# 2015 REVIEW OF STAFF COMPENSATION FOR THE WORLD BANK GROUP

June 11, 2015

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# GLOSSARY

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| 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 offices in Chennai, India, etc.). |
| Collaboration, Knowledge Sharing and Results (CKR) | Collaboration, Knowledge Sharing, and Results are the key competency areas, which will serve as the criteria for selecting winning teams under the new recognition program of the Global Practices and Cross-Cutting Solution Areas Vice Presidency. |
| Global Environment Facility (GEF) | Global Environment Facility (GEF) program is one of the WBG's largest and longest standing trust funded programs. GEF grants directly support actions to combat major environmental issues (e.g. climate change, polluted international waters, etc.) and stimulate green growth. |
| GPSVP | The Vice Presidency of the Global Practices and the Cross-Cutting Solution Areas. |
| FCS | Fragile States and Conflict Affected Situations. |
| HRD | Human Resources Vice Presidency. |
| Midpoint | The point in the World Bank Group's salary ranges which is broadly aligned with the 75$^{th}$ percentile of salaries at comparable levels in the respective local labor markets. |
| Market Special Compensation Measures | Prevalent response by the market to address persistent conditions outside of the normal macroeconomic situation in the country. |
| Performance Rating System | This is the Bank Group's individual rating system based on staff contribution (ranging from a rating of 1 for 'unsatisfactory' up to a rating of 5 for 'significantly meets expectations') used as basis to allocate individual salary increases. |
| RVPU | Regional Vice Presidency Units. |
| 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. |

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| Structure Adjustment | Aligns the salary scales with the increases in labor market salary levels. This refers to the weighted average percentage increase resulting from aligning the market reference points to the new market values. |
| Supplemental Merit Increase (SMI) | The salary increase pool allocated for top performers (with performance rating of 4 or 5). |
| Total Merit Increase (TMI) | The amount authorized for distribution to World Bank Group staff members, expressed as a percentage of current aggregate annual net salaries. This represents the sum of the Salary Structure Adjustment and the SMI. TMI is distributed to staff through the merit increase matrix. |
| WBG Special Compensation Measure | Temporary response, not led by prevalent market practice, by the WBG to address sudden and severe macroeconomic disruptions in a country. |

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# Executive Summary

1. This paper (i) presents proposals for the 2015 review of World Bank Group (WBG) staff compensation, and (ii) provides an update of the current ongoing compensation reforms, particularly with regard to Country Office compensation.

2. Under the multi-year compensation review process approved by the Executive Board on February 8, 2011, this year's review is the result of a comprehensive market review methodology for HQ and Satellite Offices, and a combination of comprehensive market reviews and indexation for Country Offices.

3. Overall, the projected labor market movement indicates an average increase of the HQ salary structure equal to 2.7 percent.

4. Market dynamics and disruptive macroeconomic developments call for a higher degree of responsiveness and increased accuracy in measuring market movements. While the Board-approved policy has allowed the WBG to remain broadly competitive, experience since 2011 has highlighted two specific areas for improvement. Management requests the Board to approve a policy refinement to enhance accuracy in measuring the local labor market by changing the schedule of market measurements, and also to approve the proposed refinement of Special Measures, which is intended to improve responsiveness through clearer criteria for application.

5. Awards, incentives, and recognition programs can have a significant impact on organizational results when such plans are designed with strategic intent, where critical components are driving and aligning business goals, results and behaviors. Today, across the WBG, a range of awards and recognition programs reward performance and recognize significant team and individual contributions. As the organization strengthens its new delivery model, the awards programs need to have a stronger link among individual, department, and corporate goals to incentivize staff to collectively deliver on organizational results. Recognizing and celebrating outstanding individual and/or team achievements, collective delivery towards business priorities, and increasing performance differentiation are among the key features that the WBG would like to continue to enhance in its existing programs and in some of the new programs that will be introduced in FY16.

# I. 2015 Compensation Review

6. **This paper presents the results of the 2015 review of World Bank Group staff compensation.** The main objective of this paper is to seek Board approval (i) for the 2015 (FY16) structure adjustments for WBG Washington-appointed staff and Country/Satellite Office staff, and (ii) approval of the proposed refinements to Country Office compensation.

7. **This year's (FY16) HQ compensation review is the result of a comprehensive market review under the multi-year review process, as approved by the Board on February 8, 2011** (Annex 1)**.** In Country Offices, the structural adjustments are the result of a combination of comprehensive compensation reviews and indexation.

8. **The recommendations in this paper are in line with key principles agreed during the 2011 comprehensive review of the different compensation elements.** The agreed compensation guiding principles are:

- **a.** Continue to be market competitive to attract and retain global top talent;
- **b.** Maintain a rules-based framework for governing decisions on salary adjustments;
- **c.** Be simple and easy to understand and administer;
- **d.** Remain fiscally prudent and consistent with medium- to long-term budgetary requirements; and
- **e.** Further differentiate rewards according to performance.

**Structure Adjustment and Budget Impact**

9. This section presents the proposed FY16 structure adjustments in percentage terms and estimated U.S. dollar values. The structure adjustment impacts the total wage bill. Salaries[1] are estimated at US$ 1.49 billion for the WBG's HQ and Country Offices.

10. The FY16 structure adjustment for HQ is calculated using the comprehensive market data approach, assessing market data from both public and private sectors.

- **a. Washington-appointed staff**. The July 1, 2015 structure adjustment for Grades GA-GI is equal to 2.7 percent. Annex 2 provides the FY16 salary structure.

- **b. Salary ranges for grades GJ and GK are updated by the May 2014 to May 2015 Consumer Price Index (CPI) movement for the Washington-Baltimore area, in line with established Board approved methodology.** The salary ranges for grades GJ and GK are adjusted based on CPI movement. However, actual individual salary increases for staff in grades GJ and GK are subject to the same merit increase matrix applicable to staff at grades GA to GI and distributed based on performance and position in the salary range.

[1] Salaries for active staff as of March 31st 2015 (as recorded in Peoplesoft – USD Value snapshot)

11. **Satellite Office staff**. The structure adjustment for Satellite Offices is calculated based on the comprehensive market data approach.

12. **Country Office-appointed staff**. The structure adjustment for Country Offices is the result of a combination of comprehensive market reviews of the local labor market and indexation. Country-by-country structure adjustments covering 133 WBG offices (including Satellite Offices), based on the respective 2015 local labor market salary movements are provided in Annex 3. The structure adjustments will be used as input in determining the Price Adjustment Factor[2] for FY16 for IFC and MIGA, while in the case of the Bank the budget impact from the structure adjustment will be funded within the overall nominal budget envelope.

13. **All salary increases continue to be fully performance-based.** The Washington/HQ structure adjustment will be distributed based on performance and position in the salary range of each of approximately 9,170 staff. Similar to Washington/HQ, the structure adjustments for offices outside Washington (Country Offices, Satellite Offices, and shared service centers) will be distributed to approximately 5,380 staff in 133 locations based on performance and position in range.

## II. Additional Merit Measures

14. **The compensation methodology, approved by the Board on February 8, 2011, provides for two additional merit increase components: (a) salary progression adjustment, and (b) supplemental merit increase**. Both of these components are absorbed within the real budget envelope for IFC and MIGA and within the nominal budget enveloped for the Bank.[3]

15. **Washington-appointed staff.** The FY16 Washington/HQ additional merit increase elements are as follows: the salary progression adjustment is equal to 1.7% and the supplemental merit increase is equal to 0.2%. These merit increase elements can be compared with step increases (typically tenure-based) provided by the public sector in most countries, with the difference that the WBG increases are fully performance-related.

16. **Country Office-appointed staff.** The total additional merit increases in Country Offices are calculated by applying the same methodology used for determining the additional merit increases for Washington-appointed staff. Annex 3 provides country-by-country additional merit increase envelopes.

17. **All staff salary increases are merit-based**. No cost of living increases or automatic increases are provided. All pay increases are determined by the individual performance and position in the staff member's salary range.

[2] As the budget funds both salary and non-salary costs, the price adjustment comprises four parts: (1) the salary costs of the Washington-appointed staff, (2) other Washington costs, (3) the salary costs of Country Office (non-Washington) staff, and (4) other Country Office (non-Washington) costs. The composite adjustment is derived by weighting each part in proportion to the relative size of the total costs in the budget. The overall "price factor", and the resulting nominal FY16 net administrative expenditure budget, will be presented in the FY16 budget documents for IFC and MIGA. The price adjustment for salary-related components (salary costs for Washington-appointed staff and salary costs for Country Office/Non-Washington appointed staff) is based on external labor market compensation increases, as captured by the structure adjustment.

[3] Annex 4 summarizes the Board-approved methodology on these components.

## III. Non-Salary Programs

18. **WBG Non-Salary Awards Programs**. Building effective awards programs requires the alignment of goals, results, and behaviors. With the reorganizations across the WBG, from the creation of Global Practices and Cross-Cutting Solutions Areas at the WBG, to the "Refocused IFC", and MIGA's collaborative approach to delivering high impact projects, there is a greater need for the various WBG reward programs to recognize, award, and celebrate outstanding team achievements and/or individual significant contribution towards department, unit, or corporate priorities. Collective delivery towards business priorities, rewarding top performers, and recognizing extraordinary individual and/or team efforts are key features that the WBG would like to enhance in its programs. In line with the business need for greater collaboration and collective delivery towards corporate objectives, Management recommends setting aside funds for the FY16 awards programs.

19. **WBG and IBRD Awards Programs.** A summary of the WBG and IBRD awards programs is provided below. Of note, both the IBRD Finance Performance Awards and the WBG Performance Awards for the Integrated Units (ECR, HRD, and ITS) were not implemented in the FY15. However, this new program will be carried out in FY16. For these relevant units, the VPU Team Awards program was administered to recognize collaboration and teamwork, in addition to VPU-specific priority and other criteria. The FY16 proposed IBRD awards budget will be maintained at the FY15 total amount of $3.7 million, covering the following WBG and IBRD awards programs:

a. **WBG Spot Awards**. Covering eligible staff across all organizational units (IBRD, IFC, and MIGA), the purpose of the Spot Awards is to recognize and express appreciation for extraordinary efforts in service of WBG goals. Awarded throughout the year, they allow recognition of both individual and team efforts.

b. **IBRD/GEF VPU Team Awards.** The VPU Team Awards program provides meaningful recognition for outstanding team achievements demonstrating development impact and results, innovation, client focus, and collaboration across the WBG and with external partners. In addition, this recognition program also enables each VPU to recognize a VPU-specific business priority.

c. **GPSVP Awards.** In the first year of operation of the Global Practices and Cross-Cutting Solutions areas, a new GPSVP Awards program will recognize and reward teams that, in delivering a project, initiative, or activity led by a GPSVP unit, have met the selection criteria for behaviors related to collaboration, knowledge sharing, and a focus on results (CKR). CKR definitions are aligned with the WBG Core Competencies to help reinforce behavioral expectations that will be critical to individual, GPSVP, and organizational success. Three of the five competencies are directly mapped to CKR behaviors: (i) Collaborate within Teams and Across Boundaries, (ii) Create, Apply and Share Knowledge, and (iii) Deliver Results for Clients. A grassroots program that will call for an open joint nomination process, achievements will be recognized for the FY15 performance cycle, with winning teams awarded in the Fall of 2015. A selection committee, with members broadly representing Global Practices, CCSAs, RVPUs, other VPUs, IFC, and MIGA, will review the nominations and choose the winning teams. The GPSVP Recognition Program is the Global Practices Vice-Presidency's equivalent of the VPU Team Awards program. To further strengthen the global nature of the model, better align the structure, and recognize the strength of joint IFC/World Bank Practices, the Global Practices will be organized into three groups, effective July 1, 2015. Thus, for the FY16 performance cycle, the GP/CCSA recognition program will be reviewed and refined, in order to include any adjustments that may be needed to take into consideration the implications of these organizational changes.

d. **WBG Performance Awards for Integrated Units**. Last year, as part of efforts towards creating greater IBRD and IFC synergies to better serve the WBG business needs, a pilot performance awards program was approved for the WBG integrated support functions. However, due to sensitivity concerns related to several WBG units implementing strategic staffing plans, this new program was not carried out in FY15. For FY16, Management recommends reinstating this pilot program to deepen synergies across IBRD and IFC, specifically in the areas of External and Corporate Relations (ECR), Human Resources (HRD), and Information and Technology Solutions (ITS). In line with leveraging the IFC awards experience, implementing a performance awards program for Bank staff in the integrated functions will be aimed at increasing performance-orientation and accountability for service delivery to the business. The WBG performance awards for integrated units would be in lieu of the VPU Team Awards program for these relevant VPUs.

20. **IBRD Finance Performance Awards Program.** The decision not to implement the Finance Performance Awards in FY15 provided the Finance group the opportunity to redesign its awards program. The redesigned program will introduce the concept of collective and collaborative performance among the Finance VPUs in alignment with the overall finance group-wide business objectives. Leveraging IFC's experience in linking results with incentives, the redesigned program will have a direct link between finance group-wide objectives and awards to encourage staff to collectively deliver on Finance VPU results and support one another across departments. Previously focused on individual performance only, under this new program, both teams and individuals will be eligible to participate, in line with recognizing collaborative efforts and collective performance. The redesigned program is targeted to be launched in Q1 of the FY16 performance period, with award pay-outs targeted in the Fall of 2016 (FY17). No awards will be paid under this program in FY16. With the introduction of a team awards component, the new Finance performance awards will be in place of the VPU Team Awards program.

21. For the overall IBRD Awards programs, including the redesigned Finance Awards program, finalization of design/program elements and associated budget for FY17 will be subject to the next cycle of IBRD W planning process.

22. **MIGA Awards Programs.** The FY16 proposed awards budget of $228,000 will remain the same as in FY15. MIGA's recognition programs consist of the following:

a. **MIGA Executive Vice President (EVP) Team Awards.** The EVP Team Awards program provides monetary awards for outstanding team achievements, activities, and behaviors which make significant contributions to MIGA's institutional or operational results. This program recognizes the importance of teamwork and the quality of both guarantee and non-guarantee projects.

b. **MIGA Director's Awards.** To complement the MIGA EVP Team Awards, the Director's Awards program provides monetary awards in recognition of outstanding individuals for their innovative work, working across boundaries, exemplary teamwork, and exceeding expectations such as going above/beyond the call of duty.

23. **IFC Awards Programs.** IFC's awards and variable pay programs have been an important component of IFC's employment value proposition and help drive behaviors in furtherance of corporate goals. Strengthening its new delivery and operating model under the "Refocused IFC", the awards programs need to have a stronger link among individual, department, and

corporate goals to incentivize staff to collectively deliver on organizational results. In FY14, IFC enhanced the alignment between the IFC's Scorecard and the WBG Corporate Scorecard, and also strengthened the link between corporate performance and awards pay-outs through the IFC Annual Performance Awards program. For the FY15 performance cycle, key changes include increased focus on fragile states, the expansion of IFC's scorecard awards to operations support units, and greater recognition for client-facing functions, all in support of the strategic alignment of performance goals across individual, department and corporate-wide levels.

24. As an integral part of IFC's employment value proposition and building on the success of existing programs, Management proposes to augment its awards and variable pay programs in FY16 with an additional $8.5 million (see next para.). In addition to these increased resources, their eligibility criteria have been refined to further strengthen staff incentives and focus on investment results. IFC will consider paying out awards based on the Corporation reaching its FY16 target for allocable income. Once this corporate hurdle is met, further eligibility will take into account the portfolio Risk Adjusted Return on Capital (RAROC)/Internal Rate of Return (IRR) outcomes for those departments which have met development Scorecard targets in at least two of the past three years. This approach will replace the previous Long-Term Performance Awards program (LTPA), given its growing complexity and narrow focus on individual/project-specific achievements, rather than broader collective successes within the corporation. The total awards budget will be broadly allocated between Scorecard/ Performance Awards and Corporate Awards which are specifically linked to strategic priorities. Within this set, new award categories are being introduced to reflect management, client coverage, and decision making achievements.

25. For FY16, in line with driving the delivery of business priorities under the "Refocused IFC", IFC proposes a total performance awards budget as follows:

**a.** A base budget of $19.6 million, which represents an inflationary increase (aligned with IFC's overall budget increase) over the FY15 total awards budget of $19.1 million;

**b.** A top-up of $8.5 million that will be available to IFC contingent on the achievement of corporate-wide financial measures, including income and development impact-related metrics to reflect both short and longer-term performance perspectives.

IFC will only have access to this top up fund if the corporate-wide performance targets are met. The above amounts will cover all of the IFC rewards and recognition programs. In addition, there will be a few other important features: (i) the potential recipients of the top-up budget will be only those departments that have met or exceeded their development Scorecard targets; (ii) in line with building and sustaining a performance culture, performance differentiation will be further emphasized, where awards pay-outs will be more focused on the top performers and outstanding teams; and (iii) as Fragile States and Conflict Affected Situations (FCS) represents an urgent development priority for IFC, incentives for work on projects in FCS will be enhanced.

26. The current portfolio of IFC rewards and recognition programs include:

**a.** **Annual Performance Awards.** The IFC annual performance awards program recognizes sustained outstanding performance at the individual or team level during the performance year. The awards are directly linked to the annual performance rating, and include a Scorecard Award component for operations departments and operations support units that meet or exceed their Scorecard targets.

**b.** **Corporate Awards.** This program rewards team projects and/or initiatives with significant and lasting impact for IFC and its clients. The Corporate Awards program selection criteria has been significantly sharpened in order to deepen the impact of outcomes. The five thematic areas upon which team achievements will be recognized are: (i) exceptional achievements in FCS countries, (ii) effective WBG collaboration, (iii) value-added knowledge sharing, (iv) strong contributions to achieving WBG Diversity and Inclusion goals, and (v) activities that substantially strengthen IFC delivery to clients.

c. **IFC Smart Lessons.** Recognizing contributions to knowledge sharing in IFC and the wider WBG, Smart Lessons is a cash recognition program that enables development practitioners to share lessons learned in advisory services and investment and financial operations.

d. **Long-Term Performance Awards.** This program rewards individuals and teams for project financial and development impact results covering sustained performance over several years. Currently under review, some Long-Term Performance Awards (LTPA) program features will be incorporated into the IFC Scorecard/Annual Performance Awards program for the FY15 performance cycle.

27. Over the medium term, without losing focus on the overall goal of incentivizing behaviors and sustaining a performance culture, IFC will continue to review and streamline its various awards programs, possibly consolidating into fewer but more impactful programs.

28. A summary of the rewards and recognition awards programs for the WBG is provided in Table 1.

29. **Total Rewards Strategy.** Last year, as part of WBG HR reforms, Management began to explore a few key elements that relate to the total rewards discussion. Two areas of interest are the introduction of a broad-based variable pay program for IBRD staff and the feasibility of functional pay for Investment and Core Finance staff within the WBG. In FY15, due to reorganizations and accompanying changes on WBG systems and processes, Management decided not to proceed with the introduction of these new programs. Should it decide to conduct further exploratory work on these initiatives, Management will come back to the Board in FY16.

## Table 1: WBG Reward and Recognition Programs

### WBG

**RECOGNITION PROGRAM:**

**WBG Spot Awards.** Recognize and express appreciation for extraordinary efforts of short duration. Spot awards may be granted throughout the year. It allows recognition of both individual and team efforts.

**ANNUAL PERFORMANCE AWARD:**

**WBG Performance Awards for Integrated Units.** In line in deepening synergies across IBRD and IFC, recognize and reward individuals and teams of integrated units in ECR, ITS and HRD to better facilitate delivery of work program and serve WBG client needs.

### Bank / MIGA

**RECOGNITION PROGRAMS:**

- **GPSVP Awards (NEW).** Recognize and reward teams that, in delivering a project, initiative or program led by a GPSVP unit, have demonstrated collaboration, knowledge sharing and focus on results.
- **IBRD VPU Team Awards.** Recognize outstanding team achievements demonstrating development impact, results, innovation, client focus, responsiveness, and/ or leveraging partnerships.
- **MIGA EVP Team Awards.** Acknowledge outstanding teams that have contributed to institutional or operational results with responsiveness, innovation, client orientation and development impact.
- **MIGA Director's Awards.** Reward and acknowledge outstanding, innovative, beyond the call of duty, operational work across-boundaries, exemplary teamwork, departmental or institutional contributions.

**ANNUAL PERFORMANCE AWARD:**

- **IBRD Finance Performance Awards (REDESIGNED).** Recognize and reward individuals and teams for collective and collaborative delivery of overall Finance goals as linked to WBG priorities and objectives.

### IFC

**RECOGNITION PROGRAMS:**

- **Corporate Awards.** Monetary award granted by the Management Team to reward team projects and/or initiatives with **significant and lasting impact** for IFC and **its clients**.
- **Smart Lessons.** Recognize contributions for knowledge sharing, within IFC and the WBG.

**ANNUAL PERFORMANCE AWARD:**

Reward individual and team performance (includes a **Scorecard Award** component linked to corporate and departmental results)

**LONG-TERM PERFORMANCE AWARD:**

Reward teams and individuals for long-term development impact & financial results (New Business), & exceptional results in portfolio supervision (Portfolio).

| Total Awards Budget | Bank | MIGA | IFC |
|---|---|---|---|
| | $ 3.7 M | $ 0.228 M | $ 19.6 M<br>Top-Up of $8.5 M* |

* IFC will only have access to top-up funds if corporate-wide financial measures (including income and development impact-related metrics) are met.

NOTE: For FY15 performance cycle, LTPA program features will be incorporated into the IFC's Scorecard and Annual Performance Awards program.

# IV. Market Measurement Practices

30. **Market Data Measurement Practices**. The current Board-approved approach has relied heavily on market movement projections to adjust salary scales in indexation years. However, with a significant number of Country Office pay lines frozen due to misalignment from the market, evidence indicates that indexation has not yielded the desired accuracy in the interim cycles. For staff, it is difficult to understand that previous structural adjustments above the 75$^{th}$ percentile need to be followed by a correction via a salary structure freeze. This often leads to staff confusion and dissatisfaction. The effects of indexation have been further compounded by the impact of unstable and/or narrow comparator firm groups and the decentralized funding approach for sourcing market data, which create additional challenges in the data review process. Similarly, for Headquarters and Europe Satellite Offices, three years between market reviews (with two years of indexation in between) make it difficult to ensure alignment with sometimes significant developments in employer practices.

31. **Changes in Market Measurement Practices.** To conduct the FY17 review, the outputs of which will be reflected in the FY18 pay lines, Management proposes the more frequent collection and utilization of market data to measure compensation levels where the WBG has

staff. In order to ensure that pay lines remain aligned with the market year-to-year, Management proposes a two-fold approach:

a. **Headquarters and Satellite Office.** Measure compensation levels every other year, with FY17 salary review scheduled for indexation approach. Current practice is to conduct a full market survey every three years, with indexation for the two years in between.

b. **Country Offices.** Measure compensation levels every year, with FY18 pay lines reflecting the new recommended approach. Current practice is to conduct a full market survey every other year, with indexation for the year in between. The annual cost of conducting yearly surveys is estimated to be approximately $1.1 million reflecting efficiency gain from economy of scale in data purchasing. Follow-up efforts are needed regarding marginal additional funding requirements, as well as centralization of resources currently decentralized among Regions. Comprehensive reviews for Country Offices, especially those with volatile market movements, are also an important consideration for the application of Special Compensation Measures described below.

32. **Maintenance of Compensation Methodology.** Market data will continue to be sourced from leading HR consulting firms. Analysis and selection of all comparator groups will be managed centrally by HRD, targeting the broadest possible comparator base as available for each market.

## V. Special Compensation Measures

33. **Special Compensation Measures.** While the current approach to Special Measures is well prepared to manage salary scales and pay in countries where conditions are relatively calm and predictable, it is not well equipped to manage markets with extremely volatile conditions.

34. Guidance notes exist to explain the circumstances under which Special Measures can be applied, but the lack of comprehensive rules or formal policies are an impediment for Management to respond quickly and consistently when such situations arise. This lack of a comprehensive framework limits Management's ability to respond to such circumstances and creates confusion for staff on its exact application.

35. The WBG will continue to follow the Board-approved policy of following prevalent market practices in each labor market, but with the prerogative that in exceptional circumstances, as defined below, the WBG may temporarily deviate from market practice. It is very important to note that the purpose of Special Compensation Measures is not to insulate staff from the prevailing economic and social conditions in the country, and thus maintain staff purchasing power, but rather to support the organization to maintain an adequate work climate and minimize disruption of operations. Special Compensation Measures are designed to provide some level of stability to local compensation, while recognizing that these are temporary relief measures until salaries can be aligned again to the prevailing conditions in the local market.

36. **Proposed Approach.** The approach is intended to respond to the two macroeconomic conditions of (a) high inflation (CPI Inflation), and (b) sudden and severe depreciation of local currency (as this can be a precursor to high inflation. Any scenarios that are not covered within the confines of these established macroeconomic indicator thresholds for inflation and depreciation, such as wars and natural disasters, will be managed through an ad hoc, case-by-case basis. Table 2 shows the triggers for commencement and cessation, and assessment timelines for the two macroeconomic conditions. The triggers are meant to establish the

appropriate level of sensitivity and responsiveness, by striking a balance between full protection and unresponsiveness.

### Table 2: Special Compensation Measures Triggers and Timelines

| | CPI Inflation | Depreciation |
|---|---|---|
| **Commencement Trigger** | 20% (or higher) Year on Year | 50% (or higher) Year on Year against an economically relevant hard currency |
| **Assessment Timeline** | 3 out of 6 months | 3 out of 6 months |
| **Cessation Trigger** | 15% (or below) | 35% (or below) |
| **Assessment Timeline** | 3 consecutive months | 3 consecutive months |

37. HRDCB will regularly monitor CPI inflation and depreciation for all Country Offices according to the predetermined thresholds. When the indicator reaches or exceeds the defined threshold for two months, HRDCB will request an initial market response study, conducted by an external HR consulting firm. If the study identifies a prevalent market response, the WBG will adopt measures consistent with the identified market response. In the absence of a consistent or prevalent market response, after meeting the pre-established threshold for a third month, the WBG will apply special temporary measures. In summary, the following order of precedence will be observed:

- **a.** If there is a clearly-identifiable prevalent market response (the Market Special Compensation Measure), the WBG will follow suit.
- **b.** In the absence of a Market Special Compensation Measure, and if the situation involves Consumer Price Index (CPI) inflation reaching or exceeding the predetermined threshold, as described in Annex 5, then a lump sum payment will be triggered. (WBG Special Compensation Measure).
- **c.** In the absence of a Market Special Compensation Measure, and if the situation involves local currency depreciation that manifests itself in great magnitude and in a sudden manner (as defined by the predetermined thresholds), then a temporary hard currency indexation of the local salary will be initiated, as described in Annex 5 (WBG Special Compensation Measure).

38. Where a WBG Special Compensation Measure has been initiated, and commencement trigger thresholds continue to be met on the second month since its initiation, HRDCB will conduct a second market response study, with results expected at the end of the third month. In the event that a majority of firms are not responding to the situation, the WBG may implement an additional WBG Special Compensation Measure as shown in Table 3.

### Table 3: WBG Special Compensation Measures

| | CPI Inflation | Depreciation |
|---|---|---|
| **Response based on Initial Market Response Study (<u>with no market action</u>)** | Lump sum payment | Temporary Indexation to a relevant hard currency |
| **Response based on Second Market Response Study (<u>with no market action</u>)** | Off cycle adjustment | n/a |

39. **Exit from Special Compensation Measures.** All WBG Special Compensation Measures are temporary by definition, and are subject to cessation triggers. If the cessation trigger has not been met before the start of the annual compensation review period (April), assessment on termination of any Special Compensation Measure will be conducted as part of the annual review process. Country Office Management and staff will be provided with advance notification of any changes to the Special Measure currently in effect.

40. **Continued Engagement with Business Stakeholders.** To ensure that the framework evolves in a manner consistent with business needs, in the course of FY16, further consultation will be carried out and potential refinements to this new framework will be proposed.

## VI. Summary of Recommendations

41. Management requests that the Executive Directors approve the results of the rules-based Board approved methodology (described in Annex 1). For Washington, the results were arrived at using the comprehensive review methodology, whereas results for Country Offices reflect a combination of indexation and comprehensive reviews. This year's results continue the slowdown in the growth of salaries, in line with the objectives set by the new methodology introduced in 2011.

42. The Executive Directors are requested to approve the proposed structure adjustment of 2.7% for Washington-appointed staff and the country-by-country structure adjustments covering 133 WBG office locations (including Satellite Offices) as provided in Annex 3.

43. The remaining components of the total merit increase envelope (salary progression and supplemental merit increase) will be absorbed within the real budget envelope for IFC and MIGA and within the nominal budget envelope for the Bank. The Total Merit Increase (TMI) [4] envelope will be distributed based on performance and position in range.

44. Management also presents the FY16 non-salary programs and recommends allocating, from within its net administrative budget, the following:

- **a.** US$ 3.7 million for the WBG/IBRD rewards and recognition programs;
- **b.** US$ 0.228 million for the MIGA recognition programs; and
- **c.** US$ 19.6 million base budget and a top-up of US$ 8.5 million (top-up contingent on IFC's achievement of corporate-wide financial measures, including income and development impact-related metrics) for all of the IFC rewards and recognition programs.

45. The Executive Directors are requested to endorse the proposed amendment in Market Measurement Practices set forth in par. 31, subject to availability of funds to conduct the annual reviews for country offices starting in FY17 for the pay lines effective in FY18.

46. Management also requests the approval of the refined Special Compensation Measures framework, as described in par. 36-39, to be made effective as of FY16.

[4] TMI is the sum of three elements: Structure Adjustment, Salary Progression Adjustment, and Supplemental Merit Increase.

## Annex 1: Overview of WBG Compensation Methodology and Measurement of U.S. Market

**Overview**

47. The following provides an overview of the policies and procedures used under the World Bank Group compensation system to measure the U.S. comparator market, adjust the Bank Group salary structure in relation to the market, and align staff salaries with the revised salary structure.

48. **The system is rules-based.** The reviews are conducted within an established methodology for setting salary levels. This annex describes the methodology used including (a) the acquisition of market compensation data at comparator organizations, (b) the aggregation of the market compensation data to develop the gross market compensation values at each salary grade and (c) the calculation of the corresponding net-of-tax market values that make up the headquarters salary scale.

49. **The system is U.S. market comparator-based.** Based on the Board-approved compensation system, the Bank Group Washington-appointed staff salary structure is referenced to the U.S. market. The Bank Group's total compensation competitiveness facilitates its ability to attract and retain a high-quality, diverse staff in jobs subject to international recruitment. Under the WBG compensation system, this goal is accomplished by determining the Bank Group's salary structure with reference to the U.S. market. Historical analyses have shown that the U.S. market consistently has been competitive internationally. On this basis, the system calls for international competitiveness to be reviewed periodically.

50. **The Bank Group's compensation system utilizes salary data from three labor market sectors in setting the salary structure: the public sector, the private general industrial, and the private financial sectors.** In the public sector, market data are gathered from United States Civil Service, Federal Agencies and the Federal Reserve System. At grades GJ and GK, the midpoints for these grades are adjusted on the basis of inflation, rather than market survey data.

51. **The market positioning of the Bank Group's payline is key to attraction and retention.** The competitive positioning of the Bank Group has been set at the 75th percentile of the private and public sectors. The 75th percentile positioning, as reaffirmed by the Bank Group-wide Compensation System Review conducted with the support of AonHewitt (formerly Hewitt Associates) in 2006, continues to be important for the Bank Group in attracting and retaining staff with the required professional excellence and experience[5].

52. **The use of total cash compensation, which includes both base salary and annual variable pay, is consistent with market pay practices and the WBG compensation system objective of reflecting market pay practices.** The bonus and incentive payment components are an integral part of staff compensation in most private sector and many public sector organizations. The WBG uses base salary and annual variable pay components of the comparator markets to build the salary structures. Long term incentives, such as stock options or performance-based incentives that are based on multi-year results, are excluded although these continue to be an important component of compensation for professional jobs.

[5] 2006 Bank Group-Wide Compensation System Review – Stage 1 Report: Reconnaissance Findings, Competitive Analysis and High Level Design Recommendations (PC2007-0002), February 5, 2007.

**Job Matching and U.S. Market Data Sources**

53. **Job matching is an integral part of the compensation review process.** Job matching of benchmark jobs to counterpart jobs in the market is an important element in any compensation survey. Benchmark jobs are reviewed annually to ensure continued relevance and market coverage. Job matching reviews are conducted to reflect changes in the Bank Group jobs relative to jobs in comparator organizations. This job matching review process contributes to a better understanding of the counterpart jobs in the market.

54. **Multiple high quality data sources are used to ensure adequate coverage for Bank Group jobs.** The comparator organizations used in each data source are also reviewed and updated to best reflect the market that the WBG competes with for its Washington-appointed staff (see Table 4).

a. **U.S. Public Sector**. The $75^{th}$ percentile public sector data from the U.S. Civil Service Departments and Agencies and the U.S. Federal Reserve organizations are used.

b. **U.S. Civil Service Data.** The U.S. Civil Service compensation data are from various U.S. Civil Service Departments and Agencies that pay employees according to the US Office of Personnel Management (US OPM) General Schedule.

c. **U.S. Federal Reserve Data.** The compensation data from the Federal Reserve is drawn from the Federal Reserve Board and Federal Reserve Banks.

d. **U.S. Private Sector.** For the industrial sector, data from AonHewitt, Towers Watson and HRA NCA were used. For the financial services sector, data sources are McLagan and Towers Watson. For job families in the private sector, the 75th percentile market data is used.

55. **The compensation data are combined through a method using multiple stages of aggregation to obtain an overall market value for each Bank Group grade**. The following paragraphs describe the data aggregation process. The current data source weighting were approved by the Board as part of the compensation system, and broadly reflect the recruitment sources for new Bank Group staff. The market data weights between private and public sector are provided in Table 5.

## Table 4: Summary of Market Data Sources by Job Family at Grades GE – GI Compensation Data Aggregation

| | Administrative | | | | | | | Core Business & Technical | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Market Data Sources** | Accounting | External Affairs | General Services | Human Resources | Info Mgt Tech | Legal | Office Support | Economist | Finance | Investment | Operations | Tech Specialists |
| **U.S. Civil Service Departments and Agencies and U.S. Federal Reserve System** | X | X | X | X | X | X | X | X | X | | X | X |
| **McLagan** | X | X | X | X | X | X | | X | X | X | X | X |
| **Towers Watson** | X | X | X | X | X | X | X | X | X | X | X | X |
| **Aon Hewitt** | X | X | X | X | X | X | X | | X | | X | X |
| **HRA NCA** | X | X | X | X | X | | X | | | | X | X |

## Table 5: Public and Private Sector Weights[6]

| Grades | Private Sector* | Public Sector |
|---|---|---|
| **GA to GH** | 67% | 33% |
| **GI** | 50% | 50% |

* Within the private sector, private general/industrial sector and private financial sector are weighted equally.

### Compensation Data Aggregation for Grades GA to GD

56. At grades GA to GD, the data source weighting is one-third public sector and two-thirds private sector.

57. At grades GA to GC, there is insufficient number of jobs to support a separate analysis by job family. Therefore, the compensation market values at grades GA to GC are calculated at the average 75th percentile market values of the survey jobs at each grade.

58. At grade GD, the job family weighting for the 2015 review are reflected in Table 6.

[6] This reflects the February 8, 2011 changes approved by the Board where the GA to GD market data sector weights were aligned with GE to GH weights of 2/3 private sector and 1/3 public sector; (Review of Compensation Elements of the World Bank Group, The Proposed Approaches (R2011-0021, IDA/R2011-0022, IFC/R2011-0016, MIGA/R2011-0010), dated January 25, 2011.

## Table 6: 2015 GD Job Family Weighting

| Grade | Accounting | External Affairs | General Services | Human Resources | Info Mgt Tech | Legal | Office Support | Economist | Finance | Investment | Operations | Tech Specialists |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Administrative | | | | | | | Core Business & Technical | | | | |
| GD | 6% | 2% | 6% | 3% | 9% | 3% | 60% | 1% | 5% | 1% | 2% | 0% |

### Compensation Data Aggregation for Salary Grades GE to GH

59. For all the job families (excluding Finance, Investment and Economist), the sector weights are:

**a.** U.S. Public Sector: Within the 33% weight, the U.S. Civil Service data are further weighted 60% and the Federal Reserve data are weighted 40%.

**b.** U.S. Private Sector: Within the 67% weight, the data are weighted 50% for the industrial sector, which is from AonHewitt, Towers Watson and HRA NCA. The financial services sector data are also weighted 50%, and drawn from McLagan and TowersWatson databases.

60. The Finance job family uses private sector data from the AonHewitt, McLagan and TowersWatson. The Investment job family is drawn from the McLagan and TowersWatson databases.

61. The Economist job family uses both public and private sector data. Within the public sector, the U.S. Civil Service data are weighted 60% and the Federal Reserve data are weighted 40%.

62. **Job Family Weighting.** At grades GE to GH, compensation market values are weighted in two steps: first, they are calculated by job family; and second, the job family market values are then weighted by the actual Bank Group staffing percentages. Table 7 provides the actual Bank Group staff weighting by grade and job family.

## Table 7: Staff Weights by Job Family at Grades GE – GH

| Grade | Accounting | External Affairs | General Services | Human Resources | Info Mgt Tech | Legal | Office Support | Economist | Finance | Investment | Operations | Tech Specialists |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Administrative | | | | | | | Core Business & Technical | | | | |
| GE | 18% | 8% | 2% | 5% | 16% | 5% | 0% | 3% | 8% | 8% | 24% | 2% |
| GF | 8% | 6% | 2% | 2% | 17% | 2% | 0% | 13% | 10% | 5% | 16% | 17% |
| GG | 5% | 3% | 1% | 2% | 7% | 5% | 0% | 15% | 9% | 7% | 18% | 27% |
| GH | 4% | 2% | 1% | 2% | 3% | 5% | 0% | 12% | 12% | 17% | 24% | 18% |

63. The combination of the data source compensation levels, sector weights, job family aggregation, and the actual staff weighting by grade results in the composite gross market values for grades GE to GH.

### Compensation Data Aggregation for Grade GI

64. The data source weighting for grade GI is one-half public sector and one-half private sector, as in past years.

- **a.** U.S. Public sector: The U.S. Civil Service data are weighted 60% and the Federal Reserve data are weighted 40%.
- **b.** U.S. Private sector: The data are equally weighted by the financial and industrial sectors.

**Table 8: Staff Weights by Job Family at Grade GI**

| | Administrative | | | | | | | Core Business & Technical | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Grade** | Accounting | External Affairs | General Services | Human Resources | Info Mgt Tech | Legal | Office Support | Economist | Finance | Investment | Operation | Tech Specialists |
| **GI** | 4% | 2% | 1% | 2% | 3% | 3% | 0% | 14% | 12% | 12% | 34% | 14% |

65. The combination of the data source compensation levels, sector weights, job family aggregation, and the actual staff weighting by grade results in the composite gross market value for grade GI (Table 8).

### Compensation Data Calculation for Grades GJ and GK

66. At grades GJ to GK, the midpoints are increased by the year-to-year inflation rate in the Washington DC/Baltimore Metro area.

67. Once the market salary levels have been weighted and aggregated for each WBG grade, the existing salary structure is adjusted effective July 1 to align the midpoints with the market grade levels at each WBG grade. The approved principles are that: (a) the midpoints of the Bank Group pay line should be positioned to the market on a weighted average basis[7]; and (b) the midpoints should be positioned close to the market values on a grade-by-grade basis.

### Converting Gross Market Values to Net Values

68. **While labor market compensation data are collected and provided in gross terms, the resulting gross market value per grade are then netted down to restate them in terms comparable to the net-of-tax salaries of Bank Group staff.** The gross market values are netted down based on current tax tables provided by PriceWaterhouseCoopers (PwC). Grades GA to GD are netted down using a single taxpayer status. Grades GE and above are netted down assuming a status of married with two children. The dependency allowance for a married staff with two dependents is then subtracted from the market values at grades GE and above. The effect is to restate all market values in terms comparable to the Bank Group's net-of-tax salaries.

[7] This means that the weighted average margin by which the midpoints exceeds the market values of the various grades should be zero or very close to zero, when weighted by the number of staff per grade.

## Annex 2: July 1, 2015 Salary Structure for Washington-Appointed Staff

69. The proposed July 1, 2015 annual net salary structure for Washington-appointed staff is shown in Table 9 below.

70. Grades GA to GI salary ranges and midpoints are adjusted based on the structure adjustment of 2.7%.

71. For grades GJ and GK, the Board-approved methodology is to adjust the midpoints for these grades by the May-to-May Washington-Baltimore Consumer Price Index (CPI) movement.[8] On June 18, 2015, the United States Bureau of Labor Statistics reported that the May 2014 to May 2015 CPI movement was 0.4%. However, individual salary increases for GJ and GK staff are not adjusted by the CPI movement but rather are based on individual performance and position in the new range using the same merit increase matrix as for all other staff.

**Table 9: July 1, 2015 Washington/HQ Salary Structure**

| WBG Grade | Staff Count (#) | Minimum (US$) | Midpoint (US$) | Maximum (US$) | Salary Range Width* | Midpoint Progression** |
|---|---|---|---|---|---|---|
| **GA** | 1 | 25,700 | 36,700 | 47,700 | 86% | |
| **GB** | 40 | 31,400 | 44,900 | 58,400 | 86% | 22% |
| **GC** | 770 | 38,300 | 54,700 | 71,100 | 86% | 22% |
| **GD** | 620 | 45,400 | 64,800 | 84,200 | 85% | 18% |
| **GE** | 752 | 61,500 | 87,800 | 114,100 | 86% | 35% |
| **GF** | 1,693 | 81,200 | 116,000 | 150,800 | 86% | 32% |
| **GG** | 2,985 | 108,000 | 154,300 | 200,600 | 86% | 33% |
| **GH** | 1,725 | 147,500 | 210,700 | 273,900 | 86% | 37% |
| **GI** | 239 | 224,300 | 280,400 | 336,500 | 50% | 33% |
| **GJ** | 28 | 273,600 | 321,900 | 370,200 | 35% | 15% |
| **GK** | 9 | 304,200 | 357,900 | 411,600 | 35% | 11% |

*** The salary range width is the percentage by which the maximum exceeds the minimum.**

**** Midpoint progression is the percent difference in midpoints from one grade to the next.**

72. Table 10 shows the current (FY15) and proposed (FY16) Midpoints for Grades GA to GI of 2.7%.

[8] Historically, the salary structures of grades GJ and GK had been positioned between the market reference point of grade GI and the President's salary (by process of extrapolating upward from the market reference point of grade GI to the point below the President's salary). In line with Executive Board approval, the approach was changed from extrapolation to CPI-based approach in 2006 for GK and in 2008 for GJ. Per the 2006 Review of Staff Compensation for the World Bank Group, dated May 24, 2006, R2006-0085; and 2008 Review of Staff Compensation for the World Bank Group, dated May 15, 2008, R2008-0106, the shift to a CPI-based approach to adjusting the GJ and GK salary structures was made in order to address compression at the top grade levels of the salary scale.

### Table 10: Midpoints Year-on-Year Comparison – Washington/HQ

| WBG Grade | Staff Count (#) | FY15 Midpoints (US$) | FY16 Midpoints (US$) | Market Movement |
|---|---|---|---|---|
| **GA** | 1 | 34,100 | 36,700 | 7.6% |
| **GB** | 40 | 43,000 | 44,900 | 4.4% |
| **GC** | 770 | 53,100 | 54,700 | 3.0% |
| **GD** | 620 | 62,700 | 64,800 | 3.3% |
| **GE** | 752 | 84,200 | 87,800 | 4.3% |
| **GF** | 1,693 | 111,900 | 116,000 | 3.7% |
| **GG** | 2,985 | 151,000 | 154,300 | 2.2% |
| **GH** | 1,725 | 205,700 | 210,700 | 2.4% |
| **GI** | 239 | 276,000 | 280,400 | 1.6% |
| **Total** | 8,825 | | | |
| **Staff-Weighted Average** | | | | **2.7%** |

## Annex 3: FY15 Retrospective & FY16 Recommendations-WBG Offices Outside Washington

73. This section provides a summary of the structure adjustments and additional merit increases for locations outside of Washington in FY15 and FY16.

74. The FY15 and FY16 individual Country Office structure adjustments and additional merit increases are presented by WBG Office location in alphabetical order. The summary in Table 11 includes information for Satellite Offices (such as those in Western Europe, Japan and United States - New York City), all of which are based on market movements in the respective locations.

75. Inflation numbers are included as reference information to provide context for country office salary increases. WBG salary increases are not CPI-based but inflation is one of the many drivers of labor costs in the respective local markets. The inflation data presented in the following tables are largely taken from the International Monetary Fund (IMF) World Economic Outlook as of April 2015.

### Table 11: FY15-FY16 Structure Adjustments and Total Merit Increases by Location

| Country | Region | FY15 Structure | FY16 Structure | FY15 Additional Merit Increase | FY16 Additional Merit Increase | FY15 Total Merit Increase | FY16 Total Merit Increase | FY16 Inflation (Reference Only) |
|---|---|---|---|---|---|---|---|---|
| **Afghanistan** | SAR | 11.8% | 6.4% | 3.7% | 1.6% | 15.5% | 8.0% | 7.6% |
| **Albania** | ECA | 0.0% | 2.7% | 2.5% | 2.6% | 2.5% | 5.3% | 2.2% |
| **Algeria** | MNA | 0.0% | 0.0% | 2.1% | 2.0% | 2.1% | 2.0% | 2.9% |
| **Angola** | AFR | 3.1% | 7.3% | 2.5% | 1.4% | 5.6% | 8.7% | 7.9% |
| **Argentina** | LCR | 24.6% | 22.7% | 4.3% | 1.5% | 28.9% | 24.2% | 27.7% |
| **Armenia** | ECA | 7.6% | 0.0% | 4.4% | 3.7% | 12.0% | 3.7% | 5.4% |
| **Australia** | EAP | 0.0% | 3.0% | 2.3% | 2.3% | 2.3% | 5.3% | 2.5% |
| **Austria** | HQ | 3.2% | 0.4% | 3.7% | 3.3% | 6.9% | 3.7% | 1.0% |
| **Azerbaijan** | ECA | 7.6% | 9.7% | 4.7% | 1.5% | 12.3% | 11.2% | 12.6% |
| **Bangladesh** | SAR | 3.3% | 11.8% | 4.3% | 1.9% | 7.6% | 13.7% | 6.2% |
| **Belarus** | ECA | 4.2% | 0.0% | 0.8% | 3.7% | 5.0% | 3.7% | 16.2% |
| **Belgium** | HQ | 2.7% | 1.2% | 3.9% | 4.0% | 6.6% | 5.2% | -0.4% |
| **Benin** | AFR | 0.0% | 2.8% | 2.2% | 1.3% | 2.2% | 4.1% | -1.1% |
| **Bhutan** | SAR | 0.0% | 11.9% | 2.1% | 1.4% | 2.1% | 13.3% | 6.3% |
| **Bolivia** | LCR | 1.6% | 3.1% | 7.8% | 0.1% | 9.4% | 3.2% | 4.8% |
| **Bosnia-Herzegovina** | ECA | 0.0% | 1.2% | 2.1% | 1.0% | 2.1% | 2.2% | 0.2% |
| **Botswana** | AFR | 0.0% | 5.9% | 5.5% | 0.1% | 5.5% | 6.0% | 2.8% |
| **Brazil** | LCR | 5.6% | 13.4% | 3.6% | 2.9% | 9.2% | 16.3% | 8.1% |
| **Bulgaria** | ECA | 1.5% | 0.0% | 3.8% | 2.2% | 5.3% | 2.2% | 0.1% |
| **Burkina Faso** | AFR | 2.9% | 0.0% | 1.6% | 2.3% | 4.5% | 2.3% | 0.6% |

| Country | Region | FY15 Structure | FY16 Structure | FY15 Additional Merit Increase | FY16 Additional Merit Increase | FY15 Total Merit Increase | FY16 Total Merit Increase | FY16 Inflation (Reference Only) |
|---|---|---|---|---|---|---|---|---|
| Burundi | AFR | 0.0% | 0.0% | 2.1% | 2.5% | 2.1% | 2.5% | 1.2% |
| Cambodia | EAP | 0.9% | 8.4% | 1.2% | 0.9% | 2.1% | 9.3% | 3.9% |
| Cameroon | AFR | 7.9% | 0.0% | 2.4% | 2.5% | 10.3% | 2.5% | 2.6% |
| Central African Republic | AFR | 0.0% | 5.6% | 2.1% | 0.1% | 2.1% | 5.7% | 25.6% |
| Chad | AFR | 0.0% | 0.0% | 2.1% | 2.0% | 2.1% | 2.0% | 2.0% |
| China | EAP | 6.5% | 9.2% | 1.6% | 0.5% | 8.1% | 9.7% | 2.0% |
| Colombia | LCR | 5.0% | 4.4% | 2.5% | 2.2% | 7.5% | 6.6% | 4.2% |
| Congo | AFR | 0.0% | 0.0% | 2.1% | 2.0% | 2.1% | 2.0% | 1.5% |
| Cote d'Ivoire | AFR | 10.1% | 0.0% | 0.3% | 2.0% | 10.4% | 2.0% | 1.7% |
| Croatia | ECA | 0.0% | 3.0% | 3.7% | 0.7% | 3.7% | 3.7% | 0.1% |
| Democratic Republic of Congo | AFR | 4.3% | 0.0% | 0.1% | 2.2% | 4.4% | 2.2% | 3.4% |
| Djibouti | MNA | 8.4% | 5.8% | 23.8% | 9.8% | 32.2% | 15.6% | 2.9% |
| Dominican Republic | LCR | 3.8% | 3.4% | 3.7% | 0.3% | 7.5% | 3.7% | 3.0% |
| Ecuador | LCR | 4.3% | 0.0% | 4.5% | 4.8% | 8.8% | 4.8% | 4.3% |
| Egypt | MNA | 0.0% | 0.0% | 2.8% | 2.3% | 2.8% | 2.3% | 11.5% |
| El Salvador | LCR | 0.0% | 0.0% | 2.1% | 4.0% | 2.1% | 4.0% | -0.3% |
| Ethiopia | AFR | 0.0% | 2.5% | 2.3% | 1.4% | 2.3% | 3.9% | 8.5% |
| France - Marseille | HQ | 2.7% | 0.1% | 4.2% | 5.8% | 6.9% | 5.9% | -0.1% |
| France - Paris | HQ | 2.7% | 0.3% | 2.0% | 3.1% | 4.7% | 3.4% | -0.1% |
| FYR Macedonia | ECA | 0.0% | 1.8% | 3.7% | 2.2% | 3.7% | 4.0% | -0.4% |
| Gabon | AFR | 1.8% | 0.0% | 3.8% | 2.0% | 5.6% | 2.0% | 5.7% |
| Gambia | AFR | 0.0% | 5.3% | 2.1% | 0.1% | 2.1% | 5.4% | 7.0% |
| Georgia | ECA | 0.0% | 6.7% | 2.7% | 0.8% | 2.7% | 7.5% | 2.5% |
| Germany | HQ | 0.0% | 0.0% | 2.1% | 2.0% | 2.1% | 2.0% | 0.3% |
| Ghana | AFR | 13.8% | 8.5% | 0.7% | 2.5% | 14.5% | 11.0% | 16.6% |
| Guatemala | LCR | 11.9% | 1.1% | 1.9% | 1.0% | 13.8% | 2.1% | 2.4% |
| Guinea | AFR | 9.2% | 18.1% | 1.5% | 2.1% | 10.7% | 20.2% | 8.5% |
| Guinea-Bissau | AFR | 0.0% | 0.0% | 2.1% | 2.0% | 2.1% | 2.0% | -0.1% |
| Guyana | LCR | 0.0% | 0.0% | 2.1% | 2.0% | 2.1% | 2.0% | 1.2% |
| Haiti | LCR | 2.4% | 0.0% | 0.7% | 5.4% | 3.1% | 5.4% | 6.4% |
| Honduras | LCR | 1.5% | 8.3% | 0.6% | 8.5% | 2.1% | 16.8% | 3.8% |
| Hong Kong SAR, China | EAP | 6.0% | 7.0% | 5.4% | 0.4% | 11.4% | 7.4% | 4.5% |
| India - Chennai | SAR | 4.0% | 3.2% | 5.0% | 5.4% | 9.0% | 8.6% | 4.9% |

| Country | Region | FY15 Structure | FY16 Structure | FY15 Additional Merit Increase | FY16 Additional Merit Increase | FY15 Total Merit Increase | FY16 Total Merit Increase | FY16 Inflation (Reference Only) |
|---|---|---|---|---|---|---|---|---|
| India – New Delhi | SAR | 2.0% | 2.7% | 5.6% | 2.9% | 7.6% | 5.6% | 4.9% |
| Indonesia | EAP | 0.0% | 5.0% | 4.2% | 2.5% | 4.2% | 7.5% | 7.2% |
| Iraq | MNA | 7.9% | 12.9% | 0.1% | 2.7% | 8.0% | 15.6% | 0.2% |
| Italy | HQ | 0.0% | 0.0% | 2.1% | 2.0% | 2.1% | 2.0% | -0.1% |
| Jamaica | LCR | 7.1% | 0.0% | 0.1% | 2.9% | 7.2% | 2.9% | 4.0% |
| Japan | HQ | 0.0% | 0.0% | 2.4% | 4.2% | 2.4% | 4.2% | 2.6% |
| Jordan | MNA | 8.9% | 2.7% | 6.3% | 2.4% | 15.2% | 5.1% | -1.2% |
| Kazakhstan | ECA | 16.9% | 0.0% | 2.4% | 2.5% | 19.3% | 2.5% | 7.5% |
| Kenya | AFR | 0.0% | 6.1% | 4.0% | 3.6% | 4.0% | 9.7% | 7.1% |
| Kosovo | ECA | 0.0% | 1.0% | 3.3% | 3.9% | 3.3% | 4.9% | 1.5% |
| Kuwait | MNA | 6.9% | 2.5% | 0.1% | 3.9% | 7.0% | 6.4% | 3.3% |
| Kyrgyz Republic | ECA | 5.3% | 6.0% | 0.5% | 1.6% | 5.8% | 7.6% | 10.5% |
| Lao | EAP | 0.0% | 10.0% | 3.0% | 3.2% | 3.0% | 13.2% | 2.3% |
| Lebanon | MNA | 3.7% | 2.8% | 0.2% | 2.3% | 3.9% | 5.1% | -2.9% |
| Lesotho | AFR | 0.0% | 2.5% | 4.0% | 2.0% | 4.0% | 4.5% | 2.1% |
| Liberia | AFR | 0.0% | 6.5% | 3.6% | 2.4% | 3.6% | 8.9% | 8.6% |
| Libya | MNA | 5.9% | 0.0% | 0.1% | 2.0% | 6.0% | 2.0% | 7.1% |
| Madagascar | AFR | 9.8% | 0.0% | 0.1% | 3.2% | 9.9% | 3.2% | 7.9% |
| Malawi | AFR | 13.6% | 5.4% | 0.1% | 2.3% | 13.7% | 7.7% | 18.2% |
| Maldives | SAR | 4.7% | 1.9% | 0.1% | 0.1% | 4.8% | 2.0% | 0.4% |
| Mali | AFR | 0.0% | 1.9% | 5.2% | 1.0% | 5.2% | 2.9% | 0.9% |
| Mauritania | AFR | 5.6% | 7.6% | 0.6% | 2.1% | 6.2% | 9.7% | 5.3% |
| Mauritius | AFR | 10.1% | 0.0% | 0.1% | 2.0% | 10.2% | 2.0% | 2.2% |
| Mexico | LCR | 5.0% | 0.0% | 3.9% | 2.1% | 8.9% | 2.1% | 3.1% |
| Moldova | ECA | 0.0% | 8.9% | 2.7% | 1.3% | 2.7% | 10.2% | 7.1% |
| Mongolia | EAP | 0.0% | 10.7% | 3.5% | 0.2% | 3.5% | 10.9% | 13.1% |
| Montenegro | ECA | 0.0% | 2.8% | 6.1% | 0.1% | 6.1% | 2.9% | 2.0% |
| Morocco | MNA | 0.0% | 3.6% | 2.2% | 0.2% | 2.2% | 3.8% | 1.6% |
| Mozambique | AFR | 4.6% | 0.0% | 0.2% | 4.9% | 4.8% | 4.9% | 2.0% |
| Myanmar | EAP | 0.0% | 13.1% | 2.1% | 1.1% | 2.1% | 14.2% | 7.4% |
| Nepal | SAR | 11.6% | 6.8% | 2.6% | 1.5% | 14.2% | 8.3% | 7.0% |
| Nicaragua | LCR | 3.0% | 2.3% | 1.6% | 3.8% | 4.6% | 6.1% | 5.7% |
| Niger | AFR | 2.7% | 0.0% | 1.3% | 2.3% | 4.0% | 2.3% | 0.7% |
| Nigeria | AFR | 3.6% | 3.8% | 1.1% | 4.8% | 4.7% | 8.6% | 8.5% |
| Pakistan | SAR | 12.6% | 0.0% | 2.2% | 3.5% | 14.8% | 3.5% | 2.5% |
| Panama | LCR | 3.0% | 0.0% | 3.1% | 2.4% | 6.1% | 2.4% | 0.1% |

| Country | Region | FY15 Structure | FY16 Structure | FY15 Additional Merit Increase | FY16 Additional Merit Increase | FY15 Total Merit Increase | FY16 Total Merit Increase | FY16 Inflation (Reference Only) |
|---|---|---|---|---|---|---|---|---|
| **Papua New Guinea** | EAP | 0.8% | 7.1% | 1.5% | 4.5% | 2.3% | 11.6% | 5.3% |
| **Paraguay** | LCR | 4.1% | 3.2% | 4.9% | 11.6% | 9.0% | 14.8% | 2.0% |
| **Peru** | LCR | 4.5% | 0.0% | 2.2% | 2.0% | 6.7% | 2.0% | 3.0% |
| **Philippines** | EAP | 0.0% | 4.6% | 3.7% | 0.9% | 3.7% | 5.5% | 2.2% |
| **Poland** | ECA | 0.0% | 2.7% | 2.4% | 0.1% | 2.4% | 2.8% | -1.2% |
| **Romania** | ECA | 0.0% | 4.5% | 2.6% | 0.8% | 2.6% | 5.3% | 0.4% |
| **Russian Federation** | ECA | 5.0% | 0.0% | 1.3% | 2.4% | 6.3% | 2.4% | 16.7% |
| **Rwanda** | AFR | 2.8% | 0.0% | 1.3% | 2.3% | 4.1% | 2.3% | -1.4% |
| **Samoa** | EAP | 0.0% | 0.0% | 2.1% | 2.0% | 2.1% | 2.0% | -0.4% |
| **Saudi Arabia** | MNA | 5.9% | 0.3% | 5.3% | 1.7% | 11.2% | 2.0% | 2.0% |
| **Senegal** | AFR | 4.4% | 0.0% | 0.2% | 2.5% | 4.6% | 2.5% | -1.3% |
| **Serbia** | ECA | 0.0% | 1.4% | 2.1% | 0.6% | 2.1% | 2.0% | 1.5% |
| **Sierra Leone** | AFR | 12.8% | 7.0% | 3.0% | 5.9% | 15.8% | 12.9% | 7.6% |
| **Singapore** | EAP | 1.4% | 5.9% | 0.8% | 0.1% | 2.2% | 6.0% | -0.3% |
| **Solomon Islands** | EAP | 1.5% | 10.3% | 5.5% | 1.6% | 7.0% | 11.9% | 6.0% |
| **South Africa** | AFR | 10.0% | 0.0% | 1.3% | 2.2% | 11.3% | 2.2% | 4.0% |
| **South Korea** | EAP | 0.0% | 0.0% | 15.4% | 5.8% | 15.4% | 5.8% | 0.4% |
| **South Sudan** | AFR | 0.0% | 0.0% | 2.1% | 2.0% | 2.1% | 2.0% | 13.7% |
| **Sri Lanka** | SAR | 7.9% | 11.8% | 2.9% | 1.6% | 10.8% | 13.4% | 0.1% |
| **Sudan** | AFR | 29.8% | 0.0% | 6.1% | 11.9% | 35.9% | 11.9% | 23.2% |
| **Switzerland** | HQ | 2.3% | 1.9% | 10.4% | 3.1% | 12.7% | 5.0% | -0.9% |
| **Tajikistan** | ECA | 20.2% | 5.0% | 0.7% | 1.2% | 20.9% | 6.2% | 10.1% |
| **Tanzania** | AFR | 10.1% | 0.0% | 3.7% | 2.2% | 13.8% | 2.2% | 4.5% |
| **Thailand** | EAP | 0.0% | 4.0% | 2.9% | 2.4% | 2.9% | 6.4% | 1.9% |
| **Timor-Leste** | EAP | 3.3% | 0.2% | 2.8% | 1.8% | 6.1% | 2.0% | 0.4% |
| **Togo** | AFR | 5.3% | 0.0% | 0.1% | 4.9% | 5.4% | 4.9% | 1.4% |
| **Trinidad and Tobago** | LCR | 6.4% | 0.0% | 0.1% | 4.8% | 6.5% | 4.8% | 6.1% |
| **Tunisia** | MNA | 7.8% | 15.0% | 0.2% | 1.0% | 8.0% | 16.0% | 4.9% |
| **Turkey - Ankara** | ECA | 11.7% | 6.1% | 2.3% | 5.9% | 14.0% | 12.0% | 7.6% |
| **Turkey - Istanbul** | ECA | 7.0% | 9.5% | 4.7% | 2.5% | 11.7% | 12.0% | 7.6% |
| **Turkmenistan** | ECA | 0.0% | 5.6% | 11.4% | 8.2% | 11.4% | 13.8% | 16.1% |
| **Uganda** | AFR | 0.0% | 5.0% | 2.3% | 2.6% | 2.3% | 7.6% | 3.6% |
| **Ukraine** | ECA | 0.0% | 0.0% | 2.6% | 2.3% | 2.6% | 2.3% | 30.1% |
| **United Arab Emirates** | MNA | 0.0% | 3.3% | 4.7% | 4.2% | 4.7% | 7.5% | 4.3% |
| **United Kingdom** | HQ | 3.2% | 6.8% | 2.2% | 0.9% | 5.4% | 7.7% | -0.1% |

| Country | Region | FY15 Structure | FY16 Structure | FY15 Additional Merit Increase | FY16 Additional Merit Increase | FY15 Total Merit Increase | FY16 Total Merit Increase | FY16 Inflation (Reference Only) |
|---|---|---|---|---|---|---|---|---|
| United States – New York City | HQ | 2.3% | 2.7% | 1.7% | 1.9% | 4.0% | 4.6% | 1.6% |
| Uruguay | LCR | 4.9% | 2.9% | 0.4% | 3.5% | 5.3% | 6.4% | 8.2% |
| Uzbekistan | ECA | 0.0% | 1.4% | 2.4% | 0.6% | 2.4% | 2.0% | 10.0% |
| Vanuatu | EAP | 2.6% | 0.8% | 8.5% | 3.3% | 11.1% | 4.1% | 0.8% |
| Vietnam | EAP | 2.7% | 10.0% | 4.7% | 1.7% | 7.4% | 11.7% | 4.1% |
| West Bank and Gaza | MNA | 4.6% | 2.8% | 0.8% | 3.8% | 5.4% | 6.6% | 0.0% |
| Yemen | MNA | 0.0% | 4.4% | 3.2% | 3.1% | 3.2% | 7.5% | 9.5% |
| Zambia | AFR | 6.4% | 0.0% | 1.6% | 2.0% | 8.0% | 2.0% | 7.2% |
| Zimbabwe | AFR | 4.1% | 0.0% | 0.1% | 2.0% | 4.2% | 2.0% | -1.2% |

## Annex 4: Additional Compensation Elements: Calculation Methodology

### Salary Progression Adjustment Methodology

76. The SPA represents the difference between the weighted average salaries versus the aggregate midpoints. The table below shows the 5-year trend 2010-2014 (FY11-FY15) of the weighted average salary gap versus the aggregate Midpoints, which is the basis for the FY15 salary progression adjustment (SPA) for Washington-appointed staff.

77. Based on the Board-approved methodology, a five-year rolling average (determined based on confirmed staff with greater than one year time in grade) serves as input for the salary progression adjustments. The rolling average approach helps to address competitiveness gaps between WBG salaries and the market that may occur over time as a result of "payroll not being equal to pay line". In addition, the use of a five-year average on a rolling basis has a "smoothing" effect that will gradually address salary erosion against market.

78. The SPA (or a similar element) is common among IFIs to allow progression of staff salaries within their salary ranges and to help address salary erosion that reflects the ongoing changes in the staffing skills and mix. For FY16 (2015), the salary progression adjustment for Washington-appointed staff is 1.7%, based on the 5-year average aggregate salaries (of confirmed staff with more than one year of service in the same grade) relative to market reference points over the same period, as established by the Board-approved methodology.

79. Similar to the step increases in the public sector, the SPA provides for progression within the salary ranges, with the difference that the Bank Group's SPA is distributed solely based on performance.

**Table 12: Salary Progression Adjustment**

| Year | Salary Gap with the Midpoint (Full Actual) | Salary Gap with the Midpoint (Using staff with greater than one year time-in-grade) | Percentage Point Difference |
|---|---|---|---|
| **2010** | 1.9% | 0.7% | 1.2% |
| **2011** | 2.4% | 1.1% | 1.3% |
| **2012** | 3.3% | 1.8% | 1.5% |
| **2013** | 3.9% | 2.4% | 1.5% |
| **2014** | 4.0% | 2.7% | 1.3% |
| **5-year Average** | **3.1%** | **1.7%** | **1.4%** |

**Supplemental Merit Increase Methodology**

80. The Supplemental Merit Increase (SMI) envelope is determined using a rules-based measurable methodology (subject to this year's calculated maximum of 1.4% as per Board-approved methodology).

81. The SMI envelope is determined based on the salary gap of staff with performance rating of 4 or 5 relative to the market reference points of their grade salary range (performance rating refers to SRI or Salary Review Increase rating which is based on relative contribution against peers). This approach differs from the pre-FY12 methodology that measured the salary gap for all staff, regardless of performance. The SMI envelope is determined using ratings based on the previous year's performance and aggregate salaries of high performing staff.

82. For 2016, the supplemental merit increase pool for Washington-appointed staff is 0.2%. Each Country Office's supplemental merit increase pool is determined following a formula that is similar to Washington's SMI pool calculation. This is estimated at 16% (0.22% divided by 1.4%) of the respective Country Office salary gap with the aggregate midpoints. Annex 3 shows the country-by-country results, applying the SMI approach to each Country Office (as reflected in the Additional Merit Increase data).

83. The SMI will be put together with the structure adjustment to form one single merit pool, or Total Merit Increase, to be distributed to all eligible staff based on performance and position in salary range.

## Annex 5: Special Compensation Measures

### Table 13: Timeline of Special Compensation Measures

<table>
<tr><th></th><th>CPI Inflation</th><th>Depreciation</th></tr>
<tr><td>Commencement Trigger</td><td>20% (or higher) Year on Year</td><td>50% (or higher) Year on Year against an economically relevant hard currency</td></tr>
<tr><td>Assessment Timeline</td><td>3 out of 6 months</td><td>3 out of 6 months</td></tr>
<tr><td>Cessation Trigger</td><td>15% (or below)</td><td>35% (or below)</td></tr>
<tr><td>Assessment Timeline</td><td>3 consecutive months</td><td>3 consecutive months</td></tr>
<tr><td colspan="3">Special Measures Commencement</td></tr>
<tr><td>Tracking of Key Indicators</td><td colspan="2">HRDCB will track key indicators (CPI inflation, Depreciation) on a monthly basis worldwide.</td></tr>
<tr><td>First Market Review</td><td colspan="2">Following a 2nd month of the threshold being met, HRDCB will conduct an initial market response study in partnership with an external HR consulting firm (one month for completion). Internal stakeholders will be notified.</td></tr>
<tr><td>Commencement Trigger activated (third month of threshold met)</td><td colspan="2">HRDCB will review the first market response study:<br>1. In the event of a detected market response, the WBG will adopt the appropriate Market Special Compensation Measure.<br>2. In the event of no detected market response, a WBG Special Compensation Measure will be activated within one month from the commencement trigger.</td></tr>
<tr><td>First WBG Special Compensation Measure*</td><td>Lump-sum, non-pensionable payment</td><td>Temporary Indexation to Hard Currency</td></tr>
<tr><td rowspan="3">Second Market Review</td><td colspan="2">If a WBG Special Compensation Measure has been established, at the start of the 3rd month, HRDCB will conduct a second market response study in partnership with an external HR consulting firm, to assess how the market has responded, with results expected within one month.</td></tr>
<tr><td colspan="2">HRDCB will review the second market response study:<br>1. In the event of a detected market response, the WBG will adopt the appropriate Market Special Compensation Measure.<br>2. In the event of continued no market response, the following will apply:</td></tr>
<tr><td>In the event of no detected market response, and if the exit threshold for inflation has not been met, the WBG will adopt a WBG Special Compensation Measure for off-cycle reviews, unless it is within 3 months of an Annual Salary Review (April-June), in which case an additional lump sum may be considered.</td><td>In the event of no detected market response and tracked CPI movements do not result in the inflation commencement trigger, and the exit threshold for depreciation has not been met, the WBG will continue indexation for the full 6 months or until the Annual Salary Review, whichever comes first.</td></tr>
<tr><td colspan="3">Cessation Scenarios</td></tr>
<tr><td>Cessation Trigger Activated</td><td>In the event of the cessation trigger threshold conditions for inflation being met, the Special Compensation Measure will be discontinued.</td><td>In the event of cessation triggers threshold conditions for depreciation being met, and tracked CPI movements do not result in the inflation trigger, the WBG Special Compensation Measure will be discontinued at the end of the full 6 months or until the Annual Salary Review, whichever comes first. HRDCB will notify CO Management and Staff one month prior to the discontinuation of the WBG Special Measure.</td></tr>
</table>

| | CPI Inflation | Depreciation |
|---|---|---|
| Annual Review Commencement | If cessation triggers have not yet been met, but the annual review has commenced, HRDCB will review and make necessary adjustments to the CO pay line based on market intelligence gathered for the standard pay line review process. | |
| Change in Macroeconomic Indicator Trigger | n/a | In the event of no detected market response, and in the event of tracked CPI movements resulting in the inflation commencement trigger, any WBG Special Compensation Measure in place to address high depreciation will be discontinued. Instead, a WBG Special Compensation Measure off-cycle adjustment (based on local salary scale) will be introduced. |

*As per order of precedence, WBG inflation and hard currency indexation special measures are mutually exclusive (i.e., not concurrent).

84. **Definition of prevailing labor market practice.** A prevailing labor market practice refers to compensation measures employed by at least 50% of the surveyed employers in the country.

85. **Establishment of Lump Sum Payment.** Calculation of the lump sum payment, a non-pensionable amount will be calculated by HRDCB, based on the following formula:

- **a.** (Most Recent CPI Inflation) – (Previous Fiscal Year TMI) = Lump Sum Payment (rounded to the closest month)
- **b.** Example:
  - i. Most recent CPI Inflation = 30.0%
  - ii. FY15 Total Merit Increase = 22.2%
- **c.** Lump Sum Payment = 30.0% - 22.2%, or 7.8%
  - i. 1/12 = 8.33%, (i.e. the Lump Sum Payment is rounded to 1 month)

86. **Establishment of Off Cycle Salary Adjustment.** Off cycle salary adjustments are a prorated advancement of the salary structure adjustment for the upcoming fiscal year, based on salary increase forecasts provided by external HR consulting firms.

87. **Establishment of Exchange Rate to be used for Indexation.** HRDCB will use the Common Data Stores' (CDS) most current twelve month average exchange rate against an appropriate hard currency, based on the period closest to the formal decision by Management. This effective date must be the beginning of the month. Disbursement will always follow the country's currency laws, and will be based on the spot rate on the day of disbursement.

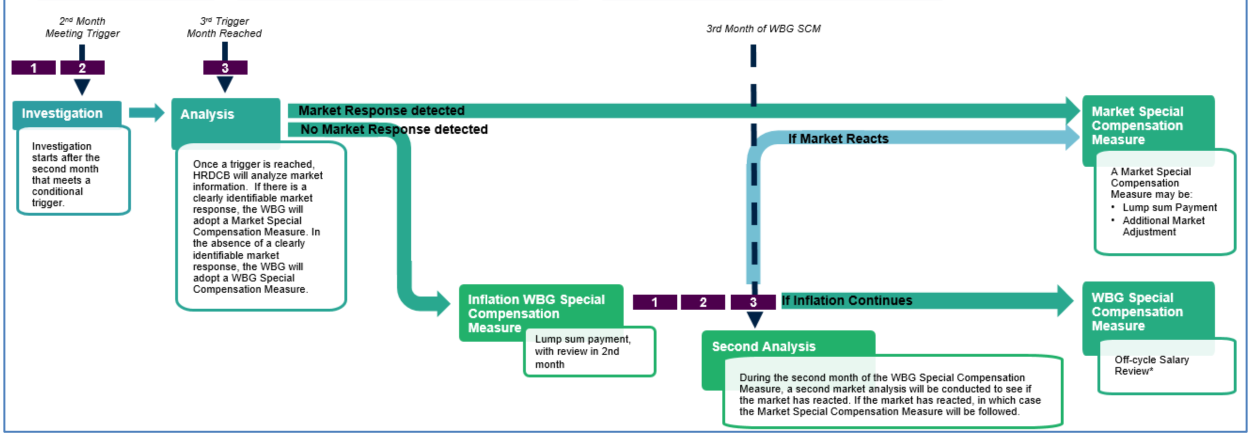
88. **Process** for **Governance and Application.** HRDCB will notify HR VP, Regional VPs/Directors, BPS, and other stakeholders of planned activation of Special Measures. Upon confirmation by the Regional VP for application, HRDCB will reference the procedure into the Policy and Procedure Framework (P&PF).

89. **Budget** Impact**.** Cost pressures, if any, arising out of the Special Compensation Measures, would be absorbed within the Bank's nominal budget envelope.

# Annex 6: Special Compensation Measures Process Flowchart

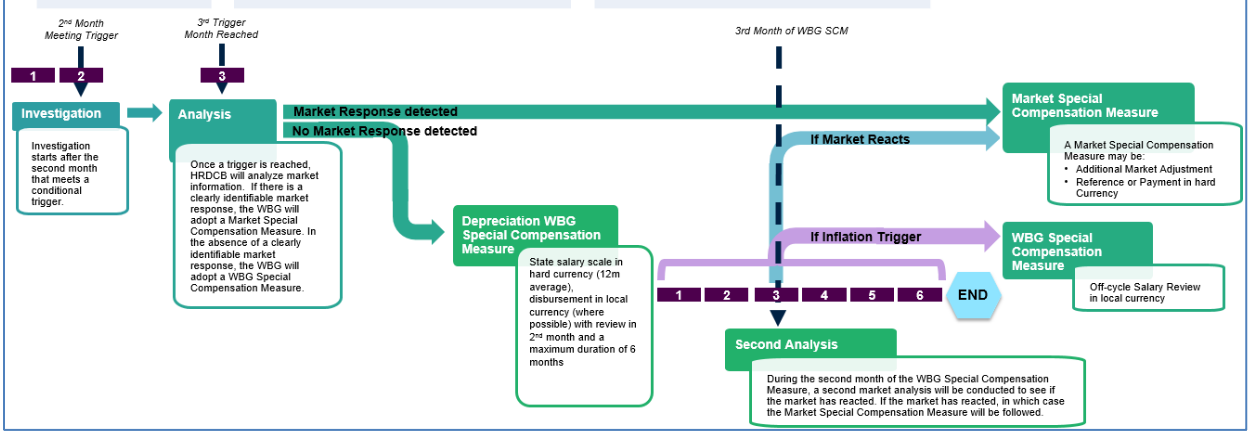
## Special Compensation Measures: High Inflation (CPI)

| | Commencement | Cessation |
|---|---|---|
| Trigger | 20% (or higher) Year on year | 15% (or below) Year on year |
| Assessment timeline | 3 out of 6 months | 3 consecutive months |




## Special Compensation Measures: High Depreciation of local currency

| | Commencement | Cessation |
|---|---|---|
| Trigger | 50% (or higher) Year on year (against economically relevant hard currency) | 35% (or below) Year on year |
| Assessment timeline | 3 out of 6 months | 3 consecutive months |




Note: The above flowchart does not reflect exit triggers. In the absence of a Market Response and when an exit trigger is met, the WBG Special Compensation Measure will be discontinued. Annual Salary Reviews will take precedence over WBG Special Compensation Measures.