2018 REVIEW OF STAFF COMPENSATION FOR THE WORLD BANK GROUP AND AWARDS ALLOCATIONS

June 21, 2018

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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).
Country Office (CO) Staff	For purposes of this paper, Country Office staff refers to locally-recruited staff in locations outside of Washington and Satellite Offices (Country Offices, Shared Service Office in Chennai, India).
FCV	Fragility, Conflict and Violence.
HQ	Headquarters based in Washington, D.C.
Merit Element	The merit element's main objective is to reward performance with funding source from the salary erosion incurred over the year. The merit element is not an addition to the budget.
Midpoint	The point in the World Bank Group's salary ranges which aims to be aligned with the 75^{th} percentile of salaries at comparable levels in the respective local labor markets.
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 salary ranges) and a midpoint.
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. The structure adjustment is a component of the budget's price factor.
Salary Progression Adjustment (SPA)	The salary progression adjustment represents the difference between the weighted average salaries versus the aggregate midpoints.
Supplemental Merit Increase (SMI)	The salary increase pool allocated for top performers (with performance rating *exceeds expectations* or *significantly exceeds expectations*).

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Executive Summary

A. This paper presents for Board approval (i) the compensation proposals based on the 2018 (FY19) Review of Staff Compensation for the World Bank Group (WBG) for Headquarters and Country and Satellite Offices worldwide, and (ii) the FY19 budget allocation for the IBRD, IFC and MIGA Awards.

B. FY19 is the transition year in the compensation reviews for both Headquarters, and for Country and Satellite Offices. For Headquarters, the last ten months have been devoted to the compensation methodology review. The outcome of the HQ methodology review is implemented in the 2018 (FY19) annual compensation review, except for the calculation of the FY19 structure adjustment. On the FY19 structure adjustment, this paper implements the agreement achieved between Management and WBG shareholders in the 2018 capital increase discussions. The revised methodology for HQ will be fully applied for next year's (FY20) annual review, where FY20 is the start of the three-year compensation cycle under the conduct of a comprehensive market survey with the application of changes to the comparators groups.

C. The review of the compensation methodology for Country and Satellites Offices will be conducted in the upcoming fiscal year (FY19). Therefore, for the 2018 (FY19) annual compensation review pertaining to Country and Satellite Offices, a transition arrangement allowing for parity between this year's Headquarters and Country and Satellite Office adjustments is implemented. This transition approach includes the application of published projected salary movements to the previous year's local labor market compensation data. In the spirit of the equal treatment principle, additional adjustments were applied to achieve the overall equivalence objective.

D. The 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. The scope and the budgetary envelopes of the awards and recognition programs in IBRD and IFC remain unchanged from FY18.

E. For the 2018 (FY19) Review of Staff Compensation for the WBG, it is recommended that the Boards of Directors approve:

(i) The 2018 (FY19) structure adjustment of 1.1% to the salary ranges and midpoints for HQ-appointed staff;

(ii) The 2018 (FY19) structure adjustments to the salary ranges and midpoints for Country and Satellite Office-appointed staff as specified in Annex B.

F. For the Awards, it is recommended that the Boards of Directors approve the FY19 budget allocations of:

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

(ii) US$29.1 million for the IFC awards program which include the IFC portion of the WBG Awards;

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

INTRODUCTION

1. The 2018 (FY19) Review of WBG Staff Compensation for HQ-appointed staff is built on the revised compensation methodology for HQ. Concurrently, the proposal implements relevant aspects of the agreement concluded between Management and WBG shareholders in the framework of the 2018 capital increase discussions.

2. The review of the methodology for HQ-appointed staff was conducted as a response to the Board request raised during last year's annual review of staff compensation. As the Board requested to deliver the review by calendar year end-2017, Management and the Board agreed to carry out the compensation methodology review in two phases.

3. Phase 1 covered the review of the compensation methodology applicable to HQ-appointed staff. Phase 2 will follow in FY19 with the compensation methodology review applicable to Country and Satellite Office-appointed staff.

4. The Country and Satellite Office methodology review will be based on similar objectives as set out for Headquarters. Management will seek Board approval for the proposal on the Country and Satellite office compensation methodology review within FY19, with the aim of implementing the outcomes in the 2019 (FY20) Review of WBG Staff Compensation.

5. As the review for the Country and Satellite Offices will be conducted largely within the first half of FY19, the transitional approach for the 2018 annual review is implemented. The 2018 structure adjustments and internal elements for the Country and Satellite offices broadly mirror the adjustments in the compensation methodology for HQ-appointed staff. In line with the equal treatment principle, the results are in principle adjusted in the same proportion to reflect the size of the structure adjustment proposed for Headquarters. The adjustment approach was not applied to country offices (i) in Fragile, Conflict and Violence locations, and (ii) in countries with double-digit inflation, thus warranting to be treated as exceptions.

6. The awards and recognition programs play a significant role in providing incentives and motivation. While some of these awards programs do not provide substantial financial amounts to staff, and in some cases, they provide non-monetary awards only usually in the form of trophies or certificates, they help improve and reinforce desired behaviors, and increase staff engagement.

7. The paper is organized into three parts. The first part details the proposed annual structure adjustments. The second part presents the proposals for FY19 awards budget allocations. The recommendations submitted for Board approval are included in the third part.

A.I. HEADQUARTERS – STRUCTURE ADJUSTMENT

8. The FY19 structure adjustment for Headquarters salary structure at grades GA-GI is proposed at 1.1%.

9. The structure adjustment of 1.1% is based on the agreement between Management and WBG shareholders during the 2018 capital increase discussions and it reflects the commitment to restraining salary growth.

10. In FY19, the salary ranges and midpoints for grades GJ and GK are adjusted by 1.1%. The U.S. Consumer Price Index (CPI) movement projected by the IMF for FY19 is 2.5%[1]. The methodology[2] specifies that if the structure adjustment for grades GA-GI is lower than the IMF's

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[1] Projected by the IMF on a calendar basis as reported in the IMF World Economic Outlook, i.e. a simple average of the two calendar years spanning the given fiscal year is calculated.

[2] Paragraph 42 of the "Review of Compensation Methodology for the World Bank Group – Phase 1: Headquarters – appointed staff (HRC2018-0004)."

projected U.S. CPI movement, the salary ranges and midpoints for grades GJ and GK are adjusted by the Board-approved structure adjustment for grades GA-GI.

11. The July 1, 2018 (FY19) salary structure for HQ-appointed staff is presented in Annex A.

A.II. COUNTRY AND SATELLITE OFFICES – STRUCTURE ADJUSTMENT

12. The FY19 structure adjustments for Country and Satellite Offices are based on the transition approach using the application of published projected salary movements to the previous year's local labor compensation data. Under this approach, the 2017 (FY18) market-based salary scales were reviewed, and where needed and applicable, the scales were adjusted grade by grade, based on the local labor compensation data which was updated by applying the 2018 local market projected movements.

13. The projected local labor market salary movement percentages for 2018 were obtained from objective and independent sources, such as published reports from leading and reputable international HR compensation consulting firms.

14. After the application of the projected local labor salary movements, respecting the equal treatment principle, the structure adjustment outcome was adjusted downward to reflect the proportional size of the structure adjustment for HQ-appointed staff salaries.

15. The overall approach for the adjustments was not applied for Country Offices in:

(i) FCV locations in alignment with the WBG's business priority and given that FCV is one of the cross-cutting themes of the People Strategy; and

(ii) Countries with double-digit inflation.

16. The country-by-country structure adjustments covering 138 WBG Country and Satellite offices are included in Annex B.

17. The adjustment process and its main features are summarized in Annex C.

A.III. DISTRIBUTION OF SALARY INCREASES

18. All salary increases for Headquarters, Country and Satellite Offices-appointed staff remain fully performance-based. Staff with *unsatisfactory* or *partially meets expectations* performance ratings will receive no salary increase.

19. In FY19, the salary increases distribution will be guided by the following principles:

(i) Higher performance will be recognized and differentiated through higher salary increases;

(ii) Staff with performance rating of *fully meets expectations* will be further differentiated, including differentiated salary increases.

20. For HQ-appointed staff, additional measures impacting distribution in FY19 will be taken:

(i) For staff with performance rating of *significantly exceeds expectations,* salary increases for grade GI staff will follow a lower trajectory than grades GA-GH;

(ii) Salary increases for staff performing at *fully meets expectations* with salaries below the midpoint of the salary range, will be closer to the level of inflation.

21. Salary increases will be distributed no later than November 2018 after the end of the annual FY18 performance cycle.

A.IV. OTHER PROVISIONS

22. The proposed structure adjustments are included in the price factor in the respective FY19 budgets of individual WBG institutions.

23. The merit element size will be calculated after the end of FY18. For FY19, the merit element size is set at 1.8% of annual salaries for HQ-appointed staff. The FY19 merit element approach for Country and Satellite Offices is described in Annex C. The merit element will be financed within the approved budgets for each WBG institution. No separate resources are provided for this element. The merit element is not an addition to the budget, and thus budget neutrality is ensured. In a report on the first quarter of FY19, Management will inform the Board on the merit element and on its distribution.

B.I. WBG AWARDS

24. Each WBG institution manages its own programs in alignment with respective business priorities. Individual institution's awards programs are complemented with the Bank Group-wide program 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, would also vary in terms of how each institution create and recognize performance differentiation. The WBG's and each institution's awards and recognition programs are described in Annex D.

B.II. AWARDS BUDGET ALLOCATIONS

25. The IBRD awards program remains unchanged for FY19. 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 FY18 allocation.

26. The requested IFC budget allocation of US$29.1 million, which includes the IFC's portion of the WBG Awards, represents no increase from FY18. In FY19, the IFC awards program will be further aligned with its strategic agenda, as the implementation of IFC 3.0 requires stronger incentives to drive behaviors towards WBG corporate goals, including but not limited to Creating Markets through upstream market development, program delivery in IDA and FCV locations, and the Cascade approach. This alignment also includes increasing the number of awards provided to WB and MIGA staff who further the WBG Cascade and Maximizing Finance for Development agenda, which constitute a cross-institutional incentive to direct resources toward shared priorities. In addition, IFC is also exploring the implementation of a long-term incentive mechanism linked to development impact measures.

27. IFC shares the WBG single and unified salary structure. However, as IFC is a private sector-oriented institution, a higher private sector weight would be more apt to better reflect staff composition and skills needed. This is supported by the FY15-FY17 IFC hiring sources which show 92% of new hires came from the private sector and only 8% from the public sector. To retain its competitiveness and motivate staff to deliver on the 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. A maximum awards budget allocation will be calculated as the difference between the existing WBG pay-line and potential IFC-only pay-line. This IFC-only pay-line will be based on a more appropriate (i) private sector weight (75% private sector), as well as (ii) staff weight based on Job Family, in order to mirror IFC's staff profile.[3] The

[3] Paragraph 68 and Annex VI of the "Review of Compensation Methodology for the World Bank Group – Phase 1: Headquarters – appointed staff (HRC2018-0004)."

new methodology to calculate the maximum awards budget allocation will be in place from FY20, when the revised compensation methodology for HQ-appointed staff is fully implemented. Based on a calculation using FY18 data[3], the difference between the WBG pay-line and the IFC-only pay-line would be approximately US$56 million. 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.

28. The requested MIGA budget allocation is US$300,000. The MIGA awards program primarily aims at incentivizing behaviors that align with the Agency's strategy to focus on IDA, FCS and climate finance. To allow MIGA Management to reward performance of more teams and/or individuals generating more business in IDA-eligible countries, in particular FCS and the climate change agenda, the allocation increases from FY18. In FY19, MIGA will review its awards program and propose a redesigned program more suited to accelerating the increase of MIGA's development impact and its overall performance. MIGA intends to foster greater collaboration, reward outstanding performance and increase both knowledge sharing and MIGA's recognition of effective collaboration among staff inside the Agency and across the WBG.

C. SUMMARY OF RECOMMENDATIONS

29. For the 2018 Review of Staff Compensation for the WBG, it is recommended that the Boards of Directors approve:

(i) the 2018 (FY19) structure adjustment of 1.1% to the salary ranges and midpoints for HQ-appointed staff;

(ii) the 2018 (FY19) structure adjustments to the salary ranges and midpoints for Country and Satellite Office-appointed staff as specified in Annex B.

30. For the Awards, it is recommended that the Boards of Directors approve the FY19 budget allocations of:

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

(iv) US$29.1 million for the IFC awards program which includes the IFC portion of the WBG Awards;

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

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[3] Paragraph 68 and Annex VI of the "Review of Compensation Methodology for the World Bank Group – Phase 1: Headquarters – appointed staff (HRC2018-0004)."

Annex A: July 1, 2018 HQ Salary Structure

1. The proposed annual net salary structure for HQ-appointed staff as of July 1, 2018 is shown in Table 1 below.

2. The structure adjustment to salary ranges and midpoints for grades GA to GI is 1.1%.

3. The salary ranges and midpoints for grades GJ and GK are annually adjusted by the U.S. Consumer Price Index (CPI). For FY19, the IMF projects the rate of U.S. CPI movement at 2.5%. The HQ compensation methodology[4] stipulates that if the Board-approved structure adjustment for the salary ranges and midpoints for grades GA to GI is lower than the projected U.S. CPI movement, then the Board-approved structure adjustment is applied. Thus, for FY19, the salary ranges and midpoints for grades GJ and GK are adjusted by 1.1%.

Table 1: July 1, 2018 HQ Salary Structure

WBG Grade	Minimum (US$)	Midpoint (US$)	Maximum (US$)
GA	27,500	39,300	51,100
GB	33,600	48,000	62,400
GC	41,100	58,700	76,300
GD	48,500	69,300	90,100
GE	65,900	94,100	122,300
GF	86,200	123,100	160,000
GG	114,100	163,000	211,900
GH	154,700	221,000	287,300
GI	235,700	294,600	353,500
GJ	281,900	331,700	381,500
GK	313,400	368,700	424,000

[4] Paragraph 42 of the "Review of Compensation Methodology for the World Bank Group – Phase 1: Headquarters – appointed staff (HRC2018-0004)."

Annex B: 2018 (FY19) Structure Adjustments – Country and Satellite Offices

1. This annex provides a summary of the FY19 structure adjustments applicable to Country and Satellite Offices-appointed staff.

2. The FY19 individual Country Office structure adjustments are presented by WBG Office location in alphabetical order. Table 1 also includes information for Satellite Offices (such as those in Western Europe, Japan and United States - New York City), and Shared Service Office in Chennai, India.

3. Locations noted as exceptions to the equal treatment principle of making further modifications to the structure adjustment in line with the HQ approach are identified in Table 1. The adjustment process and the criteria are described in Annex C.

Table 1: FY19 Structure Adjustments by WBG Country or Satellite Office

#	Country	Region	FY19 Structure Adjustment		#	Country	Region	FY19 Structure Adjustment
1	Afghanistan*	SAR	8.3%		23	Cameroon	AFR	1.9%
2	Albania	ECA	0.9%		24	Central African Republic*	AFR	3.1%
3	Algeria	MNA	0.7%		25	Chad*	AFR	2.3%
4	Angola*	AFR	4.7%		26	China	EAP	2.9%
5	Argentina*	LCR	10.5%		27	Colombia	LCR	2.5%
6	Armenia	ECA	1.5%		28	Comoros*	AFR	3.1%
7	Australia	EAP	1.3%		29	Congo	AFR	0.0%
8	Austria	HQ	0.0%		30	Costa Rica	LCR	0.0%
9	Azerbaijan	ECA	0.0%		31	Cote d'Ivoire*	AFR	4.0%
10	Bangladesh	SAR	4.4%		32	Croatia	ECA	0.8%
11	Belarus	ECA	2.3%		33	Democratic Republic of Congo*	AFR	4.7%
12	Belgium	HQ	0.0%		34	Djibouti*	MNA	4.4%
13	Benin	AFR	1.7%		35	Dominican Republic	LCR	1.7%
14	Bhutan	SAR	4.2%		36	Ecuador	LCR	1.5%
15	Bolivia	LCR	2.7%		37	Egypt	MNA	0.0%
16	Bosnia-Herzegovina	ECA	0.8%		38	El Salvador	LCR	1.7%
17	Botswana	AFR	2.9%		39	Equatorial Guinea	AFR	0.0%
18	Brazil	LCR	2.9%		40	Ethiopia*	AFR	6.5%
19	Bulgaria	ECA	1.7%		41	Fiji	EAP	0.0%
20	Burkina Faso	AFR	1.1%		42	France - Paris	HQ	0.0%
21	Burundi*	AFR	4.4%		43	France - Marseille	HQ	0.0%
22	Cambodia	EAP	3.2%		44	Gabon	AFR	1.5%

#	Country	Region	FY19 Structure Adjustment		#	Country	Region	FY19 Structure Adjustment
45	Gambia*	AFR	7.2%		85	Montenegro	ECA	0.0%
46	Georgia	ECA	2.6%		86	Morocco	MNA	1.9%
47	Germany	HQ	0.0%		87	Mozambique	AFR	0.0%
48	Ghana*	AFR	12.6%		88	Myanmar*	EAP	8.9%
49	Guatemala	LCR	2.1%		89	Nepal	SAR	4.4%
50	Guinea	AFR	3.3%		90	Nicaragua	LCR	2.3%
51	Guinea-Bissau*	AFR	2.0%		91	Niger	AFR	0.4%
52	Guyana	LCR	1.4%		92	Nigeria*	AFR	5.4%
53	Haiti*	LCR	7.3%		93	Pakistan	SAR	4.4%
54	Honduras	LCR	2.2%		94	Panama	LCR	1.7%
55	Hong Kong SAR, China	EAP	1.8%		95	Papua New Guinea*	EAP	4.6%
56	India	SAR	4.4%		96	Paraguay	LCR	2.8%
57	India - Chennai	SAR	4.4%		97	Peru	LCR	1.9%
58	Indonesia	EAP	3.6%		98	Philippines	EAP	2.5%
59	Iraq*	MNA	4.2%		99	Poland	ECA	1.4%
60	Italy	HQ	0.0%		100	Republic of Korea	EAP	2.1%
61	Jamaica	LCR	2.9%		101	Romania	ECA	1.8%
62	Japan	HQ	0.0%		102	Russian Federation	ECA	0.0%
63	Jordan	MNA	2.2%		103	Rwanda	AFR	2.8%
64	Kazakhstan	ECA	0.0%		104	Samoa	EAP	0.0%
65	Kenya	AFR	3.3%		105	Saudi Arabia	MNA	2.0%
66	Kosovo*	ECA	0.2%		106	Senegal	AFR	1.9%
67	Kuwait	MNA	2.0%		107	Serbia	ECA	2.0%
68	Kyrgyz Republic	ECA	1.4%		108	Sierra Leone*	AFR	6.2%
69	Lao	EAP	1.9%		109	Singapore	EAP	1.9%
70	Lebanon*	MNA	4.4%		110	Solomon Islands*	EAP	2.2%
71	Lesotho	AFR	2.2%		111	South Africa	AFR	3.1%
72	Liberia*	AFR	5.4%		112	South Sudan*	AFR	5.8%
73	Libya*	MNA	5.3%		113	Sri Lanka	SAR	3.8%
74	FYR Macedonia	ECA	0.8%		114	Sudan*	AFR	12.1%
75	Madagascar*	AFR	7.6%		115	Switzerland	HQ	0.0%
76	Malawi*	AFR	17.4%		116	Tajikistan	ECA	1.7%
77	Malaysia	EAP	2.0%		117	Tanzania	AFR	3.2%
78	Maldives	SAR	0.0%		118	Thailand	EAP	2.4%
79	Mali*	AFR	3.0%		119	Timor-Leste	EAP	2.2%
80	Mauritania	AFR	1.3%		120	Togo*	AFR	3.5%
81	Mauritius	AFR	1.9%		121	Tonga	EAP	0.0%
82	Mexico	LCR	2.2%		122	Tunisia	MNA	2.3%
83	Moldova	ECA	0.0%		123	Turkey – Ankara*	ECA	9.2%
84	Mongolia	EAP	2.7%		124	Turkey – Istanbul*	ECA	9.1%

#	Country	Region	FY19 Structure Adjustment		#	Country	Region	FY19 Structure Adjustment
125	Turkmenistan*	ECA	6.9%		132	Uzbekistan*	ECA	0.0%
126	Uganda	AFR	3.0%		133	Vanuatu	EAP	1.3%
127	Ukraine*	ECA	11.2%		134	Vietnam	EAP	4.0%
128	United Arab Emirates	MNA	2.0%		135	West Bank and Gaza*	MNA	0.0%
129	United Kingdom	HQ	0.0%		136	Yemen*	MNA	6.0%
130	United States - New York	HQ	1.1%		137	Zambia	AFR	4.4%
131	Uruguay	LCR	3.9%		138	Zimbabwe*	AFR	3.6%

*Country Office-exceptions from the application of the equal treatment based on the HQ approach.

Annex C: Summary of Adjustment Process for Salary Increases for Country and Satellite Offices-Appointed Staff

1. **Salary Increase.** The salary increase envelope determined for each office is defined and expressed as a percentage of the net aggregate salaries of each office. In the previous methodology, this was known as the total merit increase, which consisted of three components; (i) the structure adjustment, and two merit increase components: (ii) salary progression adjustment (SPA) and (iii) supplemental merit increase (SMI).

2. **Equal Treatment Principle.** Based on the agreement between Management and the Board regarding the FY19 transition approach for Headquarters, a similar FY19 transition approach for Country and Satellite Offices was pursued. Management appointed a group of Vice-Presidents and Directors across IBRD and IFC to review the Country and Satellite Offices' compensation numbers to arrive at the adjusted outcomes based on objective criteria. Defining a set of criteria (vs. reviewing and rationalizing each CO) made the review process both methodological and objective.

3. FY19 is the transition year to allow for a measured move towards the revised methodology that will be fully implemented in FY20. It is equitable that this transition be considered across the WBG on a global basis. Following the equal treatment principle: (a) the structure adjustments for Country and Satellite Offices are modified in the same proportion as the adjustment made to the structure adjustment for HQ (the HQ's adjusted outcome vs. the HQ's formulaic outcome under the previous methodology is 42.3%); (b) the SPA and SMI size broadly corresponds to the HQ 1.8% merit element cap.

4. For Country Offices where the overall adjusted percentage was found to have a lower ratio than 54.7% (the overall HQ's adjusted outcome vs. the overall HQ's formulaic outcome under the previous methodology), the overall CO percentage was further revised to meet this ratio. Refinements were made to the SPA component, and not to the structure adjustment.

5. The Country and Satellite Offices where the market data review resulted in zero structure adjustment, are allocated the minimum overall percent of 2% funded from the SPA component (minimum of 2% overall increase is based on the country office practice), and in which case no further adjustments are applied to align with the HQ approach. There are 25 Country and Satellite Offices with zero structure adjustments signifying that staff salaries in these offices are at or above the market.

6. **Exceptions to the Adjustment Process.** All country-by-country outcomes covering 138 WBG offices (including Satellite Offices) were reviewed to identify cases where an exception to this equal treatment principle should be applied.

7. FCV agenda is at the center of the WBG business priorities and FCV locations remain one of the cross-cutting themes of the WBG People Strategy. In this light, the Bank Group continues to build on the refinements[5] introduced in FY18 with the aim of helping to further enhance the WBG's Employment Value Proposition for staff working in these locations.

8. Exceptions were made based on the following criteria (refer to Annex B for exceptions):

   (i) Country Offices in Fragile, Conflict and Violence locations; and
   (ii) Country Offices that are in countries with double-digit inflation.

[5] Update to HR Committee, Effective Staffing and Enhanced Value Proposition for WBG Staff in FCV Contexts, HRC Meeting on February 22, 2017. Key Considerations on Country Office Compensation: A Country Office Compensation Working Group Progress Report and Update to the HRC, March 8, 2017.

Annex D: WBG Awards

WBG AWARDS PROGRAM

1. **President's Awards for Innovation** recognize teams that have accelerated development results through the creation and/or adoption of innovations across WBG operations, as well as client countries. These innovations may be brand new solutions, such as a new technology, product, policy, process, partnership, or other approach; or may be an adaptation of established approaches to different sectors or context. For 2018, in addition to other important criteria, the nominations called for innovation related to solutions using disruptive technology via private sector partnerships. These awards are non-monetary.

2. **President's Awards for Excellence** recognize individuals and teams who, in delivering results toward the WBG's mission and objectives, have modeled the Maximizing Finance for Development or Cascade, exceeded the expectations of the job ("gone above and beyond the call of duty"), demonstrated WBG collaboration, and/or exhibited characteristics of exceptional leadership. These awards are non-monetary.

3. **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 (WB BPS, GSD, SPA)[6] 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.

4. **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 areas of Human Resources (HR) and Information and Technology Solutions (ITS). Monetary awards range between 2% and 10% of the midpoint salary of the recipient's grade.

5. **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

6. **VPU Team Awards** recognize and reward teams that, in delivering an activity during the prior calendar year, have exhibited a focus on results, collaboration, innovation, knowledge sharing, supporting the FCV agenda, 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).

7. **Finance Partners Performance Awards** align collective and collaborative performance with the Finance group-wide business objectives. 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.

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[6] Budget, Performance Review and Strategic Planning VPU, General Services Department and Strategy, Performance and Administration Department.

IFC AWARDS PROGRAMS

8. **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 including exceptional efforts and results in IDA countries and FCV locations, effective WBG collaboration (creating markets, Cascade approach), as well as projects that strongly contribute to achieve IFC's Diversity and Inclusion goals and other corporate initiatives. This award is a corporate recognition program designed to reward team achievements that have a significant and lasting impact for IFC and its clients. These monetary awards range between 2% and 10% of the midpoint salary of the recipient's grade.

9. **IFC Annual Performance Awards** distinguish extraordinary efforts, achievements, and positive behaviors consistent with IFC's core values. It rewards teams and individuals incorporating corporate, departmental and individual performance and, specifically, emphasizes individual and team performance that leads to improved client results and greater effectiveness for the corporation as a whole. The program promotes functional and performance differentiation and team collaboration for their successful contribution in IFC's high priority areas. Monetary awards range between 2% and 15% of the midpoint salary of the recipient's grade.

Box 1. Description of IFC Awards Programs

Incentives and recognition are critical building blocks to support the IFC's strategy. By aligning its awards program with the strategic priorities, IFC ensures that corporate priorities resonate throughout the organization. The awards programs have strong signal value and have been used to focus attention on critical organizational success factors. For example, in recent years, the programs were used to **highlight the importance work in FCS and Low-Income IDA (LIC-IDA) countries.**

Since FY00, IFC has implemented a performance-based variable-pay programs designed to recognize and reward extraordinary efforts, outstanding achievements, and positive behaviors consistent with the IFC's core values that lead to improved results for IFC clients and greater effectiveness for the Corporation. In addition, given the distinct business nature of the individual WBG institutions, and the higher level of market competition for certain job families in IFC, a more robust awards system provides flexibility to address specific business needs and labor market pressures to ensure IFC can attract and retain the best talent.

The current IFC's performance-based variable-pay program consists of **key integrated components** that work together to reward staff and target distinct performance attributes.

The Corporate Awards program seeks to recognize outstanding team achievements with enduring impact for IFC and its clients. Teams are awarded for **strategic and corporate priorities** including:

(1) Exceptional efforts and results in **FCS and LIC-IDA countries;**

(2) Effective **WBG collaboration**, including projects that exemplify prioritization of private sector solutions through the Cascade and innovative projects that exemplify new approaches for market creation;

(3) Strong Contributions to achieving **Diversity & Inclusion** goals;

(4) Activities that strengthen IFC delivery to clients, including **climate related projects;**

(5) Quality and Efficiency, including initiatives that contribute to measurable improvements of IFC operational excellence, including through **knowledge sharing.**

The program is a grass-roots recognition program where all staff are invited to submit nominations. Awards are given to all team members, including Bank and MIGA staff, and may be up to 10% t of the staff's member grade midpoint depending on their role (team leads receive 8-10%, core team members 5% and extended team members receive 2% of the staff's grade midpoint). In FY17, 26 teams were awarded, including 7 for efforts and results in FCS and LIC-IDA countries, and 5 for effective WBG collaboration.

The Annual Performance Awards program is designed to distinguish extraordinary efforts, achievements, and positive behaviors consistent with the IFC's core values. It specifically emphasizes performance that leads to improved client results and greater effectiveness for the Corporation.

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The program supports a performance-based culture by linking rewards and recognition to individual and team performance and reinforces the IFC's commitment to building a high-performance organization where achievements are recognized. The program's objective is also to recognize outstanding performance by means of **performance differentiation** in awards, where larger awards and staffing coverage are expected for top performers. All staff with a performance rating *significantly exceeds expectations* receives an award of 8% of the staff's grade midpoint, and the minimum award size for other staff is set at 5%. The program also includes a **functional differentiation** principle to ensure that staff in investment and core finance functions have higher payout opportunities.

In terms of awards distribution, departments receive an award budget allocation annually, which is linked to the **departmental performance**, and subsequently departmental management teams distribute the awards within their respective departments to top performing teams and individuals. Awards are first announced at the departmental and VPU levels, and this is followed by a Corporate announcement where all teams and individuals are recognized.

IFC awards programs are revisited annually by IFC Management team to ensure they remain fit for purpose. Aligning **the IFC's award programs with the IFC 3.0 strategy** will be critical to drive behaviors toward WBG strategic priorities, including Creating Markets through upstream endeavors, program delivery in FCS and IDA countries, as well as Maximizing Finance for Development (MFD), and other strategic focus areas. This alignment also includes an increasing number of awards provided to WB and MIGA staff who support the WBG Cascade and the MFD agenda — this will constitute a cross-institutional incentive to direct resources toward the shared priorities. IFC is also exploring the implementation of a long-term incentive mechanism linked to development impact measures.

MIGA AWARDS PROGRAM

10. **MIGA's Management 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.