2015, the Special Compensation Measures Framework has been successfully implemented in 16 countries. Country offices where the SCM Framework was applied are listed in Annex E.

27. The purpose of the Special Compensation Measures Framework is to provide temporary monetary relief to staff with salary scales and salaries disbursed in local currencies who are impacted by sudden and severe negative macroeconomic development.[2]

28. The Framework addresses significant fluctuations in two macroeconomic indicators: inflation and currency depreciation. It ensures transparency, clear definitions of criteria, and consistency in interventions and their application. It also stipulates that interventions should not result in permanent deviation from the local labor market, which is the cornerstone of the WBG compensation methodology.

29. While the SCM Framework has provided extensive support to staff in the affected locations, its current scope has also resulted in unintended consequences. Proposed refinements strive to ensure that the WBG continues to both promptly support WBG staff in these locations and uphold the fiduciary responsibilities for the institution by time-bound application and support level. The proposed modifications will take effect on July 1, 2020.

30. **Changing the exchange rate used for Depreciation SCM calculations from a fixed to a rolling rate.** Under the current Framework, the SCM payment due to depreciation is calculated monthly using a fixed exchange rate[3]. While a fixed rate provided a stable anchor against which depreciation could be qualified, it did not reflect the dynamic local currency development and duration of the fluctuation. Thus, a rolling 12-month rate is more realistic to the immediate depreciation experienced by staff and is more aligned to the objective of the SCM Framework which is to provide temporary relief.

31. **Making the Depreciation SCM payments non-pensionable.** The current pensionable treatment originates in the pre-SCM Framework approach where salary scales were temporarily converted to a hard foreign currency when a country macroeconomic situation had significantly impacted staff. The pensionable element of the measure has impacted pension liabilities and led to equity issues for staff in non-SCM locations. It is proposed to make the SCM payment due to depreciation non-pensionable. The pensionable aspect of the Depreciation SCM payment goes also against the objective of providing temporary support until the local labor market responds to the adverse macroeconomic development, which is assessed in the annual comprehensive salary scale reviews conducted for these affected locations that are under SCM.

[2] There are currently 2 Country Offices under the Special Compensation Measures – Argentina and Haiti.

[3] This rate a is set across the twelve-month period before the first month meeting the threshold.

32. **Introducing a time bound application of the Depreciation SCM**. Based on the implementation experience, the application of the Depreciation SCM should be limited in time. The purpose of the Depreciation SCM payment is to provide temporary monetary relief and not to gain additional compensation payments. The Depreciation SCM payments should cease either after the indicator is below the threshold for 3 consecutive months or after 12 months of SCM application.

33. Under both cessation scenarios, an additional 3-month phase out period of reduced gradual payments (75%, 50% and 25% of the last payment before its discontinuation) will apply. Under exceptional circumstances, 3 more months of reduced payments can be granted. For locations exiting or recently exited from the SCM Framework, a comprehensive market survey will be conducted in order to assess new market data, including how the labor market has responded to the currency depreciation.

34. **Shortening the qualification period of both Depreciation and Inflation SCMs**. Currently, qualification for both indicators (depreciation, inflation) requires 3 months (out of 6 months) for the trigger[4] to be met. To ensure greater responsiveness for impacted staff, the qualification period is proposed to be reduced from 3 months to 2 months.

D. SUMMARY OF RECOMMENDATIONS

35. For the 2020 Review of Staff Compensation for the WBG, it is recommended that the Boards of Directors approve:

(i) the 2020 (FY21) structure adjustment of 2.3% to the salary ranges and midpoints for HQ-appointed staff;

(ii) the 2020 (FY21) structure adjustments to the salary ranges and midpoints for Country Office-appointed staff as specified in Annex A.

36. For the Awards, it is recommended that the Boards of Directors approve the FY21 budget allocations of:

(i) US$3.8 million for the IBRD awards program which includes the IBRD portion of the WBG Awards;

(ii) US$31.0 million for the IFC awards program which includes the IFC portion of the WBG Awards;

(iii) US$300,000 for the MIGA awards program.

37. For the Special Compensation Measures Framework, it is recommended that the Boards of Directors approve the proposals described in paragraphs 30 to 34.

[4] The standard trigger is set at 15% for the Inflation SCM and 30% for Depreciation SCM. In locations where the first month is double of the standard trigger (i.e., 30% and 60% respectively), the SCM Framework is implemented immediately (identified as 'extraordinary' situations).

Annex A: 2020 (FY21) Structure Adjustments – Country Offices

The FY21 individual country office structure adjustments are presented by WBG Office location in alphabetical order.

Table 1: FY21 Structure Adjustments by WBG Country Office

No.	Country	Region	Structure Adjustment
1	Afghanistan	SAR	4.5%
2	Albania	ECA	0.0%
3	Algeria	MNA	4.1%
4	Angola	AFR	0.0%
5	Argentina	LCR	50.6%
6	Armenia	ECA	0.0%
7	Australia	EAP	0.0%
8	Austria	ECR	1.0%
9	Azerbaijan	ECA	3.0%
10	Bangladesh	SAR	0.0%
11	Belarus	ECA	4.0%
12	Belgium	ECR	0.0%
13	Benin	AFR	1.0%
14	Bhutan	SAR	4.2%
15	Bolivia	LCR	3.1%
16	Bosnia and Herzegovina	ECA	0.0%
17	Botswana	AFR	3.5%
18	Brazil	LCR	0.0%
19	Bulgaria	ECA	2.1%
20	Burkina Faso	AFR	0.0%
21	Burundi	AFR	0.0%
22	Cabo Verde	AFR	1.6%
23	Cambodia	EAP	2.5%
24	Cameroon	AFR	1.9%
25	Central African Republic	AFR	0.0%
26	Chad	AFR	3.0%
27	Chile	LCR	2.8%
28	China	EAP	0.0%
29	Colombia	LCR	3.6%
30	Comoros	AFR	1.4%
31	Congo, Democratic Republic of	AFR	0.0%
32	Congo, Republic of	AFR	0.0%
33	Costa Rica	LCR	3.1%
34	Cote d'Ivoire	AFR	1.9%
35	Croatia	ECA	0.4%
36	Djibouti	MNA	0.0%
37	Dominican Republic	LCR	2.3%
38	Ecuador	LCR	1.2%

No.	Country	Region	Structure Adjustment
39	Egypt	MNA	1.5%
40	El Salvador	LCR	0.0%
41	Equatorial Guinea	AFR	1.7%
42	Ethiopia	AFR	0.0%
43	Fiji	EAP	3.0%
44	France - Marseilles	ECR	0.0%
45	France - Paris	ECR	0.0%
46	Gabon	AFR	0.0%
47	Gambia, The	AFR	0.0%
48	Georgia	ECA	3.8%
49	Germany	ECR	0.0%
50	Ghana	AFR	12.2%
51	Guatemala	LCR	4.2%
52	Guinea	AFR	11.3%
53	Guinea Bissau	AFR	0.0%
54	Guyana	LCR	3.3%
55	Haiti	LCR	16.5%
56	Honduras	LCR	2.9%
57	Hong Kong SAR, China	EAP	0.5%
58	India	SAR	0.0%
59	India - Chennai	SAR	4.1%
60	Indonesia	EAP	0.0%
61	Iraq	MNA	0.0%
62	Italy	ECR	0.0%
63	Jamaica	LCR	3.0%
64	Japan	ECR	0.0%
65	Jordan	MNA	0.8%
66	Kazakhstan	ECA	0.0%
67	Kenya	AFR	3.1%
68	Kiribati	EAP	0.0%
69	Korea, Republic of	EAP	0.0%
70	Kosovo	ECA	1.5%
71	Kuwait	MNA	2.2%
72	Kyrgyz Republic	ECA	0.0%
73	Lao, People's Democratic Republic	EAP	0.0%
74	Lebanon	MNA	0.0%
75	Lesotho	AFR	5.7%
76	Liberia	AFR	0.0%
77	Madagascar	AFR	0.0%
78	Malawi	AFR	8.4%
79	Malaysia	EAP	1.7%
80	Maldives	SAR	0.0%
81	Mali	AFR	1.2%

No.	Country	Region	Structure Adjustment
82	Mauritania	AFR	0.0%
83	Mauritius	AFR	2.3%
84	Mexico	LCR	0.0%
85	Moldova	ECA	5.7%
86	Mongolia	EAP	0.0%
87	Montenegro	ECA	0.0%
88	Morocco	MNA	0.0%
89	Mozambique	AFR	0.0%
90	Myanmar	EAP	0.0%
91	Nepal	SAR	6.1%
92	Nicaragua	LCR	0.0%
93	Niger	AFR	2.2%
94	Nigeria	AFR	11.1%
95	North Macedonia	ECA	0.0%
96	Pakistan	SAR	12.0%
97	Panama	LCR	1.5%
98	Papua New Guinea	EAP	0.0%
99	Paraguay	LCR	3.7%
100	Peru	LCR	1.9%
101	Philippines	EAP	0.0%
102	Poland	ECA	0.0%
103	Romania	ECA	1.5%
104	Russian Federation	ECA	0.0%
105	Rwanda	AFR	5.0%
106	Samoa	EAP	0.0%
107	Saudi Arabia	MNA	0.0%
108	Senegal	AFR	0.0%
109	Serbia	ECA	1.9%
110	Sierra Leone	AFR	0.0%
111	Singapore	EAP	1.0%
112	Solomon Islands	EAP	2.2%
113	South Africa	AFR	1.2%
114	South Sudan	AFR	0.0%
115	Sri Lanka	SAR	0.0%
116	Sudan	AFR	0.0%
117	Switzerland	ECR	0.0%
118	Tajikistan	ECA	0.0%
119	Tanzania	AFR	4.2%
120	Thailand	EAP	0.0%
121	Timor-Leste	EAP	3.2%
122	Togo	AFR	1.9%
123	Tonga	EAP	3.5%
124	Tunisia	MNA	5.4%

No.	Country	Region	Structure Adjustment
125	Turkey - Ankara	ECA	12.6%
126	Turkey - Istanbul	ECA	12.6%
127	Turkmenistan	ECA	6.6%
128	Uganda	AFR	3.8%
129	Ukraine	ECA	0.0%
130	United Arab Emirates	MNA	0.0%
131	United Kingdom	ECR	0.0%
132	United States - New York	ECR	2.3%
133	Uruguay	LCR	7.2%
134	Uzbekistan	ECA	0.0%
135	Vanuatu	EAP	2.2%
136	Vietnam	EAP	0.0%
137	West Bank and Gaza	MNA	0.0%
138	Yemen	MNA	0.0%
139	Zambia	AFR	8.5%
140	Zimbabwe	AFR	0.0%

Annex B: July 1, 2020 HQ Salary Scale

The annual net salary scale for HQ-appointed staff as of July 1, 2020 is shown in Table 2.

Table 2: July 1, 2020 HQ Salary Scale

WBG Grade	Minimum (US$)	Midpoint (US$)	Maximum (US$)
GA	28,600	40,900	53,200
GB	34,400	49,200	64,000
GC	42,500	60,700	78,900
GD	50,500	72,100	93,700
GE	69,200	98,800	128,400
GF	91,500	130,700	169,900
GG	118,400	169,100	219,800
GH	161,800	231,200	300,600
GI	248,800	311,000	373,200
GJ	294,800	346,800	398,800
GK	327,700	385,500	443,300

Annex C: WBG Awards

WBG AWARDS PROGRAM

1. **President's Awards** combines innovation and excellence awards to recognize staff contributions that exemplify WBG core values and reflect the President's impact priorities such as country programs, debt transparency, policy reforms that reduce poverty and raise living standards, and improvements to the investment client that support job growth. A steering group and a selection committee will determine awardees from nominations across the WBG. The awards are non-monetary such as a trophy, recognition in the form of being featured in the President's Awards website, certificate, citation in the official WBG CV, and recognition at an awards ceremony.

2. **Spot Awards** recognize extraordinary efforts made by individual staff and teams to realize the goals of the WBG. Monetary awards under the spot awards program may be up to US$400 (or equivalent in the salary currency). The **Bravo Awards Program** for a few selected units (e.g. WB BPS, GCS, ITS, SPA)[5] forms a sub-category of the spot awards and VPU team awards, where funds are re-purposed under this program. The Bravo Awards is a points-system type of program (where points are redeemable for small monetary awards) to recognize worthy efforts and behaviors of staff, peers and colleagues, thus promoting a culture of appreciation and recognition.

3. **Integrated VPUs Performance Awards** reward and recognize team achievements and individual performance in support of VPU goals. This program incentivizes collaborative behaviors and results that will help deepen the synergies across IBRD and IFC, specifically in the area of Human Resources (HR). Monetary awards range between 2% and 10% of the midpoint salary of the recipient's grade.

4. **The Service Recognition Program** honors staff on their 10, 20 and 30-year anniversaries with the WBG, as well as in commemorating their retirement. The Retirement Appreciation Award for all WBG staff who retire after reaching 20 years of continuous service is US$1,200.

IBRD AWARDS PROGRAM

5. **VPU Team Awards** recognize and reward teams that, in delivering an activity during the prior calendar year, focused on impact, integrity, respect, innovation, teamwork, supporting the FCV agenda, supporting the Bank Group's Cascade/Maximizing Finance for Development agenda, and the achievement of VPU-specific objectives. Monetary awards range between US$400 and US$2,000 (or equivalent in the WBG office salary currency).

6. **Finance Partners Performance Awards** align collective and collaborative performance with the Finance group-wide business objectives and thematic goals. The program links the Finance Partners group objectives to rewards, to encourage staff to collectively deliver on Finance VPU results and support one another within and across the Finance VPUs. This program is a foundation for measuring and rewarding annual achievements and recognizing outstanding staff and team performance towards collective delivery and results. Monetary awards range between 2% and 10% of the midpoint salary of recipient's grade.

[5] Budget, Performance Review and Strategic Planning, Global Corporate Solutions, Information and Technology Solutions, and Strategy, Performance and Administration Department.

IFC AWARDS PROGRAMS

7. **IFC Corporate Award Program** is an integral part of how the IFC Management team rewards and recognizes outstanding performance consistent with IFC's core values and corporate priorities in the following categories: (1) Low-income IDA and FCS countries, (2) Creating Markets and the Cascade, including Upstream, (3) IFC delivery to clients and supervision, and (4) Corporate initiatives. These monetary awards range between 2% and 10% of the midpoint salary of the recipient's grade.

8. In addition, IFC introduced a **Top 30 individual award category** since FY18. These awards are designed to recognize staff across the WBG – including IFC, MIGA and WB – for their exceptional commitment and delivery on IFC's strategic priorities over multiple years, with an emphasis placed on Low-Income IDA and FCS countries and the Creating Markets agenda, including Upstream efforts. These monetary awards are set at 15% of the midpoint salary of the recipient's grade.

9. **IFC Departmental Performance Awards** distinguish extraordinary efforts, achievements, and positive behaviors consistent with IFC's core values. The program rewards individuals and considers corporate and departmental performance achievements. In FY19, a sharper performance differentiation approach was implemented. All staff with a performance rating of 4 or 5 received a standardized award amount. Staff with a rating of 3.5 were eligible to be selected by their department for a standardized award based on relative performance and budget availability. Monetary awards ranged between 5% and 15% of the midpoint salary of the recipient's grade.

MIGA AWARDS PROGRAM

10. **MIGA's Awards** reward teams and/or individuals who make significant contributions to MIGA's institutional and/or operational results. The awards program is primarily aimed at incentivizing behaviors that align with the Agency's strategy to focus on IDA, FCS and climate finance. Monetary awards may be up to US$7,000 per awardee.

Annex D: IFC Awards Methodology

1. Using the same methodology to define the WBG pay-line, IFC will calculate the difference between the WBG pay-line to which all salaries will be pegged, and what an IFC-only pay-line would be, based on (i) a more appropriate private sector basket (75% Private/25% Public) in relation to IFC hiring sources (which show a 92% Private/8% Public mix), and (ii) a more appropriate set of staff weights by Job Family to reflect IFC's staff profile as shown in Table 3 based on 2019[6] staffing profiles.

2. The increased emphasis on the finance and investment job families (as per the IFC's staff composition) would increase the midpoints of the salary range for grades GF-GI. This differential will be utilized to estimate the maximum award envelope IFC can request to allocate to its awards programs. Since the differential is based on the HQ compensation methodology, for country offices a projected difference will be estimated based on the wage bill split between HQ and Country Office staff.

Table 3: 2019 Staff Weights by Job Family at Grades GE-GI – WBG and IFC

WBG Core Business and Technical					
Grade	Economist	Finance	Investment	Operations	Technical Specialists
GE	9%	8%	7%	20%	7%
GF	15%	10%	6%	15%	19%
GG	16%	10%	7%	16%	30%
GH	14%	13%	15%	20%	21%
GI	15%	11%	11%	31%	14%
GE-GI	15%	10%	8%	17%	22%

IFC Core Business and Technical					
Grade	Economist	Finance	Investment	Operations	Technical Specialists
GE	9%	13%	26%	13%	2%
GF	4%	22%	29%	24%	1%
GG	4%	10%	29%	25%	13%
GH	2%	14%	48%	13%	11%
GI	2%	21%	47%	13%	4%
GE-GI	4%	14%	35%	19%	9%

[6] As the 2020 HQ review is based on an application of the published U.S. salary movement projections, the 2019 staffing profile was used.

Annex E: Special Compensation Measures

1. Table 4 identifies the country offices where Special Compensation Measures have been implemented since FY16. Out of the 16 countries listed, there are 2 countries (Haiti and Argentina) that are currently under the SCM.

Table 4: Overview of Countries under SCMs since FY16[7]

Region	Country	Inflation SCM	Depreciation SCM
AFR	Angola	Applied	
AFR	Burundi	Applied	
AFR	Ghana	Applied	
AFR	Malawi	Applied	
AFR	Nigeria	Applied	Applied
AFR	Sierra Leone	Applied	Applied
AFR	South Sudan	Applied	
AFR	Sudan	Applied	Applied
AFR	Zambia	Applied	Applied
ECA	Azerbaijan		Applied
ECA	Turkey		Applied
ECA	Ukraine	Applied	
LCR	Argentina	Applied	Applied
LCR	Brazil		Applied
LCR	Haiti	Applied	Applied
MNA	Egypt	Applied	

2. Table 5 provides a comparison of the current SCM Framework rules and proposed changes.

Table 5: Overview of Current SCM Framework and Proposed Modifications

	Current SCM Framework	Proposed Modifications	Change
Thresholds – Commencement			
Local Currency Exchange Rate Fluctuation vs. U.S. Dollar	≥30%	≥30%	No Change
Local Currency Exchange Rate Fluctuation vs. U.S. Dollar (Extraordinary)	≥60%	≥60%	No Change
Country Price Index	≥15%	≥15%	No Change
Country Price Index (Extraordinary)	≥30%	≥30%	No Change
Commencement Assessment			
Assessment (Standard)	Any 3 months out of 6 consecutive months	Any 2 months out of 6 consecutive months	**Yes**
Assessment (Extraordinary)	1 month	1 month	No Change

[7] Note: In cases where both types of SCM were applied, each SCM was applied at different timing/periods. Per policy, only one type of SCM can apply at a time – Depreciation SCM and Inflation SCM may not apply at the same time.

	Current SCM Framework	Proposed Modifications	Change
Thresholds – Cessation			
Cessation – Depreciation 1	<30%	<30%	No Change
Cessation – Depreciation 2	N/A	12 months of implementation	**Yes**
Cessation – Inflation	<15%	<15%	No Change
Cessation Assessment			
Depreciation	3 consecutive months	3 consecutive months	No Change
Inflation	3 consecutive months	3 consecutive months	No Change
WBG SCM Payments			
Depreciation Measure	Virtual Indexation	Virtual Indexation	No Change
Depreciation Measure = Pensionable	Yes	No	**Yes**
Inflation Measure 1	Lump-Sum	Lump-Sum	No Change
Inflation Measure 1 = Pensionable	No	No	No Change
Inflation Measure 2	Off cycle salary review	Off cycle salary review	No Change
Market Analysis			
1st Market Analysis	Yes	No	**Yes** (Subject to annual review)
Depreciation SCM Payments			
Virtual Indexation rate	Fixed rate calculated as the average of 12-month, monthly average immediately preceding first month where SCM commencement trigger is met	Rolling average of 12- month, monthly average, starting with the month immediately preceding first month where SCM commencement trigger is met.	**Yes**

	Current SCM Framework	Proposed Modifications	Change
Depreciation SCM Payments (continued)			
Cessation	Exit Period	• Cessation once below threshold + 3-month phase out period (75%, 50% and 25% of the last payment before cessation). Under exceptional circumstances, three additional months of reduced payments can be granted. • 12-month cut off + 3-month phase out period (75%, 50% and 25%). Under exceptional circumstances, three additional months of reduced payments can be granted.	**Yes**