Global Green Growth Institute
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Fourteenth Session of the Council (Joint Session)
October 11-22, 2021 | E-Consultations
October 28, 2021 | Hybrid Meeting
Hybrid Meeting Agenda #8

Briefing Document on the Outcome of GGGI's Total Remuneration Benchmarking Exercise 2021 for International and HQ Based National Staff

PURPOSE/ACTION REQUIRED

Members of the Assembly and the Council will be invited to:

☒ Provide advice and inputs concerning the four Management recommendations	☐ Other

CONTEXT/BACKGROUND

Following an open procurement exercise, Birches Group, a consulting practice with significant expertise in global grading and remuneration for International Organizations, was selected to provide support on conducting a total remuneration benchmarking exercise for GGGI. The exercise covered the benchmarking for International positions (excluding the Director-General) and National positions in the Headquarters (HQ).

SUMMARY

Birches Group concluded that GGGI is on average 7.5% behind the market when comparing the GGGI salary scale minima and maxima against the market minima and maxima levels of both the international positions and HQ national positions. Among the number of recommendations provided by the Birches Group, Management recommends to adopt the following:

1. Salary scale: The implementation of Option 2 of the two salary scale recommendations, that is to increase the salary scale minima and maxima by 7.5% on average, as recommended by the Total Renumeration Survey, but to retain current staff salaries, with the exception of those staff who have salaries below the minimum. The cost of this Option 2 is a more modest USD 49,803 per annum.
2. Medical insurance: Management recommends to adopt the increase of employer contribution to medical insurance from the current 60% of premiums, to 75%, in line with comparator organizations. The estimated cost of this measure is USD 127,000 per annum.
3. Pension contribution: Management recommends to adopt the increase of employer contributions to the pension scheme from the current 13% of salary to 15%, in line with comparator organizations. The estimated cost of this measure is USD 362,000 per annum.
4. Maximum number of dependent children for education allowance: Management recommends to reduce the maximum number of dependent children that can qualify for an education allowance from the current 4 to 3, in line with comparator organizations. There is no cost to this measure. As current staff will be grandfathered for the duration of their current contracts, the cost savings will accrue in future years.

Briefing Document on the Outcome of GGGI's Total Remuneration Benchmarking Exercise 2021 for International and HQ Based National Staff

Background

1. Following an open procurement exercise, Birches Group, a consulting practice with significant expertise in global grading and remuneration for International Organizations, was selected to provide support on conducting a total remuneration benchmarking exercise for GGGI. The exercise covered the benchmarking for International positions (excluding the Director-General) and National positions in Headquarters (HQ). Birches Group was the previous expert provider for the last comprehensive pay and grading exercise conducted in 2016/17.

2. The benchmarking exercise included a review of the comparable international organizations to be benchmarked against for both international and HQ national positions. Nine organizations were selected for the international positions and twelve for HQ national positions, which provided an appropriate range of organizations. The selected organization are listed on pages 8 and 16 of the Birches report contained in theAnnex.

3. The exercise was undertaken in four parts: a) market comparison of salaries and (international staff) benefits, b) designing a new total compensation structure for international positions and new salary scale for HQ national positions, c) comparing current incumbent salaries against the new salary scales and d) financial implications of implementing the salary scales, including transition options. The exercise was conducted from June to September 2021.

4. For clarity, total remuneration of international positions refers to base salaries, cash allowances and benefits. Cash allowances included bonuses and other fixed cash allowances.

5. The exercise enabled Birches Group to determine whether GGGI's compensation is ahead or behind the market and alignment of its benefits with the comparator organizations.

6. Full details of the Birches Group report's methodology, findings and recommendations are available in the Annex.

The Findings

7. Birches Group concluded that GGGI is on average 7.5% behind the market when comparing the GGGI salary scale minima and maxima against the market minima and maxima levels of both the international positions and HQ national positions.

Birches Recommendations

8. Birches recommends to increase the salary scales of each grade by an average of 7.5% for both the International positions and HQ National Positions. However, please note that the % increase in each grade's salary scale may be lower or higher depending on the results of the survey. The Proposed New Salary Scales for both staff categories are set out in. Tables 1 and 2 below.

Table 1: International Positions

New IRS Base Salary Scale

Grade	New Min	New Mid	New Max
DDG	213,612	250,992	288,372
ADG	185,748	222,900	260,052
X13	168,252	201,900	235,548
X12	140,208	171,756	203,304
X11	112,176	137,412	162,648
X10	93,480	114,516	135,552
X9	77,904	95,430	112,956
X8	64,920	79,524	94,128

Table 2: HQ National Positions

New Base Salary Scale

The table below presents the new base salary scale (in USD):

Grade	New Min	New Mid	New Max
X11	106,680	128,016	149,352
X10	92,760	111,312	129,864
X9	80,664	96,798	112,932
X8	70,140	84,168	98,196
X7	58,452	71,604	84,756
X6	48,312	61,596	74,880
X5	42,012	51,462	60,912
X4	38,196	45,834	53,472
X3	34,728	41,676	48,624
X2	31,572	37,884	44,196
X1	28,704	34,446	40,188

Options for and Cost Implications of Implementing the Proposed New Base Salary Scale

9. Birches presented two options for implementing the new salary scales if approved by the Council.

Option 1:

10. Implementation of the new scales and maintaining incumbents in position. To not further lag the market, Birches recommended that the proposed new salary scales are implemented, and incumbents pay positions are 'sustained' within the relevant grade salary range. This means that GGGI is to recognize the current placement of individuals within the current salary scales and move them to the same quartiles of the proposed new salary scale. Implementing this would cost a total of USD 1,391,157 per annum from 2022. In recognition that organizations will have to consider the affordability of any significant changes to the salary structure, Birches suggested that Management could consider phasing in the new salary scales. An example they provided was that GGGI could phase in the proposed salary scales over a 3-year period by implementing an immediate 50% adjustment of the proposed salary scales and a further 25% in year 2 and the final 25% in year 3. See Tables 3 and 4 for the cost breakdown of International and HQ National positions for a full implementation of Birches' proposals.

Table 3 – International Positions

Grade	Cost to Sustain Position in Range	
	Base Salary	Base + Bonus and Expat Allowance
DDG	33,157	41,446
ADG	30,185	37,732
X13	71,311	85,573
X12	112,507	135,009
X11	186,917	224,300
X10	232,754	279,305
X9	262,601	315,121
X8	69,681	83,617
TOTAL (USD)	**999,114**	**1,202,104**

Table 4 – HQ National Positions

Grade	Cost to Sustain Position in Range
X11	-
X10	-
X9	17,522
X8	85,704
X7	60,341
X6	19,353
X5	6,133
X4	-
X3	-
X2	-
X1	-
TOTAL (USD)	**189,053**

Option 2:

11. Implementation of the new scales and aligning incumbents to the new scales minima. Birches indicated that this would mean adjusting the salaries of any staff who is currently under the proposed new minima to bring them up to the new minima. No other staff would receive any salary adjustments. Implementing this would cost USD 49,803. See Tables 5 and 6 for the cost breakdown of International and HQ National positions under this option.

Table 5 – International Positions

Grade	Cost to Align Salaries to New Minima	
	Base Salary	Base + Bonus and Expat Allowance
DDG	-	-
ADG	-	-
X13	-	-
X12	6,228	7,474
X11	9,876	11,852
X10	5,667	6,800
X9	-	-
X8	10,905	13,086
TOTAL (USD)	**32,676**	**39,211**

Table 6 – HQ National Positions

Grade	Cost to Align Salaries to New Minima
X11	-
X10	-
X9	-
X8	9,705
X7	887
X6	-
X5	-
X4	-
X3	-
X2	-
X1	-
TOTAL (USD)	10,592

Recommendations on Benefit Provisions

12. Birches overall found that GGGI compared favorably with its market comparators. They however recommended alignment to the market on the following benefits:
    a. Increase Employer Supplementary Medical Insurance Premium Contribution from 60% to 75%
    b. Increase Employer Pension Contributions from 13% to 15%
    c. Decrease the maximum number of dependent children for the purpose of education benefits from 4 to 3.

Management's Feedback on the Report

13. Management recognizes that the exercise was timely given that it has been more than four years since the last comprehensive reward benchmarking exercise was conducted. Management accepted the findings and gave them full consideration in terms of the ability of GGGI to be seen as a competitive employer in the market, to retain the talent within the organization and from an employee engagement perspective.

14. Management does not recommend to the Council the implementation of the salary competitiveness findings under Option 1 given the prohibitive cost of USD 1.39M per annum, which is equivalent to an average 7.5% salary increase for all staff, on top of annual increments. The key considerations are affordability, as this amount has not been budgeted for and being cognizant of and sensitive to the economic climate that GGGI funders find themselves in. Management has also considered the data on employment offer rejection rate and believes that this has not been considerable to the extent of GGGI suffering the loss of key talent.

15. RECOMMENDATION 1: Instead, Management recommends implementation of Option 2 of the salary scale recommendations, that is to increase the salary scale minima and maxima by 7.5% on average, as recommended by the Total Renumeration Survey, but to retain current staff salaries, with the exception of those staff who have salaries below the minimum. The cost of this Option 2 are a more modest USD 49,803 per annum.

16. Concerning the additional recommendations following from the Total Remuneration Survey, Management recommendations are as follows:

    a. RECOMMENDATION 2: Medical insurance: Management recommends to adopt the increase of employer contribution to medical insurance from the current 60% of premiums, to 75%, in line with comparator organizations. The estimated cost of this measure is USD 127,000 per annum.

b. RECOMMENDATION 3: Pension contribution: Management recommends to adopt the increase of employer contributions to the pension scheme from the current 13% of salary to 15%, in line with comparator organizations. The estimated cost of this measure is USD 362,000 per annum.

c. RECOMMENDATION 4: Maximum number of dependent children for education allowance: Management recommends to reduce the maximum number of dependent children that can qualify for an education allowance from the current 4 to 3, in line with comparator organizations. There is no cost to this measure. As current staff will be grandfathered for the duration of their current contracts, the cost savings will accrue in future years.

17. Given the importance placed on this exercise and its implications, Management seeks Council's preliminary advice and input concerning the four Management recommendations. Management will also seek the input from the Staff Council. Subsequent to the Council and Assembly meeting on October 28, and based on the feedback received, Management will prepare a draft Decision concerning relevant changes to the Staff Regulations for Council which will first be submitted for comments, and subsequently for approval.

18. Management would also like to raise for Council's attention that there will be a separate exercise on the salary scales for non-HQ national positions to align with the most recent UN country offices salary scales as made available by the International Civil Service Commission (ICSC). In addition, for a number of GGGI's country offices which have experience significant market changes on remuneration, Management will consider a more comprehensive salary benchmarking exercise to ensure that our salary offer remains competitive in the local market.

/End

Annex: Birches Project Report: Total Reward Benchmarking October 8, 2021.

Final 2021-10-15

Project Report:

Total Remuneration Benchmarking

Prepared for:

Global Green Growth Institute

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EXECUTIVE SUMMARY

This report seeks to provide information on benchmarking Global Green Growth Institute's (GGGI) compensation and benefits for its Internationally Recruited Staff (IRS) and Locally Recruited Staff (LRS) at headquarters (HQ). The analyses in this report will determine whether GGGI's compensation is ahead or behind the market, and whether GGGI benefits are aligned to market practice.

A grade level alignment with GGGI grades and Birches Group Community™ levels has already been established. With this alignment in place, it is possible to measure GGGI's compensation structure against the market. Following the same methodology used in the 2017 Total Remuneration Benchmarking study, an update was conducted using a total compensation mean/average analysis. Separate analyses were conducted for IRS and LRS (HQ) as they represent different markets of recruitment.

A. Internationally Recruited Staff (IRS)
The 9 comparators selected to form the market sample for benchmarking include multi-lateral international organizations who act as a source of funding for international development projects, while others are involved in environmental activities and policy research like GGGI. Comparing current GGGI minima and maxima against the market minima and maxima levels, it is found that GGGI lags the market by 7.5% on average.

B. Locally Recruited Staff (LRS) at HQ
There are 12 comparators used as benchmarks which include also multi-lateral international organizations, international financial institutions, bilateral diplomatic and technical cooperation agencies, as well international non-governmental organizations (INGOs). Similarly, comparing current GGGI minima and maxima against the market minima and maxima levels, it is found that GGGI also lags the market by 7.5% on average.

Salary scales were developed for both staff categories to align to GGGI's target market position. Now that the new salary scales are developed, the next step is to integrate incumbents into the new salary scale. There are two options in implementing the new salary scale ranges.

Option 1: Sustain Position in Range where staff will sustain relative position in ranges as the salary ranges are adjusted (e.g. if staff falls at the 1st quartile of the current scale, he/she will continue to be at the 1st quartile of the new scale).

Option 2: Aligning to New Min would require staff that are below the new salary scale minima to at least be brought up to these new minima.

The total cost for implementing the new salary scale for each staff category would be as follows:

Staff Category	Option 1 Cost to Sustain Position in Range		Option 2 Cost to Align to Min	
	Base Salary	Total Comp	Base Salary	Total Comp
IRS	999,114	1,202,104	32,676	39,211
LRS (HQ)	189,053	189,053	10,592	10,592
Total Cost (USD)	**1,188,167**	**1,391,157**	**43,268**	**49,803**

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Adjusting the salary scale and individual compensation according to these recommendations results in an adjustment to the salary budget. This may represent a significant unanticipated cost, as such GGGI may consider gradually transitioning to its desired market position over the course of 2-3 years – that is parity at the mean/average of IRS and LRS (HQ). A transition measure that could be considered is committing to a portion of the adjustment to be made immediately (e.g. 50% of the adjustment) and phase in the remainder of the adjustment – compounded by annual market movement – over 2-3 years.

Examination of cost of living differences in field locations where GGGI staff serve, using United Nations data, has found that in only four locations (Papua New Guinea, Philippines, Qatar, and UAE) are costs found to be higher and in only three locations (excluding Philippines) is this difference in excess of five percent. GGGI should continue the provision of cost of living allowances in locations where relative cost of living is greater than Seoul by 5% or more.

Examination of hardship classifications for GGGI countries, using the International Civil Service Commission (ICSC) or the United Nations data, finds that 14 locations are classified at the B level while two locations (Burkina Faso and Kiribati) are classified at the C level and only one location, Papua New Guinea, is classified at the D level. Payment of hardship allowance in locations classified as B or higher will continue to be based as a percentage of staff member's base salary.

From the total compensation analyses and salary scale design recommendations, GGGI benefit practice for IRS and LRS (HQ) were compared against the respective target comparators. It was observed that GGGI is generally consistent with market practice in most benefits across IRS and LRS (HQ). GGGI may consider some adjustments to its benefit provisions to conform to market practice specifically on:

- *Education* – coverage to limit the number of children to 3.
- *Medical Insurance* – increase GGGI's contribution to insurance premium from 60% to 75%.
- *Pension* – increase GGGI's contribution from 13% to 15%. It is recommended that GGGI conducts further review of the issues of portability to other qualified pension investment accounts and the general taxability of withdrawals from these investments.

Further, as markets are dynamic and pay continues to grow each year, it is also recommended that GGGI more frequently track market movement and have compensation review cycles that can capture significant changes in the market and allow GGGI to maintain its competitive position. GGGI may consider adapting a compensation review cycle every three years ('Comprehensive Review') and annually ('Interim Review'). The Comprehensive Review focuses on reviewing and selecting employers, defining/affirming market position and possibly changing benefit packages. The Interim Review focuses on tracking market movement (based on the comparators and selected by GGGI during the Comprehensive Review) and adjusting the salary scale on that basis. While the Interim Reviews are more frequent, it is possible that they do not represent automatic adjustments to the salary scale. GGGI may decide to use "triggers" for updating pay ranges adjustment. Should an agreed trigger for scale revision be reached, this would initiate a new salary scale design process.

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INTRODUCTION

The support of highly skilled and dedicated staff is of vital importance to the successful operation of the Global Green Growth Institute (GGGI) around the world. In order to attract, retain and motivate the necessary talent for long term continued employment at headquarters and across different countries, GGGI seeks to provide a remuneration that is competitive.

In 2016/2017, Birches Group provided consultancy services that included an overall review of GGGI's grading system and a total remuneration benchmarking with other international organizations for its internationally recruited staff and for its locally recruited staff at GGGI Headquarters in Seoul targeting its market position. For this year's study, the focus is to conduct a benchmarking update comparing GGGI's total remuneration against comparable organizations. Once a relevant peer group is determined, alignment will be made with the aim to develop an updated salary scale for all staff categories targeting GGGI's market position at the headquarters.

In this study, a summary of the market benchmarking methodology will be presented. Following this review will be a summary of the findings of the market benchmarking. From this information, salary scale adjustments will be proposed together with the financial implications of transitioning to the new scale. Lastly, recommendations for salary administration process under the new structure and other observations will be presented.

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I. MARKET ANALYSIS METHODOLOGY

The twin exercises of comparing pay through salary surveys and the eventual design of salary scales must be based on a job evaluation foundation that facilitates the accurate and consistent treatment of jobs across organizations (as in a salary survey) and within organization (as in salary scale design). Through the 2017 Grade Re-alignment project, Birches Group assisted GGGI in adapting the UN job evaluation standards, which is a one-to-one alignment with the Birches Group Community™ levels. Consequently, establishing the GGGI-Birches Group grade alignment. This can be found below:

GGGI	BG
DDG / ADG	BG-14
X13	BG-13
X12	BG-12
X11	BG-11
X10	BG-10
X9	BG-9
X8	BG-8
X7	BG-7
X6	BG-6
X5	BG-5
X4	BG-4
X3	BG-3
X2	BG-2
X1	BG-1

The Birches Group levels above are used to form a "measuring stick" across all employers and across all countries, enabling the comparison of data from each employer according to a rigorous standard. With this alignment in place, it is possible to measure GGGI's compensation structure against the market in a like to like manner.

The market analyses are based on total remuneration values. Organizations have different components and relative proportions of these components within their total remuneration. To paint a complete picture of the market, it is necessary to conduct market analyses based on total remuneration values. Total remuneration values, in Birches Group surveys, include base salaries, cash allowances and benefits. Cash allowances and benefits included bonuses and other fixed cash allowances, as well as variable compensation in terms of performance-based bonuses.

The market analyses are conducted and presented in US Dollars and in NET terms for the internationally recruited and executive staff categories and in US Dollars and GROSS terms for locally recruited staff at HQ. Comparator employer data submitted in other hard currencies are converted using the prevalent UN Operational Rate of Exchange as a standard currency conversion base.

To maintain confidentiality of staff data, average salary information for grades with less than 3 incumbents have been excluded throughout the report.

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II. TOTAL REMUNERATION BENCHMARKING and SALARY SCALE DESIGN

GGGI recognizes the importance to look at other suitable international organizations. GGGI would like to broaden its market reference to be able to know where it stands in the market context at headquarters.

A. Internationally Recruited Staff (IRS)

GGGI's current salary scale was designed based on the aggregate data of 5 comparator benchmarks, namely, Green Climate Fund (GCF), Center for international Forestry Research (CIFOR), International Rice Research Institute (IRRI), United Nations and the World Bank. While these employers provide a solid market reference, GGGI recognizes the importance of looking at a broader market sample including more international organizations in the mix.

The headquarter compensation data of the following nine employers were selected to form the basis of the salary and benefit benchmarking exercise:

- Asian Infrastructure Development Bank (AIIB)
- Center for International Forestry Research (CIFOR)
- GAVI, The Vaccine Alliance
- Green Climate Fund (GCF)
- International Energy Agency (IEA) – OECD
- International Food Policy Research Institute (IFPRI)
- International Maize and Wheat Improvement Center (CIMMYT)
- United Nations
- World Bank

The above 9 comparators have been regarded as the most relevant to GGGI. Some of these international organizations act as a source of funding for international development projects, while others are involved in environmental activities and policy research like GGGI. These comparator employers provide a proven set of references that are technically effective and have sustained the support of member states. Additionally, these organizations represent different regions working on global issues. This in turn provides a global market perspective that GGGI is trying to achieve.

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1. Market Comparison

Annual Total Compensation Breakdown

The table below presents a breakdown of the different components of GGGI pay included in calculating current GGGI total net compensation values, which will be the basis for market comparison.

			Base Salary			5.0%	Bonus	20.0%	Expat. Allowance		Total Net Remuneration		
BG	GGGI	Weight	Min	Avg.	Max	Min	Max	Min	Mid	Max	Min	Avg.	Max
BG-14	DDG	1	187,008		252,480	9,350	12,624	37,402		50,496	233,760		315,600
BG-14	ADG	2	178,080		240,480	8,904	12,024	35,616		48,096	222,600		300,600
BG-13	X13	6	161,952	191,639	218,592			32,390	38,328	43,718	194,342	229,967	262,310
BG-12	X12	9	129,504	151,209	187,776			25,901	30,242	37,555	155,405	181,451	225,331
BG-11	X11	26	106,176	127,516	153,984			21,235	25,503	30,797	127,411	153,019	184,781
BG-10	X10	31	87,072	101,401	126,144			17,414	20,280	25,229	104,486	121,681	151,373
BG-9	X9	37	71,904	85,052	104,256			14,381	17,010	20,851	86,285	102,063	125,107
BG-8	X8	11	59,424	68,691	86,208			11,885	13,738	17,242	71,309	82,429	103,450

It is important to note that the Bonus is not guaranteed. The amount is variable and could range from 0% to 10% of base salary. The average amount of 5% is used to form the total compensation ranges for the ADG and DDG for market comparison.

Comparison of GGGI against the Market

The structural comparison is presented below, comparing current GGGI minima and maxima against the average market minima and maxima levels.

BG Grade	GGGI Grade	GGGI Min	9 Int'l Org. Min	Diff.	GGGI Max	9 Int'l Org. Max	Diff.	Avg.	Weight
BG-14	DDG	233,760	242,075	3.6%	315,600	345,986	9.6%	6.6%	1
BG-14	ADG	222,600	242,075	8.7%	300,600	345,986	15.1%	11.9%	2
BG-13	X13	194,342	201,150	3.5%	262,310	300,687	14.6%	9.1%	6
BG-12	X12	155,405	158,577	2.0%	225,331	239,962	6.5%	4.3%	9
BG-11	X11	127,411	128,520	0.9%	184,781	190,494	3.1%	2.0%	26
BG-10	X10	104,486	111,215	6.4%	151,373	160,224	5.8%	6.1%	31
BG-9	X9	86,285	98,984	14.7%	125,107	137,844	10.2%	12.4%	37
BG-8	X8	71,309	78,991	10.8%	103,450	109,753	6.1%	8.4%	11
							Weighted average difference:	7.5%	123

The positive results indicate that the market is leading GGGI's current total compensation ranges across all grades. It must be noted, however, that market position varies by grade. The market gaps at the lower grades, X8 and X9, are more pronounced at both the minima and maxima levels. Narrower market gaps are observed at Grades X10 and X11. On the other hand, Grades X12 to DDG are lagging the market at both the minima and maxima levels, however, larger gaps are observed at the maxima levels.

On average, the results show that the market leads GGGI current compensation ranges by 7.5%.

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The table below presents an analysis of current GGGI average salaries by grade level against the market. GGGI is effectively utilizing its current spans; incumbent salaries are distributed across the entire pay range of most grades. On average, GGGI's average salaries are lagging the market by 7%.

Comparison of Grade average salaries against 9 Int'l Org. averaged midpoint salaries

Grade	Avg.	Survey Average	Diff.	Weight	BG Grade
DDG			-0.6%	1	BG-14
ADG			6.8%	2	BG-14
X13	229,967	242,238	5.3%	6	BG-13
X12	181,451	190,131	4.8%	9	BG-12
X11	153,019	153,840	0.5%	26	BG-11
X10	121,681	131,190	7.8%	31	BG-10
	Weighted average difference:		7.0%	123	

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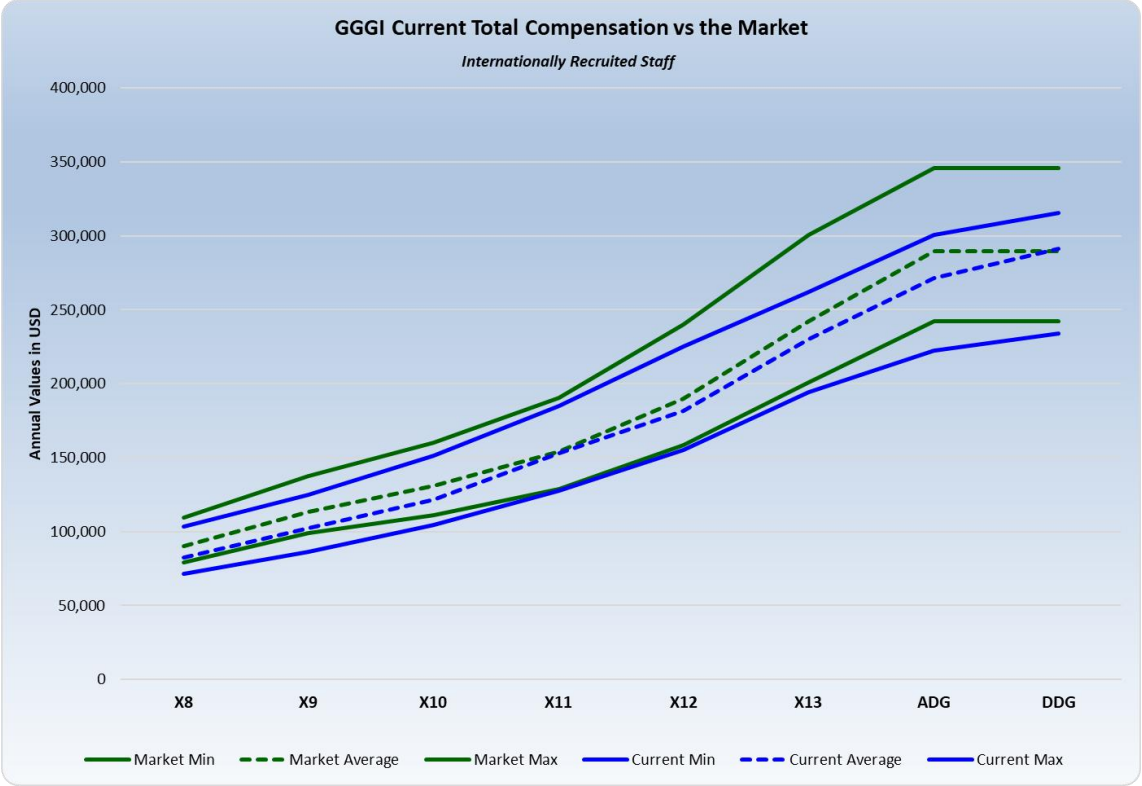
The chart below presents a visual comparison of GGGI's current min/max ranges (blue lines) against the market ranges (green lines) and GGGI's average salaries (blue dashed line) against the market average (green dashed lines).



As illustrated above, current GGGI minimum and maximum salaries are lagging the market though the gaps are more pronounced at the maxima levels. GGGI incumbent salaries are evenly distributed across their respective pay ranges across most grades. While the structural market gap is 7.5%, the gap when comparing average GGGI salaries is slightly lower at 7%.

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2. Designing a New Total Compensation Structure

The table below presents the design of a new IRS salary structure.

Two dimensions or characteristics are used to define the scale parameters. First, the spans which refer to the percentage difference between the minimum and maximum pay within a single grade level. Second, the intergrade differentials (IGDs) which represent the difference in pay between the minimum of one grade and the minimum of an adjacent grade. The goal is to provide an overall structural increase that matches the market order of magnitude of 7.5%. This number guides and controls the scale design process; it is the overall movement needed to align GGGI ranges to the market.

	GGGI Min	Pivot	Int. Gr. Diff.	Rec. Min	Incr.	Span	Rec. Max	Incr.	TOTAL	Weight
DDG	233,760		15.0%	267,012	14.2%	35.0%	360,468	14.2%	14.2%	1
ADG	222,600		15.0%	232,188	4.3%	40.0%	325,068	8.1%	6.2%	2
X13	194,342		20.0%	201,900	3.9%	40.0%	282,660	7.8%	5.8%	6
X12	155,405		25.0%	168,252	8.3%	45.0%	243,960	8.3%	8.3%	9
X11	127,411	5.7%		134,604	5.6%	45.0%	195,180	5.6%	5.6%	26
X10	104,486		20.0%	112,176	7.4%	45.0%	162,660	7.5%	7.4%	31
X9	86,285		20.0%	93,480	8.3%	45.0%	135,552	8.3%	8.3%	37
X8	71,309		20.0%	77,904	9.2%	45.0%	112,956	9.2%	9.2%	11
							Weighted average difference:		7.5%	123

In designing the new total compensation structure, the focus is to push up the compensation ranges for Grades X12 and above to support a more powerful position at the top levels. The overlaps in pay are reduced to allow for clearer differentiation in pay between grades.

New IRS Base Salary Scale

The table below presents the new IRS base salary scale which assumes that GGGI will maintain its existing benefits package. The 5% average Bonus for the ADG and DDG and the 20% Expat Allowance for X8 to DDG are deducted from the new total compensation structure to calculate the new basic salary ranges presented below.

Grade	New Min	New Mid	New Max
DDG	213,612	250,992	288,372
ADG	185,748	222,900	260,052
X13	168,252	201,900	235,548
X12	140,208	171,756	203,304
X11	112,176	137,412	162,648
X10	93,480	114,516	135,552
X9	77,904	95,430	112,956
X8	64,920	79,524	94,128

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Comparing the Current Scale against the New Scale

The chart below reflects the current base salary scale (black outlines) and the recommended salary scale (yellow and orange bars).

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3. Financial Implications of Implementing the New Scale

With the new base salary scale in place, the next step is to integrate incumbents into the new salary scale. Majority of current incumbent salaries remain within the proposed ranges for their respective grades. Of 123 incumbents, only 11 incumbents fall below the proposed minima levels.

Option 1: Sustaining Individual Position in Range

It is important to understand that the salary span (i.e., the distance from the minimum to the maximum of each grade) represents an anticipated range of skills, knowledge, and experience incumbents in that grade possess; in which case, placement within the range is – or should be – meaningful. The minimum of the range represents the basic skills and knowledge required, the midpoint represents fully skilled capacity, while the maximum or highest attainable salary represents full mastery of the work often extending to overlapping value with the next higher level. An individual who has grown in knowledge and has demonstrated skills from the time they took on a job and has moved through the grade will not lose that knowledge or skill even as the salary ranges are adjusted, and so a case can be made to sustain their relative position in range.

The table below summarizes the total and per grade level cost to implement the new salary scale and sustain individual position in range:

Grade	Cost to Sustain Position in Range	
	Base Salary	Base + Bonus and Expat Allowance
DDG	33,157	41,446
ADG	30,185	37,732
X13	71,311	85,573
X12	112,507	135,009
X11	186,917	224,300
X10	232,754	279,305
X9	262,601	315,121
X8	69,681	83,617
TOTAL (USD)	**999,114**	**1,202,104**

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Option 2: Aligning Incumbent Salaries to the New Minima

An alternative option, GGGI may consider simply aligning incumbents whose salaries fall below the proposed minima to the new minima for their respective grades. Incumbents already within the ranges will not have their pay adjusted.

The table below summarizes the total and per grade level cost to implement the new salary scale and simply move incumbent salaries to align with the new minima levels:

Grade	Cost to Align Salaries to New Minima	
	Base Salary	Base + Bonus and Expat Allowance
DDG	-	-
ADG	-	-
X13	-	-
X12	6,228	7,474
X11	9,876	11,852
X10	5,667	6,800
X9	-	-
X8	10,905	13,086
TOTAL (USD)	**32,676**	**39,211**

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B. Locally Recruited Staff (LRS) at Headquarters

GGGI's current salaries were compared against the full Birches Group local salary survey effective 1 July 2021. The employers included in the market sample are listed below:

- Asia Foundation, The
- Australian Department of Foreign Affairs & Trade (DFAT)
- Bechtel Global Corporation
- Embassy of Canada
- Embassy of Switzerland
- Embassy of United States
- European Union
- GCF
- ICRC
- Open Society Foundations (OSF)
- United Nations
- World Bank

While the United Nations (UN) is a solid market reference, it is important to look at other suitable comparators to ensure a broader market reference that will provide full market context at GGGI headquarters.

1. Market Comparison

Annual Total Compensation Breakdown

The table below presents the current GGGI base salary ranges for local staff in Seoul. GGGI does not provide any cash allowances and benefits in addition to base salary. As such, the current GGGI base salary ranges are used to compare and assess current GGGI compensation against the total compensation of the market. Since the prevailing comparator practice is to denominate salaries in South Korean Won (KRW), market data is converted to USD using the prevalent UN exchange rate as a standard currency conversion base.

			Base Salary			Total Net Remuneration		
BG	GGGI	Weight	Min	Avg.	Max	Min	Avg.	Max
BG-11	X11	1	106,000		154,000	106,000		154,000
BG-10	X10		87,000		126,000	87,000		126,000
BG-9	X9	2	72,000		104,000	72,000		104,000
BG-8	X8	8	60,000	74,650	87,000	60,000	74,650	87,000
BG-7	X7	17	55,000	63,337	81,000	55,000	63,337	81,000
BG-6	X6	8	45,000	52,804	75,000	45,000	52,804	75,000
BG-5	X5	1	34,000		55,000	34,000		55,000
BG-4	X4		28,000		44,000	28,000		44,000
BG-3	X3		24,000		30,000	24,000		30,000
BG-2	X2		22,000		26,000	22,000		26,000
BG-1	X1		20,600		24,000	20,600		24,000

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Comparison of GGGI against the Market

The structural comparison is presented below, comparing current GGGI minima and maxima against the market minima and maxima levels. The positive result indicates that the market is, on average, leading GGGI current compensation ranges by 7.5%.

BG	GGGI	GGGI Min	BG KOR Min	Diff.	GGGI Max	BG KOR Max	Diff.	Avg.	Weight
BG-11	X11	106,000	95,568	-9.8%	154,000	132,248	-14.1%	-12.0%	1
BG-10	X10	87,000	88,022	1.2%	126,000	103,903	-17.5%	-8.2%	
BG-9	X9	72,000	73,660	2.3%	104,000	110,977	6.7%	4.5%	2
BG-8	X8	60,000	68,201	13.7%	87,000	101,334	16.5%	15.1%	8
BG 7	X7	55,000	56,819	3.3%	81,000	89,807	10.9%	7.1%	17
BG-6	X6	45,000	45,395	0.9%	75,000	79,415	5.9%	3.4%	8
BG-5	X5	34,000	39,205	15.3%	55,000	60,517	10.0%	12.7%	1
BG-4	X4	28,000	39,774	42.0%	44,000	59,061	34.2%	38.1%	
BG-3	X3	24,000	36,972	54.0%	30,000	55,065	83.5%	68.8%	
BG-2	X2	22,000	31,549	43.4%	26,000	54,611	110.0%	76.7%	
BG-1	X1	20,600	28,357	37.7%	24,000	42,332	76.4%	57.0%	
						Weighted average difference:		7.5%	37

GGGI grades X1 to X5 are significantly lagging the market at both the minima and maxima levels. The weighted average difference considers the number of incumbents per grade as such, the significant gaps observed at the lower levels do not have an impact on the overall result. GGGI grades X6 to X9 where you'll find majority of locally recruited staff are also lagging the market at both the minima and maxima levels. However, the gaps are more pronounced at the maxima levels. On the other hand, GGGI grades X10 and X11 are already competitive against the local labor market.

The table below presents an analysis of current GGGI average salaries by grade level against the market. Of the grades that are currently encumbered, the widest gap noted is at grade X6. On average, GGGI is lagging the market by 14.1%.

Comparison of Grade average salaries against Birches Group Survey in Korea
(Amounts in US Dollar)

GGGI	Avg.	Survey Average	Diff.	Weight	BG Grade
X11			-15.0%	1	BG-11
X10					BG-10
X9			10.5%	2	BG-9
X8	74,650	84,767	13.6%	8	BG-8
X7	63,337	73,313	15.8%	17	BG 7
X6	52,804	62,405	18.2%	8	BG-6
X5			-5.6%	1	BG-5
	Weighted average difference:		14.1%	37	

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The chart below presents a visual comparison of GGGI's current min/max ranges (blue lines) against the market ranges (green lines) and GGGI's average salaries (blue dashed line) against the market average (green dashed lines). Grades without incumbents are excluded from the chart.

As illustrated above, current GGGI minimum and maximum salaries are generally lagging the market across most grades, though larger gaps are observed at the maxima levels. Incumbent salaries at Grades X6 and X7 are clustered below the midpoint of their respective grades. As such, wider gaps are observed between GGGI's average salaries and the market salaries for these grades.

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2. Designing a New Salary Scale

Designing a New Total Compensation Structure

The table below presents the design of a new salary structure for GGGI's locally recruited staff. Like the approach in designing the IRS scale, the spans (range of pay within grades) and the IGDs (differences in pay between grades) are defined to provide an overall structural increase of 7.5%.

	GGGI Min	Pivot	Int. Gr. Diff.	Rec. Min	Incr.	Span	Rec. Max	Incr.	TOTAL	Weight
X11	106,000		15.0%	106,680	0.6%	40.0%	149,352	-3.0%	-1.2%	1
X10	87,000		15.0%	92,760	6.6%	40.0%	129,864	3.1%	4.8%	
X9	72,000		15.0%	80,664	12.0%	40.0%	112,932	8.6%	10.3%	2
X8	60,000		20.0%	70,140	16.9%	40.0%	98,196	12.9%	14.9%	8
X7	55,000		21.0%	58,452	6.3%	45.0%	84,756	4.6%	5.5%	17
X6	45,000	7.4%		48,312	7.4%	55.0%	74,880	-0.2%	3.6%	8
X5	34,000		15.0%	42,012	23.6%	45.0%	60,912	10.7%	17.2%	1
X4	28,000		10.0%	38,196	36.4%	40.0%	53,472	21.5%	29.0%	
X3	24,000		10.0%	34,728	44.7%	40.0%	48,624	62.1%	53.4%	
X2	22,000		10.0%	31,572	43.5%	40.0%	44,196	70.0%	56.7%	
X1	20,600		10.0%	28,704	39.3%	40.0%	40,188	67.5%	53.4%	
							Weighted average difference:		7.5%	37

In designing the new pay structure, the focus is to reduce the spans to push up the current entry level or minimum salaries giving GGGI a stronger recruitment advantage and to reduce the overlaps between grades to create more distinct differentiation in pay between grades.

New Base Salary Scale

The table below presents the new base salary scale (in USD):

Grade	New Min	New Mid	New Max
X11	106,680	128,016	149,352
X10	92,760	111,312	129,864
X9	80,664	96,798	112,932
X8	70,140	84,168	98,196
X7	58,452	71,604	84,756
X6	48,312	61,596	74,880
X5	42,012	51,462	60,912
X4	38,196	45,834	53,472
X3	34,728	41,676	48,624
X2	31,572	37,884	44,196
X1	28,704	34,446	40,188

GGGI salary scale for locally recruited staff at headquarters are denominated and paid in USD. All target employers (even majority of international organizations in general) denominate and pay salaries in KRW for their locally recruited staff. GGGI may wish to revisit currency denomination and payment of local salaries to reflect prevailing market practice.

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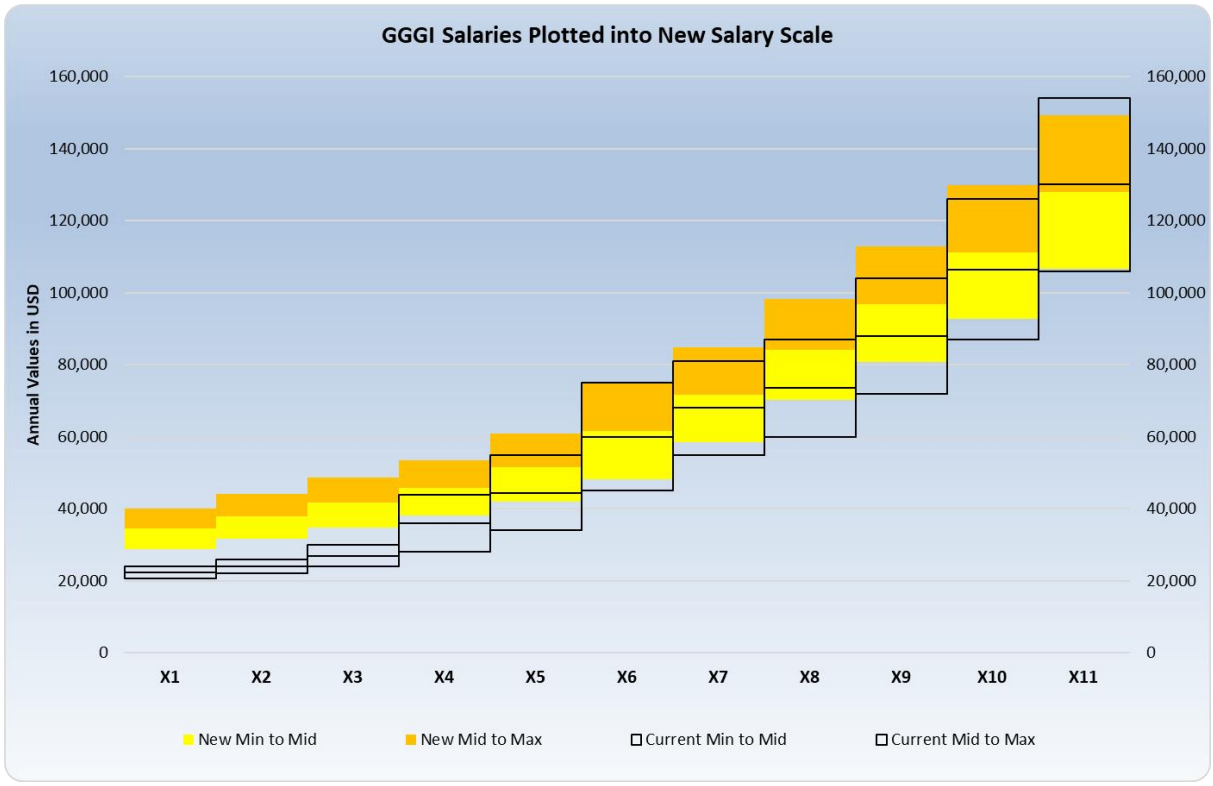
Comparing the Current Scale against the New Scale

The chart below reflects the current base salary scale (black outlines) and the recommended salary scale (yellow and orange bars).



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3. Financial Implications of Implementing the New Scale

With the new base salary scale in place, the next step is to integrate incumbents into the new salary scale. Majority of current incumbent salaries remain within the proposed ranges. Of 37 incumbents, only 5 incumbents fall below their respective grade minima. It is worth noting that there are currently no incumbents at grades X1 to X4 and X10.

Option 1: Sustaining Individual Position in Range

As mentioned in the corresponding section under the IRS analysis, ideally an individual who already demonstrates a certain level of skills, knowledge, and experience to place them at a particular point in the pay range should be able to sustain that position.

The table below summarizes the total and per grade level cost to implement the new salary scale and sustain individual position in range.

Grade	Cost to Sustain Position in Range
X11	-
X10	-
X9	17,522
X8	85,704
X7	60,341
X6	19,353
X5	6,133
X4	-
X3	-
X2	-
X1	-
TOTAL (USD)	**189,053**

Given the lower maximum salary proposed at X11, sustaining position in range will result to a lower base salary for the incumbent at X11. As such, no adjustments were made to sustain incumbent position in range.

Option 2: Aligning Incumbent Salaries to the New Minima

As an alternative option, Birches Group recommends that incumbents whose salaries fall below the proposed minima levels at least be aligned to the new minima for their respective grades.

The table below summarizes the total and per grade level cost to implement the new salary scale and align to the new minima.

Grade	Cost to Align Salaries to New Minima
X11	-
X10	-
X9	-
X8	9,705
X7	887
X6	-
X5	-
X4	-
X3	-
X2	-
X1	-
TOTAL (USD)	**10,592**

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III. BENEFITS & PRACTICES

In this section, GGGI benefits practice will be examined separately for the international and executive positions and local positions given the different natures of expatriate and local employment, and differences in the reference groups.

GGGI's benefits practices are generally aligned with the market practice but may want to consider making changes to few benefits that it offers to its staff.

Annex 1 reflects the market summary and prevalence of the provision of benefits for the different staff categories against the targeted market sample.

A. Internationally Recruited Staff (IRS)

Below is a summary of GGGI benefits provided to internationally recruited/executive level staff compared to the market.

1. Expatriate Allowance

GGGI provides an expatriate allowance of 20% of base salary for all grades except for the Director General level, which is a flat amount of USD 7,500 per month. One employer provides an expatriate allowance, which amount varies per appointed year while 2 other employers provide a mobility/posting allowance as a percentage of base salary.

2. Bonus

Bonus amounting to 5% of base salary on average is provided by GGGI to executive level staff (ADG and DDG). This is provided to recognize performance and in lieu of the annual performance increment that the rest of the staff are receiving. No employer provides this benefit to staff.

3. Cost of Living Allowance (COLA)

At present GGGI currently provides COLA using Seoul as base. Major international organization allow for the adjustment of pay to reflect cost of living in duty stations or offices outside of headquarters in order to maintain a degree of purchasing power parity for staff.

Birches Group examined the cost of living differences between Seoul and the other GGGI offices. Using the current data available from the United Nations, using Seoul as a base, cost of living indices has been calculated. The comparison inclusive and exclusive of housing costs is presented in the table below.

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Location	With housing	Excl. Housing
Republic of Korea	100.0	100.0
Burkina Faso	83.2	86.9
Cambodia	88.8	85.1
Colombia	76.4	78.0
Cote d'Ivoire	94.0	95.0
Ethiopia	99.1	91.5
Fiji	94.6	88.5
Guyana	86.9	88.8
Hungary	80.1	84.5
India	83.7	83.4
Indonesia	96.5	83.7
Jordan	97.8	96.1
Kiribati	95.2	90.1
Lao	91.7	93.3
Mexico	94.6	93.2
Mongolia	86.2	81.8
Morocco	81.2	82.6
Myanmar	97.3	81.0
Nepal	86.7	85.4
Papua New Guinea	128.4	93.4
Peru	84.9	82.7
Philippines	102.6	93.1
Qatar	108.1	93.2
Rwanda	87.4	87.7
Saint Lucia	90.9	94.8
Senegal	91.9	88.6
Sri Lanka	99.9	85.6
Thailand	93.2	85.8
Togo	93.5	90.7
Tonga	79.8	86.8
Uganda	89.1	84.0
United Arab Emirates	125.8	92.8
Uzbekistan	77.5	80.4
Vanuatu	98.1	97.7
Vietnam	84.3	82.2

As can be seen, cost of living (with housing) in 4 GGGI country offices outside HQ (Papua New Guinea, Philippines, Qatar, and UAE) are higher than found in Seoul.

GGGI should continue the provision of cost of living allowances in locations where relative cost of living is greater than Seoul by 5% or more. As per current provision, allowances are in

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five percent brackets rounded by relative indices to the closest bracket. Consequently, updated cost of living allowances (including housing) are as follows:

Papua New Guinea = 30%
United Arab Emirates = 25%
Qatar = 10%

Given the potential volatility, GGGI should continue the periodic review of Post Adjustment values – at least once a year. In addition to the United Nations data, other cost of living data sources included AirInc, ECA, and Mercer.

4. Hardship

GGGI staff rules provide for the payment of a hardship allowance in locations classified as B or higher by the International Civil Service Commission (ICSC). The current ICSC hardship classifications effective January 2021 for all GGGI locations is presented in the table below.

Location	Hardship Rating (Capital)
Republic of Korea	A
Burkina Faso	C
Cambodia	B
Colombia	A
Cote d'Ivoire	B
Ethiopia	B
Fiji	A
Guyana	B
Hungary	N/A
India	B
Indonesia	A
Jordan	A
Kiribati	C
Lao	B
Mexico	A
Mongolia	B
Morocco	A
Myanmar	B
Nepal	B
Papua New Guinea	D

Location	Hardship Rating (Capital)
Peru	A
Philippines	A
Qatar	A
Rwanda	A
Saint Lucia	N/A
Senegal	A
Sri Lanka	B
Thailand	A
Togo	A
Tonga	B
Uganda	B
United Arab Emirates	A
Uzbekistan	B
Vanuatu	B
Vietnam	A

There are 14 locations are classified at the B level while two locations (Burkina Faso and Kiribati) are classified at the C level and only one location, Papua New Guinea, is classified at the D level.

Currently, hardship allowance is computed by applying the following multiplier to the staff member's base salary and will continue to be computed as such:

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Hardship classification of the Duty Station	Multiplier
B	5%
C	10%
D	15%
E	20%

5. Education

The current policy provides an education allowance equal to 75% of the actual cost up to a maximum reimbursable allowance established per duty station. This education assistance covers kindergarten through secondary level studies only or dependents who are aged 4 to 21 during the relevant academic year. While GGGI is aligned with majority of the comparators in the percentage reimbursement of at least 75% of education cost with an allowable maximum reimbursable amount through secondary level, employers would typically limit the number of children to 3 covered. On the other hand, GGGI's limit the number of children to 4, which is more than what is typically covered as per market practice. GGGI may consider a cap to the number of children to 3. These changes could be supported by external market rationale.

6. Child Care

It is important to note that GGGI provides Child Care assistance in the form of reimbursement up to 75% costs with a ceiling amounting to 10,000 USD per year per child (special child care ceiling amount is 12,000 USD per year per child). No employer provides a Child Care benefit based on the survey.

7. Relocation

GGGI provides relocation grant in the form of a lump sum mobilization allowance which varies per grade level. Additionally, the cost of travel upon initial appointment may be reimbursed by GGGI (economy class airfare for all levels while business class airfare for executive levels. This practice conforms with the majority of the employers where they have simplified relocation benefit with a grant of salary and a lumpsum to cover shipping and costs related to setting up a household. GGGI should continue with the practice of providing a lumpsum amount for ease of administration.

8. Repatriation

GGGI currently provides demobilization allowance on separation from service. Only 3 employers provide repatriation allowance in a form of a lumpsum amount or a percentage of salary.

9. Home Leave

GGGI is in line with the market in the provision of annual home leave and travel benefit for staff and dependents in a form of a lump sum cash allowance. It is recommended that GGGI retain this benefit as an allowance provided on an annual basis as this is more cost effective and simple approach as opposed to managing the actual travel, which is a practice by other organizations.

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B. Locally Recruited Staff (LRS) at Headquarters

Below are the general observations on allowances/benefits in the local labor market of Seoul based on the target comparators:

- Only 25% of participating orgs (3/12) provide bonus
- Only 17% of participating orgs (2/12) provide other allowances (e.g. meal/misc.)
- Only 33% of participating orgs (4/12) provide in-kind benefit (e.g. free beverage/organization sponsored activity)

As can be seen, total compensation package of the market is straight forward. Although there are some benefits that are provided by employers as noted above, which are not being provided by GGGI, these are not common and prevalent.

Annex 1.B. shows the local market practice for medical, pension and leave benefits for Seoul.

C. Benefits Provided both for Internationally Recruited and Locally Recruited Staff at Headquarters

With respect to policies governing leave, insurance and pension, it should be noted that most international organizations and major global employers (including the target comparator group in this study) where possible establish these provisions from a corporate perspective and analyze these benefits separately from the analysis of cash and in-kind remuneration found in the market. There are several reasons for this approach. Firstly, day to day compensation must be dynamic to respond to changes in global and local market conditions. Benefits related to leave, insurance and pension are established with a long term perspective. The relative value changes little over time. It is important that these elements broadly reflect the state of the comparator market but should evolve slowly reflecting a balanced approach between general industry practice and the GGGI's own corporate values.

1. Leave

While there is a range of practice in terms of the number of days provided for annual leave, sick leave, maternity leave, etc., there is not a standard or best practice for the number of days. Generally, GGGI's current policies compare favorably. It is recommended that GGGI maintains current number of days.

2. Medical Insurance

Most organizations provide supplementary medical coverage on top of the mandatory participation to the national health insurance system, where applicable as some organizations are exempted from these national provisions. Organizations would typically have their own medical insurance policy or get coverage through a private insurance and have a cost shared premium between the organization and the staff. While GGGI is consistent with the market in providing medical benefit, it does cover only 60% of the insurance premium. As seen in the market, organizations would typically contribute at least 75% of the premium cost. With this, GGGI may consider increasing its contribution to insurance premium cost to at least 75% to conform with the market.

3. Pension

The current pension contribution at 13% provided by GGGI is modest as compared to most international organizations. The average organizational contribution based on the market is 15%

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for internationally recruited staff and 16.5% for supplemental pension schemes for local staff in Seoul. It is recommended that GGGI consider increasing the organization contribution to its retirement savings plan from 13% to 15%.

In addition to increasing the organizations contribution to its pension plan, given the many tax regimes where GGGI staff may eventually retire and the fact that GGGI establishes its contribution on a net remuneration structure for internationally recruited staff, GGGI should undertake a further review of the issues of portability to other qualified pension investment accounts and the general taxability of withdrawals from these investments.

The comparative valuation of pension schemes is a complex assessment requiring detailed actuarial data. Adjusting the GGGI contribution from 13% to 15% does not necessarily establish parity. Issues on taxation, vesting, computation of any annuity would also need to be examined. The issue on taxability of pension benefits should be taken into account in GGGI's pension policy.

GGGI's internationally recruited staff compensation is examined and set at a net level and internationally recruited staff enjoy varying degrees tax exemption or significant tax exemptions for their internationally earned emoluments. This tax exemption status, however, does not extend to benefits derived from pension investments.

While the degree of taxability varies depending upon the tax regime in the place where an individual chooses to retire, since the GGGI pension contribution is linked to either gross/net salary depending on staff category, the impact of taxation on any realized pension benefit should be taken into account.

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IV. SALARY ADMINISTRATION

A. Periodicity of Review & Adjustments

Most major international organizations (including those referenced in this study) have established regular cycles for reviewing compensation. While these cycles may be different between the international/executive and local staff categories (e.g. a review and adjustment in one category does not necessarily mean a review and adjustment in the other), a regular and publicized schedule of reviews is common.

GGGI should review its salary scales on a yearly basis by referencing labor market data of its target comparators. Periodic reviews enable GGGI to make informed and timely decisions about how pay is determined, ensuring the competitiveness of its salaries and confirming its capacity to attract and retain the talent necessary to fulfill its mission on an ongoing basis. While a review is done annually ('Interim Review') to gauge market competitiveness, each review does not necessarily warrant an adjustment in the salary scale.

It is recommended that GGGI develop a more specific market monitoring guidelines and the creation of triggers for updating pay ranges. As the market is unpredictable, it is important to establish procedures to address competitiveness when market movement exceeds an identified trigger point. Should an agreed trigger for scale revision be reached, this would initiate a new salary scale design process.

It should be GGGI's aim to maintain a consistent benchmark employer sample from year to year. However, it is recommended that a 'Comprehensive Review' must be carried out on a three-year cycle to identify the employers who best meet the overall conditions against which to reference GGGI total remuneration package while still maintaining a certain degree of consistency and continuity in market reference. Additionally, the comprehensive review is an opportunity to define/affirm market position and possibly change benefit packages.

B. Transition Measures

With the introduction of these changes, transition measures may be worth considering.

STRUCTURAL TRANSITIONS – PHASING IN CHANGES

Adjusting the salary scale and individual compensation according to these recommendations results in an adjustment to the budget for salaries and benefits as outlined above. This may represent a significant unanticipated cost, as such GGGI may wish to phase in the increases. This may be done in a progressive manner over two to three years, however, given that the market levels of pay will likely continue to increase, it will be necessary for GGGI to continue to track its place in the market and compound adjustments until a full alignment with the target market position is achieved.

A transition measure that could be considered is committing to a portion of the adjustment to be made immediately (e.g. 50% of the adjustment) and phase in the remainder of the adjustment – compounded by annual market movement – over 2-3 years. An example of this transition is illustrated below:

- Year 0 (adjustment now, 2021): 50% of the market gap or 3.75%

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- Year 1 (adjustment in 2022): 25% of the market gap plus market movement (e.g. if the market moves 3.0% from 2021 to 2022, the total adjustment is 1.88% plus 3% or 4.88%)
- Year 2 (adjustment in 2023): remaining 25% of the market gap plus market movement from 2022 to 2023

INDIVIDUAL TRANSITIONS – STAFF BELOW THE RANGES

Staff falling below the minimum of their job grade must be brought to at least the minimum of the grade as soon as possible, subject to the availability of funds. In the case of adjustments to such staff's pay over multiple periods (e.g. where it is not possible to adjust the salary up to the minimum in one adjustment), these staff's pay will be accelerated toward the minimum at a rate faster than market movement (e.g. 2x market movement).

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ANNEX 1 – Market Practice on Benefits & Allowance

A. Internationally Recruited Staff:

Provision	GGGI	ALL 9 Comparator Market Practice
Expatriate Allowance	*GGGI provides expatriate allowance amount equal to 20% of base salary for all grades. Director General position receives a flat amount of US$ 7,500 per month.*	One (1) employer provides expatriate allowance which varies per appointed year. Two (2) employers provide posting or mobility allowance. One (1) employer reported a value of 11% for s/m, 5% for spouse, 4% for each child, paid annually, payable for 5 years. One (1) employer allowance amount equal to 23% of the salary of the staff member.
Housing Allowance/ Assistance	*GGGI does not provide any housing allowance*	Three (3) organizations provide housing allowance. One (1) employer provides a flat rate allowance of US$ 212.85 per month. One (1) employer provides lump sum rental allowance of US$ 28,800 per annum. One (1) employer provides 80% of portion of rent exceeding the individual rental subsidy threshold up to maximum of 40% of rent or maximum rental ceiling per duty station.
Education Grant	*GGGI provides education grant in a form of reimbursement up to 75% of actual costs, subject to ceilings (ROK annual limit USD 30,200). The ceiling for the s/m duty station is applicable when a child attends school in a location other than the s/m duty station (ceiling amount for most country offices is US$ 16,000).* *GGGI covers education from pre-school/kindergarten up to secondary school. Eligible dependent child must be four (4) to twenty-one (21) years of age during the relevant academic year.* *Education travel is also covered. GGGI provides one (1) R/T economy class travel per year per child for those attending school outside the s/m duty station.*	Four (4) employers provide up to 75% of the costs in a form of reimbursement, three employers specified ceiling allowance. One (1) employer specified cap of US$ 25,000 per child, per school year; One (1) employer specified ceiling amount up to US$ 75,000; One (1) employer specified cap of US$ 18,000 per child. Two (2) employers cover 100% of the admissible education costs; One (1) employer provides benefit per annum, capped at US$ 23,080.44 per child, per school year for an initial period of 5 years; One (1) employer reported ceiling amount of US$ 18,000 per child. One (1) employer provides a sliding scale with reimbursement brackets range from 86% at lowest bracket to 61% at 6th bracket and no reimbursement at 7th bracket. One (1) employer provides reimbursement limit of US 4,000 per child.
		Five (5) employers cover Pre-School/Kindergarten up to Secondary level; Two (2) employers cover Pre-School/Kindergarten up to University level; One (1) employer covers primary up to post-secondary levels.

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Provision	GGGI	ALL 9 Comparator Market Practice
		Four (4) organizations cover education travel. One (1) organization provides travel grant of one R/T ticket per academic year for those in receipt of boarding assistance. One (1) organization covers travel costs to and from home or 3rd country. One (1) organization covers cost of economy airfare for the child to travel to the assignment location, provided to college aged children enrolled in an undergraduate program of study. One (1) organization provides travel reimbursement for children studying more than 300km away from duty station, amount equal to the cost of one return trip per year to duty station or the place approved for home leave, up to the limit of the cost of a return trip between the duty station and the place approved for home leave. For children under the age of 18 studying more than 300km away from the duty station, may request reimbursement of 70% of the cost of two additional return trips per year between the place of study and the duty station or the place approved for home leave, up to the limit, for each return trip, of the equivalent percentage of the cost of a return trip between the duty station and the place approved for home leave
Relocation Grant and Shipment Allowance	*GGGI provides relocation grant in the form of mobilization allowance. The mobilization allowance is a lump-sum amount paid to Staff members eligible to travel on appointment, transfer, or assignment to a new Duty Station pursuant to Staff Rule8.1(1) (a) and (b) Staff eligible for Expatriate Benefits who are eligible to travel from a location outside the country of the Duty Station shall receive the following mobilization allowances:* *From US$ 15,500 up to US$ 24,700 for single employees and US$ 20,500 up to US$ 29, 700 for employees with dependents, amount varies per grade level. Single executive staff member receives USD 10,000 + one month salary while executive staff with dependents receive USD 15,000 + one month salary.*	Five (5) employers provide cash grant for relocation. Employers provide this benefit in a form of lumpsum amount or a percentage of salary. Lowest amount reported is lumpsum amount of US$ 3,500 for single employee. Highest amount reported is US$ 25,000 for employees with dependents. Amounts specified are provided by separate employers. In lieu of relocation grant, one (1) organization covers 80% of portion of rent exceeding the individual rental subsidy threshold. Seven (7) organizations provide shipment allowance upon relocation. Where applicable, caps are expressed as either monetary limits or size of shipment (e.g., weight or size of container) and varies by family size. Five (5) employers cover economy class airfares in addition to shipping of personal effects.

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Provision	GGGI	ALL 9 Comparator Market Practice
	The cost of travel upon initial appointment may be reimbursed by GGGI. Economy class is provided to all levels while Executive levels receive business class airfare tickets. *GGGI do not provide additional allowance for shipment on top of the mobilization allowance.*	
Installation Grant	*GGGI does not provide an installation grant.*	Two (2) employers provide installation allowance. One (1) employer provides amount of US$ 10,000 up to US$ 15,000 based on number of dependents.
Repatriation Grant	*GGGI provides a demobilization allowance on separation from service. Allowance is granted only to a Staff member who is eligible to travel under Staff Rule 8.1(c) and who has served at least one year at the Duty Station prior to their separation.* *US$ 10,000 for single employees and US$ 15,000 for employees with dependents.*	Three (3) organizations provide repatriation allowance. One (1) organization provides amount calculated by reference to the base/floor salary scale and varies according to family status and length of service outside the home country up to a specific ceiling. One (1) organization provides US$ 10,000 up to US$ 17,000 based on number of dependents and years of assignment. One (1) employer provides an amount equal to one month's gross salary, less applicable tax.
Home Leave	*GGGI provides home leave benefit. Lump sum cash allowance based on lowest price for the most direct and economical route quoted by a designated travel agent for one (1) R/T economy class travel between duty station and the home country.* *Home leave is provided annually and covers staff and eligible dependents.*	Seven (7) organizations provide home leave and travel benefit. Where applicable, provision covers travel to home country along with an economy class airfare. Four (4) organizations provide home travel once every two years; Three (3) organizations provide home travel annually. Five (5) employers cover costs for staff and dependent; One (1) employer reimburses travel costs only for staff. One (1) employer do not specify.
Dependent Allowance	*GGGI does not provide dependent allowance.*	Four (4) employers provide child allowance. Two (2) employers provide US$ 600 per annum per dependent child. One (1) employer provides US$ 5,079.94 for each eligible child. One (1) employer provides child allowance that varies per location. Four (4) employers provide spouse allowance. Amount varies and are provided either as a fixed lumpsum amount or a percentage of staff's salary.
Childcare Allowance	*GGGI provides childcare allowance in a form of reimbursement.*	All 9 organizations do not provide childcare allowance.

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Provision	GGGI	ALL 9 Comparator Market Practice
	Reimbursement amount is equal to 75% up to US$ 10,000 per annum (for child ages 0-4 years old)	
Leave Provisions	*GGGI provides annual leave of 25 working days.* *Uncertified sick leave can be taken up to 10 working days. Staff members may be granted sick leave on full pay for up to ninety (90) calendar days over a two (2)-year period, subject to verification by a medical practitioner designated by GGGI.* *Maternity leave is provided up to 88 working days or approx. 3 months at full pay and 44 working days or approx. 1.54 months at half pay.* *Paternity leave is provided up to 22 working days at full pay and 22 working days at half pay.* *Adoption leave is also provided up to 22 working days at full pay and 22 working days at half pay.* *Compassionate leave of up to 5 working days per year is also provided.*	Seven (7) employers specified leave provisions. Two (2) employers did not provide sufficient data for this benefit. Range of number of days for leave: **Annual Leave** – 25 to 30 days **Sick leave** – 15 to 20 days, one organization provides 60 to 180 days depending on the length of service while 1 organization provides up to 120 days. **Sick Leave (uncertified)** – 7 to 10 days **Maternity Leave** – 14 weeks to 22.5 weeks. **Paternity Leave –** 5 days to 10 days (on average by majority), while 2 employers provide 4 weeks. **Adoption Leave** (provided by 3 orgs)– 2 weeks to 16 weeks depending on the age of the child. One organization provides unpaid adoption leave, number of days not specified. **Compassionate or Emergency Leave** (provided by 4 orgs) – 3 days to 5 days.
Pension	*GGGI contributes to the retirement savings scheme in a form of defined contribution.* *The organization shall contribute an amount equal to 13% of the monthly base salary of the eligible staff members. If the Staff member has opted to participate in a GGGI retirement savings scheme, an agreed percentage of the Staff member's Base Salary shall be deducted each month from the monthly salary payment and added to the payment made by GGGI to the GGGI retirement savings scheme* *If the Staff member has opted not to participate in the GGGI retirement savings scheme, the GGGI contribution shall be paid to the Staff member together with the monthly salary payment.*	Generally, provided by comparators with both employer and employee contribute to the pension schemes. Employer contribution ranges from 4% to 18% with an average contribution of 15%. Employee contribution ranges from 0% to 10% with an average contribution of 5%

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Provision	GGGI	ALL 9 Comparator Market Practice
Medical Insurance and Life Insurance	*GGGI provides medical benefit either through the organization's subscribed scheme or mandatory national health insurance scheme. Non-medical and life insurance are fully covered by employer.* *The organization contributes 3/5 of the premium as per national scheme while employees contribute 2/5 of the premium charged to the s/m and each dependent and the full premium charged for any other Spouse and Child(ren) covered by the medical insurance policy subscribed by GGGI.*	Majority of employers provide medical insurance which covers staff and eligible dependents while two (2) employers only cover for the employee. Employer and employee share cost of the insurance premium. Employer contribution to insurance premium ranges from 70% to 100% where majority of the employers cover 75% for the insurance premium. Five (5) employers provide life or accidental insurance /benefit. Two (2) employers provide life insurance but did not specify amount. One (1) employer provides group life insurance which employer contributes 100% of the premium for staff and dependents. One (1) employer covers 100% of the cost of health care expenses incurred as a result of treatment for a work accident or occupational disease. One (1) employer provides death benefit of one year of salary for normal death while amount equal to three years of salary is provided upon accidental death.

B. Locally Recruited Staff:

Medical Insurance Coverage Summary
Private insurance is provided by **25%** of the participating employers, and 33% of the participating employers are self insured. The table below summarizes coverage provided by those employers with private insurance (3) and self insurance (4).

Treatment	Employer Practice (N= 3)	Average Maximum Coverage	Provision of On-Site Medical Clinic/Health Facility
Hospitalization	57% of employers provide coverage	93%	100% of employers do not provide On-Site Medical Clinic/Health Facility
Surgery	57% of employers provide coverage	93%	
Outpatient	57% of employers provide coverage	93%	
Prescription medicines	57% of employers provide coverage	93%	
Dental Care	57% of employers provide coverage	93%	
Eye Care	57% of employers provide coverage	93%	
Maternity	57% of employers provide coverage	93%	

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Pension and Provident Fund

Participation in National Pension Scheme	Provision of Supplemental Pension Scheme	Type of Supplemental Pension Scheme	Average Contribution to Supplemental Pension as a Percentage of Base Salary
83.33% of employer participate in National Pension Scheme **16.67% of employers do not participate in National Pension Scheme**	41.67% of employers provide Supplemental Pension Scheme 58.33% of employers do not provide Supplemental Pension Scheme	50.00% of employers provide through Defined Benefit Scheme 50.00% of employers provide through Defined Contribution Scheme	16.5% for employer contribution 9.0% for employee contribution

Participation in National Provident Fund	Provision of Supplemental Provident Fund	Average Contribution to Supplemental Provident Fund as a Percentage of Base Salary
100% of employers do not participate in National Provident Fund	16.67% of employers provide Supplemental Provident Fund 83.33% of employers do not provide Supplemental Provident Fund	6.5% for employer contribution 6.5% for employee contribution

Family-Related

Provision of Child Allowance	Provision of Child Education Assistance	Provision of Prenatal or Birth Allowance	Provision of Dependent Spouse Allowance	Provision of Secondary Dependent Allowance	Funeral Grant
8.33% of employers provide Child Allowance **91.67% of employers do not provide Child Allowance** **Average No. of Maximum Children Covered: 6** **Average Age Limit for Coverage: 18** **Average Value p.a. per child: 680,647 KRW**	100% of employers do not provide education assistance.	100% of employers do not provide Prenatal or Birth Allowance	100% of employers do not provide Dependent Spouse Allowance	100% of employers do not provide Secondary Dependent Allowance	1 employer provides Funeral Grant. Average Flat Amount Value: Employee: N/A Spouse: 840,000 KRW Children: 840,000 KRW Parents: 840,000 KRW Other: N/A

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Leave Benefits

The table below summarizes leave practices across the market.

Type of Leave	Working Days per Legislative Requirement	Employers with Same Number of Leave Days as Legislative Minimum	Employers with Fewer Number of Leave Days as Legislative Minimum	Employers with More Leave Days than Legislative Minimum*	Average Number of Working days
Annual Leave	15 - 25	58%	33%	8%	20
Sick Leave with full pay	n/a	83%	0%	17%	20
Sick Leave with partial pay	n/a	92%	0%	8%	16
Maternity Leave	60 (Min)	58%	33%	8%	59
Paternity Leave	10 (Min)	67%	33%	0%	12
Family-Related Leave	30 - 90	67%	33%	0%	33
Bereavement Leave	n/a	100%	0%	0%	1
Other	n/a	83%	0%	17%	2

*Individual employer practice relative to leave benefits may differ from what is mandated; in such instances, data have been verified and reported as per actual employer practice.
*Certain employers surveyed who report benefits less than the legislative minimum may not be subject to labor or employment law provisions under treaty exemptions.

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