

**FOR
AGENDA**

EBAP/08/18
Correction 1

CONFIDENTIAL

April 1, 2008

To: Members of the Executive Board
From: The Acting Secretary
Subject: **Staff Compensation—2008 Review**

The attached corrections to EBAP/08/18 (3/18/08) have been provided by the staff:

Factual Errors Not Affecting the Presentation of Staff's Analysis or Views

Page 11, Table 4: table revised.

Questions may be referred to Ms. Brookbank (ext. 36764) and Mr. Vicini (ext. 34474) in HRD.

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Department Heads

actual salaries and the salary midpoints are those projected (salaries) or in place (midpoints) before the structure is adjusted on May 1. In contrast to previous years, the May 1 promotion submissions will be delayed due to the restructuring process¹³ and therefore the comparatio includes the estimated impact of the May 1, 2008 promotions based on the May 1, 2007 promotion experience. The indicated comparatio is 98.5 percent for Grades A1–B5, as shown in Table 4.

Table 4. Projected Comparatio as of April 30, 2008 1/

Grades	Number of Staff 2/	Total Payroll as of January 30, 2008	Total Midpoints 2007 Fund Payline	Comparatio
				Estimated With Promotions
A1–A8	641	39,056,670	39,171,000	99.4
A9–B5	1,973	274,318,080	277,574,490	98.4
A1–B5	2,614	313,374,750	316,745,490	98.5

1/ "Total Payroll" as of January 30, 2008, and "Total Midpoints" of the 2007 Fund payline do not include the May 1, 2008 promotions, and the comparatio has been projected to include the impact of promotions with an estimated impact of promotion of 0.4 percent for Grades A9–B5, and Grades A1–B5, and 0.3 percent for Grade A1–A8, based on May 1, 2007 experience.

2/ Includes Leave Without Pay, Sabbaticals, and Short-Term External Assignments. Excludes OED and SBF.

23. **The comparatio is projected to decline in FY 2008.** As shown in Table 5, the comparatio for Grades A1–B5 is projected to fall from 99.8 to 98.5 over the course of the financial year. The comparatio was slightly lower than 100 on May 1, 2007 due to erosion of the comparatio from March 15 to April 30, 2007.¹⁴ This indicates a decline in the comparatio of 1.3 percentage points, calling for a comparatio adjustment of 1.5 percent to restore the comparatio to 100. Over the past 15 years, the comparatio adjustment has averaged 1.8 percent a year.

¹³ Given the importance of career development opportunities for the staff who remain in the Fund, a promotion exercise will be undertaken with promotion effective from May 2008, however, the normal May promotion exercise cannot be undertaken during the downsizing, and a delay until the end of the mandatory separation period would cause the process to overlap with the November 2008 promotion cycle. Therefore, there will only be one promotion round in 2008, in November. The promotions of staff who would otherwise have been promoted on May 1, 2008 will be retroactive to that date.

¹⁴ The comparatio adjustment for FY08 was based on March 15, 2007 data with preliminary May 1, 2007 promotions.

Table 5. Preliminary Projected Decline in the Comparatio During FY 2008
(in percent)

	Comparatio 5/1/2007	Contributing Factors 1/			Comparatio 4/30/2008
		Appointment	Separation	Promotion 2/	
A1–A8	100.4	-0.3	0.1	-0.6	99.4
A9–B5	99.7	-0.2	-0.1	-0.9	98.4
A1–B5	99.8	-0.2	-0.1	-0.9	98.5

1/ The sum of the contributing factors does not add up to the difference between the 5/1/2007 and 4/30/2008 comparatio due to rounding and because the impact of Career Opportunities promotions are not included in the “Promotion” column.

2/The comparatio includes estimated impact of May 1, 2008 promotions equal to 0.4 percent for Grades A9–B5 and Grades A1–B5 and 0.3 percent for Grades A1–A8, based on May 1, 2007 promotion experience.

24. Normal staff turnover contributes modestly to the decline in the comparatio.

Appointments of new staff and separations of existing staff tend to lower the comparatio, because new staff normally have salaries below the salary range midpoints, while staff separating are more likely to have salaries closer to, or above, the midpoints.

25. Promotions had a larger impact on the comparatio. This mainly reflects the fact that promotion increases awarded at the Fund are modest, generally in the range of 2–5 percent. These modest promotion increases affect the comparatio by lowering average salaries in the grades into which staff enter and exit. The “savings” from promotion increases throughout the year are translated into a larger comparatio adjustment at the end of the year, which is distributed to all staff through performance-based merit increases.¹⁵

26. The comparatio figures do not include the staff currently on SBF and do not reflect the impact that the restructuring will have on the level of the comparatio. The impact of restructuring on the comparatio will be clearly analyzed and presented in the FY2009 compensation paper.

27. Changes in average salary have been monitored closely. Staffing developments during 2008, as illustrated in Table 6, shows a slight decrease in the grade and salary average, factors that confirm a decline in the comparatio.

¹⁵ The balance between merit and promotion increases varies across organizations. Promotion increases in the Fund are smaller than typically provided in the U.S. private sector. If the Fund were to move toward larger promotion increases, the amount available for merit would be similarly reduced within an unchanged budget.