

CGIAR Review of Total Compensation

Summary of Results for Phase 3 - Review of Total Structures for Nationally Recruited Staff

Background

The Executive Council of the CGIAR requested a Review of Total Compensation of Staff and Management of the CGIAR. Specifically the Executive Council of the CGIAR concluded at its May 16-17, 2003 meeting that:

- *“The Secretariat working with CBC, should prepare a paper of compensation structures and levels and mechanisms for ensuring transparency.*
- *Compensation data on the CGIAR should be compared with those from appropriate comparator organizations.*
- *The CGIAR data should be enriched with the expansion of the study to include compensation packages for locally recruited staff.*

Terms of reference were drafted in consultation with CBC and approved by Executive Council in January 2004. The review was divided into four Phases:

- Phase 1: Review of compensation structures and mechanisms for ensuring transparency of internationally recruited staff (IRS)
- Phase 2: Comparison of CGIAR compensation packages for IRS with the market
- Phase 3: Review of CGIAR compensation structures for nationally recruited staff (NRS)
- Phase 4: Integrated results report

A Steering Group (chaired by Philippe Vialatte, CGIAR Member; with Robert Kearney/Uwe Werblow, CBC; Kanayo Nwanze, CDC; and Francisco Reifschneider, CGIAR Director, as members) advises on the project. Sandra Lawrence is the professional anchor for the entire review, Hewitt Associates, an international management consulting firm, is responsible for the survey and analysis, and Gordon Whyte is a technical adviser.

Phase 1 results were presented to the Executive Council, in Montpellier in May 2004.

Phase 2 results were presented at its Berlin Meeting in May 2005.

The complete Phase 1 and Phase 2 reports on IRS, as well as the PowerPoint presentations at ExCo 6 and 8 were made available to Board Chairs and DGs, and placed on the CGIAR Members Only restricted access website on June 1, 2005.

Phase 3 survey results were presented to the Steering Group on September 8, 2004 and a brief summary of the results is provided in the following pages. A full report, which provides grade, salary and benefits information by center will be made available to Board Chairs and DGs, and placed on the CGIAR Members only restricted website.

Phase 4 -The Steering Group also discussed the integrated report and the recommendations to be put forth at the Business Meeting at AGM in Morocco.

Summary of Results for Phase 3 - Review of Total Structures for Nationally Recruited Staff

Overall Assessment

The Centers reported sound and well-communicated compensation policies that reflect the local market conditions. Some key findings are noted below.

Objective

The objective was to survey key aspects of the NRS total compensation policies.

The survey included collection of employment and location demographics, grade and salary structures, salary administration policies, benefits and employee costs for Nationally Recruited Staff (NRS) across the 15 centers. Information was also collected on the number and location of Regionally Recruited Staff (RRS).

NRS Demographics

The Centers reported approximately 6800 NRS, with 70% of those at the Centers' HQ and the rest out posted to their non-HQ locations. The number of non-HQ locations maintained by each Center varies from one to 21 with seven centers have non-HQ locations employing more than 20 NRS.

The types of jobs included in NRS employment category vary greatly by Center. Some Centers contract out basic services, such as janitorial, while others include these jobs in the NRS category. Some centers, such as IFPRI, IPGRI, and CIAT nationally recruit non-research jobs; including managerial positions while the rest of the Centers internationally recruit the senior financial/administrative positions.

The ratio of NRS to IRS at Centers varies greatly with ICRISAT, IRRI and IITA having the highest ratios, over 10:1, and IFPRI and IPGRI having the lowest.

Turnover rates for the centers range from a low of 2% at ICRISAT, CIMMYT, CIAT and ICARDA to a high of 25% at World Fish. The median turnover rate of 5%.

Grade and salary structures

All Centers have grading structures for Nationally Recruited Staff in which NRS jobs have been graded and assigned a specific grade level. The number of grade levels used by individual Centers to differentiate skill levels varies from 4 to 24 grades. In addition, some Centers have separate grading structures for different NRS occupational groups. The number of grades may vary due to local market conditions, types of jobs covered, or need to create promotional opportunities.

All Centers have salary structures attached to their NRS grading structures that provide NRS with the potential to receive, over time, higher pay within the same grade. The construction of NRS salary structures varies significantly among Centers, i.e., the % progression from minimum to maximum of the salary ranges and the % differentiation between grades differ depending on the number of grades used and the local market.

All of the Centers reported having established methodologies for reviewing and updating their salary structures for NRS at Headquarters. All review their structures on a regular basis by conducting their own surveys, participating in other surveys, and supplementing with published survey. All of the centers use a combination of types of institutions as comparators, such as government, privates sector, no to for profits and universities. The Centers indicated they are satisfied with the comparators for the finance and admin job but eight indicated are only partially satisfied with the comparison for research jobs.

The major determinants of the individual's salary increase are merit and cost of living. Merit is given the maximum weight in all of the centers.

The centers seem to have well established policies for communicating general compensation information through employee handbooks, center wide communication and 13 of the 15 through intranet. All of the centers provide individual letters to staff with their increase amount.

Setting salaries for non HQ locations

While there are well established policies for setting salaries for HQ, there is wider variation for locations outside of HQ. If there is a CG center in the locations, 10 centers follow that center's polices, while the other four determine them independently. If there is no center headquartered at the location, five work together to determine policies while the others use local surveys or other comparisons.

Benefits

All of the Centers follow the local practices and meet the legal requirements of the country. Centers like IPGRI are exempt from national legislation, but care has been taken to provide at least the same benefits as the national law.

Medical benefits: All of the centers provide medical coverage for the staff, spouse and children. Ten Centers provide additional benefits that are over and above the legally required benefits. Ten Centers require employee contributions from NRS that differs from the policy for IRS who are not required to make contributions for medical coverage.

Retirement Benefits: Majority of the centers provide a combination of Superannuation, Gratuity, Social Security & Private Retirement Schemes with nine out of the 15 centers providing benefits in addition to those that are legally required. Seven of the Centers require Employee contributions. This differs for the IRS who are not required to make contributions to the Retirement Plan.

Employee Costs

The average annual total compensation cost per NRS staff is approximately USD 17,000, however there is wide variation in costs (from USD 6,000 at IRRRI to USD 56,000 at IFPRI.). The wide spread reflects the local market conditions as well as the range of jobs covered in this category. Base Salary is the largest cost component, averaging of 73% of total costs.

Regionally recruited (RRS)

RRS were defined for the Survey as staff who had compensation and/or benefits greater than NRS but less than IRS. RRS staff may include positions that require regional expertise but do not necessarily international expertise, or nationals of the HQ country, posted to another country where his/her salary and benefits are more than the NRS at post but below IRS levels.

Eleven of the Centers employing some 230 RRS, with approximately 55% employed at the Centers HQ. The majority of Centers have less than ten RRS employed, but survey responses indicate that most Centers plan, in future, to hire additional staff in this employment category.

Recommendations

Based on the review, the Steering Group noted that the Centers seem to have developed sound compensation policies that reflect the local market conditions, especially in all of the Headquarters locations. They made the following recommendations to Center managements for consideration:

- To establish guidelines for determining which positions are internationally recruited, nationally recruited and regionally recruited.
- To develop guidelines for RRS hiring and compensation, as this category seems less well defined than the IRS and NRS
- Insure NRS grading structures are constructed to facilitate efficient salary administration and control of long-term salary costs.
- Set up inter-Center coordination of salary setting in non-HQ countries.
- Develop specific policies (medical insurance, disability, sick leave) on how to deal with serious medical issues such as HIV/AIDS, bird flu, and catastrophic illness. The policies should be appropriate to local conditions and applicable to all staff.